INTERNATIONAL JOINT VENTURES:

THE STRATEGIC HUMAN RESOURCE MANAGEMENT DIMENSION

by

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ABSTRACT

International joint ventures are frequently a response to external pressures placed on globally-oriented companies if they are to survive and compete successfully. Within the international context, a critical element to corporate competitiveness is the effective management of human resources. Despite this reality, very little research to date examines the strategic Human Resource Management (HRM) dimension in international joint ventures. In this investigation, strategic HRM refers to communication systems, staffing, reward and recognition, training, and performance appraisal systems which operate within four successful joint venture (JV) firms. All joint ventures have been formed between two international partners, each from a different national culture. Three of the companies are 50/50 ownership arrangements, while the fourth venture has a 60/40 ownership split between the partners. All four ventures are in the manufacturing sector, although in different market niches. In each case, managers in the joint ventures focus on total quality management and high employee involvement in order to enhance product quality and innovation, and to create a more satisfying environment in which employees can contribute to the organization. Collectively, these joint ventures provide an interesting window through which to view strategic HRM operations. In addition to the description of Human Resource policy and practice, the research pursues an understanding of the more evasive questions as to <u>how</u> and <u>why</u> HRM operates as it does. Issues which evolved from the research and are important to a fuller

comprehension of HRM in international joint ventures include, among others: the management of the JV-parent relationship; how HRM policy and practice supports or limits parent and JV strategic objectives; the select influence which national culture has on HRM; how corporate culture develops in the JV related to parent influences and JV managerial contributions; and finally, how organizational learning operates at both strategic and tactical levels in each venture.

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CHAPTER ONE

INTERNATIONAL JOINT VENTURES:
THE STRATEGIC HUMAN RESOURCE MANAGEMENT DIMENSION

A. Introductory Summary

1. A Focus on International Joint Ventures

To compete in an international business environment, firms are forming strategic alliances as a mechanism for the enhancement of global competitiveness. In recent years, an explosion of international joint venture (IJV) activity signifies this form of alliance as a popular vehicle for augmenting strategic capability, (Geringer and Woodcock, 1989; Harrigan, 1985; Hergert and Morris, 1988; Killing, 1983; Shenkar and Zeira, 1987). Typically, the form and function of joint ventures has not been well defined either in the academic literature or by company executives. In this research, the term joint venture (JV) refers to a legally independent organization which is the product of the partnership of two corporations, (the parent firms), each of which participates in the decision-making activities of the jointly owned company. More specifically, in an international joint venture, at least one parent firm has its headquarters outside the country where the joint venture is located.

International JVs are formed for a variety of reasons. International companies create venture partnerships to gain foreign market access, for the acquisition of new technology, to fund capital requirements beyond the capability of a single firm, and in order to share risks. Joint ventures are also a vehicle through

which companies can gain broader scale sourcing of materials required for their operations. The possibility exists for both the JV and the parent firms to learn new skills from one another, and to share technology or information as a result of the venture. Many of these elements are essential ingredients for companies which aim to compete in an international arena - where competition is fierce, and where requirements for quality, innovation, and meeting customer requirements are critical.

Although there are clearly potential economic and technological benefits which result from firms venturing together, the failure rate of joint ventures is high. For example, in a study of 880 joint ventures and cooperative alliances, only 45 percent of the companies were judged successful by all sponsors (Collins and Doorley, 1991). Some factors which lead to JV failure include: significantly different goals of parent firms; perceptions of unequal costs and benefits; or conflicts over decision-making, managerial processes and corporate values (Dymsza, 1988; Killing, 1983). Misunderstanding is most likely when international JVs span diverse national cultures, and when attitudinal and value differences exist between different groups in the venture (Baird, Lyles and Wharton, 1989). Problems often arise when executives in the parent companies attempt to impose their standards and policies for operation on the joint venture firm.

2. The Role of HRM

Despite an increase of joint venture activity, research has generally neglected issues related to the development and implementation of human resource management practice in

international JVs. Nor does the research to date examine context factors which determine how and why HRM operates as it does within various joint venture firms. Scholars in the international management field are quick to observe that the HRM role, related to the success or failure of joint ventures, has received little empirical study (Shenkar and Zeira, 1987; Teagarden and Von Glinow, 1989). This omission in the research literature exists even though effective HRM practices are thought to be a significant contributing factor in the successful operation of multinational corporations, (Evans, 1986; Laurent, 1986; Pieper, 1990; Punnett, 1989; Schein, 1986; Schuler, 1989). Tichy (1988) notes that the key to success in multinational companies is leadership, and an innovative set of HRM practices which permit organizational flexibility and adaptability.

HRM managers may potentially function as the "process experts", and help to determine the strategic capability of an organization through the methods by which staff are selected, appraised, rewarded, and developed (Evans, 1984; Tichy, 1988). HRM is strategic to the extent that HR activities are consistent with, and enhance the business objectives of the organization. Strategic HRM is concerned with interdependencies which exist between company objectives and human resource management capability (Evans, 1986; Kossek, 1987; Schuler and Jackson, 1987; Tichy, 1983). In this vein, HRM staff are proactive and anticipate both present and future HR needs in the organization (Meshoulam and Baird, 1987). HRM has the opportunity to foster entrepreneurship or mediocrity (Schuler, 1987). In complex, global companies, HRM is required to be flexible and innovative (Schuler, 1989) in order to accommodate

diverse business and employee requirements. New forms of HRM which transcend uni-dimensional value systems (Evans, 1986, Quinn, 1984), or the perspectives of a single group (Bartlett and Ghoshal, 1989) will be required in international organizations.

In the broadest sense of the term, HRM is a system of "governance" within the organization (Evans, 1986). HR staff work together with managers and other employees in the joint creation of effective solutions for how work is to be accomplished. In effective companies, HRM as enacted by multiple groups within the organization, may be concerned with recruitment, reward and recognition, training and development, performance appraisal, and communication systems, among other things. Considering the important role for HRM, research needs to more fully address HRM in complex, international corporations. In particular, the study of HRM in international joint ventures will help to illuminate how HRM operates in a context when parent firms with multiple national cultures, and multiple corporate orientations, unite.

3. The Purpose of this Research Investigation

The research considers how and why HRM policy and practice operate as they do in a sample of successful international joint venture companies. Considering that so little information exists on HRM in this context, the research is exploratory, with an emphasis on the description of HR processes, as well as on the development of some understanding as to the contributing factors which affect HRM. Based on the literature to date, one might expect, for example, that the national culture and corporate culture of the parent firms may have some bearing on HRM operations

(Datta and Rasheed, 1989; Killing, 1983; Pucik, 1988; Shenkar and Zeira, 1987). However, how culture or other factors moderate HRM policy and practice in international JVs is far from clear. Further elaboration of both organizational determinants which affect how HRM functions, and the outcomes of various HRM policies and practices deserves further elaboration. In order to gain a comprehensive perspective of HRM in international joint ventures, this research uses a multi-method approach to data collection which includes: documentary materials, interviews at multiple levels in each JV, on-site observation, and questionnaires which measure job satisfaction and employee perceptions of the corporate culture as it operates in each venture. This form of in-depth investigation provides an opportunity for the researcher to better understand the factors which enable or constrain HRM, and where inconsistencies exist between HRM policy and the way in which HR practices operate in reality.

4. The Companies

All four joint ventures in this investigation are manufacturing operations which share a remarkably similar strategic management orientation, related to what managers in the JV perceive will lead to successes in a global market. In addition, the HRM focus which the management of these JVs consider desirable in order to accomplish strategic goals, is also very similar. All joint ventures are located in North America, and are 50/50 equity partnerships between the parents, except Mayo Forest Products which has a 60/40 ownership split. Mayo Forest Products is a small lumber manufacturing operation between Canadian and Japanese parent

firms. OCG Microelectronics is a relatively new JV, formed in January 1991, and is a partnership between American and Swiss parents. The management of the remaining two JVs in this project prefer that the company names remain anonymous. "Optima" is a venture between American and German multinational corporations, and produces high quality fibre optics. Finally, "Triad" is a JV between American and Japanese parent firms and manufactures automobiles for the American market.

Of interest, all four joint ventures have been recognized by external sources for standards of product and service excellence (i.e. customer reports; awards for technological expertise). In addition, on a job satisfaction questionnaire employees in the ventures indicate a relatively high level of satisfaction related to working in each company.

5. Results of the Research Investigation

The investigation provides a rich background of how HRM operates in four joint venture companies. Related to the management of the JV-parent relationship, the reason for formation of the venture, level of partner compatibility, and which parent has the management contract contributes to how strategic HRM operates. The joint venture objectives, both as defined by the parents, and implemented by various managers in the JV, likewise have implications for the development of strategic HRM policy and practice. Perhaps not surprising in competitive firms which seek to compete in a global market, all JVs in this research have a remarkably similar strategic orientation which focuses on high quality and low costs. Subsequently, the HRM practices in each JV

to meet these goals are likewise very similar. Communication, training, staffing, and reward and recognition for employee achievements are all priorities in these ventures related to the attainment of strategic objectives. In all the JVs, performance appraisal appeared to be a less significant consideration.

To remain competitive, all four ventures have a focus on organizational learning and strategic renewal. In this research learning refers to the creation of new ideologies and systems at the organizational level. More specifically, learning occurs: 1. between the parents and between the parents and JV related to changing expectations and objectives; 2. related to administrative changes in policy and practice to keep pace with evolving strategic requirements; and 3. at a technological level. Various HR practices operate to facilitate learning both in the JV, and related to the transfer of information and technology between the JV and the parents.

In addition, the development of corporate culture in the ventures is of interest, and is related to the strategic orientation of the JV, as well as to elements of national culture. In the joint ventures in this investigation, corporate culture developed in relation to parent influences on the JV, as well as related to the contributions of JV staff to create a unique set of norms and values to suit the specific venture requirements. Select HRM policies and practices have contributed to how employees in the joint ventures experience the JV corporate culture.

National culture has a definite presence in Triad, but is less strongly felt by employees in the other ventures. As managers at Triad note, almost everything they do is related to the combination

of diverse American and Japanese cultures in the plant. As a consequence, in the area of HRM, managers have attempted to create "hybrid" HR policy which takes into account the national cultural values, norms, and operating contingencies of each group. The result has been the establishment of unique forms of HR policy for the multicultural needs of the venture.[1]

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[1] For the reader who wishes an overview of the key points in this investigation refer to: the summary for each joint venture which appears at the end of each company section in "The Companies" portion of the manuscript; Table 11 in the section "A Cross-Company Analysis"; and "A Summary of the Major Themes from this Investigation".

CHAPTER TWO

A REVIEW OF THE LITERATURE

A.   Joint Venturing in an International Setting

1.   Introduction

The complexion of businesses and organizations as we have known them for decades is rapidly being altered.   More and more, large multinational companies seek to expand to new markets, are quick to require technology found in other firms, and recognize intense pressure to compete for the rewards of global expansion. Based on the outcome of a seminar on global issues held in 1990, a definition of globalization related to how organizations operate is outlined by Barnett (1990:7-8),

> Globalization is the integration of business activities across geographical and organizational boundaries. It is the freedom to conceive, design, buy, produce, distribute, and sell products and services in a manner which offers maximum benefit to the firm without regard to the consequences for individual geographic locations or organizational units. There is no presumption that certain activities must be located in certain places or that existing organizational boundaries are inviolable...The global firm is not constrained by national boundaries as it searches for ideas, talent, capital, and other resources required for its success.

International joint ventures are one vehicle for the accomplishment of global corporate goals.   In conjunction with international demands, new solutions of how to do business are eagerly sought in all forms of multinational companies.   Recent books and articles expound on the multinational mission, (Beamish, 1988; Egelhoff, 1988; Hedlund, 1986; Leontides, 1985; Prahalad and Doz, 1987); search for transnational solutions for the management of enterprises which span multiple national borders; (Bartlett and

Ghoshal, 1989); and begin to probe complex control and human resource issues which exist in firms when multiple national groups are present (Pucik and Katz, 1986; Doz and Prahalad, 1986).

Although the literature has begun to address some of these important issues, relatively little investigation has been devoted to HRM in international joint ventures. This is the case despite the importance of HRM to the success and viability of a company (Evans, 1986; Pieper, 1990; Schuler, 1989; Walker, 1989; Tichy, 1988). Related to a role for HRM, Likert (1967:1) states,

> Every aspect of a firms's activities is determined by the competence, motivation, and general effectiveness of its human organization. Of all the tasks of management, managing the human component is the central and most important task, because all else depends upon how well it is done.

In the context of joint ventures more specifically, HRM can contribute to the achievement of organizational goals related to staffing, promotion, employee loyalty, decision-making and compensation, for example (Cascio and Serapio, 1991; Pucik, 1988; Shenkar and Zeira, 1987). Further, effective HRM policy might serve to bridge discrepancies when diverse social or cultural systems combine (Baird, Lyles, and Wharton, 1989; Teagarden and Von Glinow, 1989). In addition, learning and experimentation in the organization may be enhanced through HRM policy and practice (Bartlett, Doz and Hedlund, 1990; Parkhe, 1991). Technology transfer can be orchestrated related to transfer, training and reward policies (Collins and Doorley, 1991).

Despite evidence to suggest that executives and other members in an organization are well advised to focus on HRM in their international operations, HRM issues still receive minimal

attention. Frayne and Geringer (1989) note that "of the 100 to 5,000 hours typically involved in creating IJVs, only about 4% of the time has been spent resolving human resource issues".

In international operations, there are special requirements for the coordination of activities, including HRM, across company boundaries. In particular, an understanding of intercompany relationships is important. According to Harrigan (1985:40), "the missing link in understanding joint strategies is analysis of dynamic interaction of the three key actors", (i.e. between the parent firms and the JV). Considering company interrelationships, Ohmae (1990:136) observes,

> To my knowledge, however, not one scholar specializes in the study of intercompany [his emphasis] relationships. This is a serious omission, given the importance of joint ventures and alliances in today's global environment. We need to know much more than we do about what makes effective corporate relationships work...We must recognize and accept the inescapable subtelties and difficulties of intercompany relationships. That is the essential starting point. Then we must focus not on contractual or equity-related issues, but on the quality of the people at the interface between organizations. Finally, we must understand that success requires frequent, rapport-building meetings on at least three organizational levels: top management, staff, and line management at the working level.

With these considerations in mind, this research examines HRM as a component of both intercompany relationships between the JV and the parents, as well as how HRM operates within the venture. Related to a requirement to investigate HRM in international ventures, the background for this research is elaborated in the following sections in which literature relevant to this topic is reviewed. Select issues concerning international joint ventures and HRM are considered. In addition, there is some indication that national and corporate culture, degrees of flexibility in the

organization, and managerial expertise are likely to relate to how HRM operates in international JVs. These areas are briefly elaborated, as well as the implications of organizational learning in the venture related to how HR policy and practice operates.

2. The Form and Functioning of Joint Ventures

International joint ventures represent a unique form of the globally oriented corporation. The number of international JVs which are formed is rapidly increasing, with the greatest incidence of collaborative agreements between two partners (Hergert and Morris, 1988). Depending on the requirements of the JV, the partners may have differing roles or functions. Lei and Slocum (1991) describe ventures which are either "specialized" or "value-added". In specialization ventures, each partner contributes specific expertise to the operation. For example, one partner in the JV may manufacture the product, while the other partner does the marketing. In a value-added venture, the partners share in the creation of product value in the venture. In this instance, the JV partners might jointly design and manufacture a product, drawing on synergistic capabilities of the staff in both parent organizations.

Within the two partner venture, Killing (1983) describes three levels of management involvement or control by the partners: dominant parent JVs, shared management ventures, or independent ventures. The dominant parent JV is closest to the idea of a wholly-owned subsidiary, and one parent has primary management responsibility for the venture. In a shared management JV, both parents have a meaningful role, and provide input as to how the venture operates. In independent JVs, the venture is relatively

free of interference from either parent, and the JV General Manager is often given responsibility for decisions which affect the venture.

3. Management of the Venture

The management of joint ventures is a complex process. If parent firms decide that a joint venture is required to accomplish desired strategic goals, then the partners must be prepared to deal with difficult issues related to joint ownership and joint decision-making in the venture. Collins and Doorley (1991) observe that in successful JVs, much advance planning is required, and the venture is likely to be championed by senior executives in the parent firms. The venture plan will ideally consider market options, business strategy, resource requirements, funding – all related to partner compatibility. Collins and Doorley elaborate that company style and corporate culture should be a "major consideration" as to whether two parent firms are able to effectively join together in a joint venture operation. Different goals, perceptions and values of parent firms may result in corporate disharmony, and frequently to the failure of the venture (Dymza, 1988; Killing, 1983). For example, do prospective JV partners have similar operating styles related to decision-making and HR management? Is there partner compatibility related to the level of employee participation desired in the JV? To avoid misunderstanding between the partners, these issues might be addressed in early JV negotiations, before the actual start-up of the venture.

In addition to planning for the venture, Collins and Doorley

(1991) suggest other criteria which will enhance the success of various forms of strategic alliances. These "golden rules" of partnership success include:

- a balance of trust and self-interest
- anticipation of conflicts
- clear definition of strategic leadership
- flexibility
- acceptance of cultural differences at both the level of national culture and corporate culture
- orchestration of technology transfer
- learning from the partner's strengths

Taken together, the preceding points offer some guidelines for further research on how the the relationship between joint venture partners might be managed.

4. The JV Board Structure

Most joint ventures have a dual-board structure which includes a formal Board of Directors, which is usually comprised of senior representatives of both parent firms; and an advisory committee, which is often the operating group for the venture. Generally, the Board of Directors is concerned with the ongoing success of the venture, as well as the protection of parent interests. The Board typically approves the annual operating plan, reviews budgets, and approves major capital expenditures. According to Collins and Doorley (1991), in a 50/50 JV the Board would have equal representation from each of the parents. Members of the board are chosen to "reflect the main contributions of each parent". The General Manager of the venture will often sit on the Board, but may

not always have full voting rights. In contrast, the advisory committee is comprised of senior managers in the venture, and is active in the day-to-day operation of the company. The advisory committee informs the Board of Directors of key issues for consideration when Board approval is required.

5. Balancing Stakeholder Interests

In early venture negotiations, the parents need to decide who has management responsibility for the venture, in which specific areas, and how key positions in the venture are to be staffed. In addition, the level of autonomy and decision-making responsibility allocated to JV managers (as opposed to parent managers), must be decided. For the venture to achieve maximal results, members of both the JV and parent organizations will work toward the success of the venture. Lorange and Roos (1992; 1991) point out that there are two political considerations in strategic alliances. These include:

- Stakeholder Blessing - Are both internal (i.e. JV) and external (i.e. parent) interest groups convinced that the venture is desirable?

- Internal Support - Are a broad range of employees in the venture convinced that the venture is viable? Are they committed and able to further the JV goals?

Related to internal support, if managers and other groups in the venture view the JV as threatening to their careers or personal goals, then enthusiastic, positive contributions to the venture are likely to be curtailed.

The extent to which HRM or other strategic management

practices are adopted from one parent influences the corporate culture and dominant values present in the venture. For example, Frayne and Geringer (1989) propose that training content, the form of performance appraisal, or type of compensation and reward are expected to affect the JV corporate identity. If one parent is responsible for the management contract, including HRM, in the venture, then theoretically that parent is more likely to infuse the venture with its practices, strategic objectives and operating style. Further, dominance by the parents in the venture will affect the level to which JV autonomy is possible.

The development of a corporate identity in the venture is likely to occur under some of the same conditions which operate in wholly owned companies. Various authors (Joiner, 1987; Kanter, 1989; Morgan, 1988; Schein, 1986; Walton and Lawrence, 1985) suggest that an integrated corporate identity is most likely when:

- there is strong, unified leadership
- there is a vision and mission statement for the company which is meaningful to employees and continually reinforced
- communication is open at all levels in the organization
- employees are actively involved
- HRM practices reinforce company values

In joint ventures, evidence of these characteristics may contribute to the development of a unified JV corporate culture which is independent from that of the parent firms.

B.   Human Resource Management

1.   HRM in Perspective

There are multiple roles and demands for HRM in progressive organizations. London (1988) describes that HR staff operate as the roles of educators and developers, innovators, evaluators, leaders, consultants, and futurists. In order to have sufficient power to fulfill at least some of these roles, HRM staff require information, resources, and support from other groups (Kanter, 1988).

HR staff are accountable to multiple stakeholders in the organization (Tsui, 1987), and often may be in the often precarious position of choosing which group's interests are to be met first. For example, production interests may need to be balanced with employee concerns related to overtime or time-off policies. In joint ventures, multiple stakeholders may include not only JV employees such as supervisors, managers, union representatives, or production staff, but also various employees belonging to the parent firms.

In recent years, the expectation for HRM is that it is strategic and linked to the business requirements of the company. This is especially desirable in highly competitive organizations. Walker (1989) elaborates on organizational needs or issues which will determine HR roles in the global competitive environment of the 1990s. HRM must be responsive to:

- the creation of a unified corporate vision
- the development of flexible, decentralized organizational structures

- the establishment of HR policy which enhances quality consciousness

- a requirement for increased international learning, including technology transfers

- flatter, less bureaucratic organizations

- lean staffing

- the motivation of a diverse workforce with high personal expectations

- respect for unique differences while seeking common values and approaches.

Many of these issues will be dealt with by managers and employees at all levels in the organization. In some instances staff in the HR department will work with other employees to develop creative, appropriate, enriching HR policies and practices which benefit both employees and the organization.

2. The Dimensions of HRM

Consistent with the literature, five dimensions of HRM will be considered in the present research: planning, staffing, performance appraisal, training and reward systems (Schuler, 1986; Schneider, 1988).[2] A list of HRM practices appears in Table 1.

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[2] The description of HR functions has been adapted from Dolan, S.L. and Schuler, R.S. (1987). Personnel and Human Resource Management in Canada. St. Paul: West Publishing Company, and from Schuler, R.S. and Jackson, S.E. (1986). Managing Stress Through PHRM Practice, Research in Personnel and HRM, 4, 183-224.

TABLE 1

Human Resource Management Practice Orientations

Planning

```
            Informal..........Formal
              Loose..........Tight
         Short-term..........Long-term
   Explicit Analysis..........Implicit Analysis
        Narrow Jobs..........Broad Jobs
    Segmented Design..........Integrative Design
Low Employee Involvement..........High Employee Involvement
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Staffing

```
    Internal Sources..........External Sources
       Narrow Paths..........Broad Paths
      Single Ladder..........Multiple Ladder
   Explicit Criteria..........Implicit Criteria
   Closed Procedures..........Open Procedures
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Performance Appraisal

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     Behavioral criteria..........Results Criteria
     Short-term Criteria..........Long-term Criteria
     Purposes:  Development, Remedial, Maintenance
Low Employee Participation..........High Employee Participation
      Individual Criteria..........Group Criteria
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Reward

```
        Low Base Salaries..........High Base Salaries
          Internal Equity..........External Equity
                Few Perks..........Many Perks
   Standard, Fixed Package..........Flexible Package
        Low Participation..........High Participation
            No Incentives..........Many Incentives
    Short-term Incentives..........Long-term Incentives
Little Employment Security..........High Employment Security
             Hierarchical..........Egalitarian
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Training

```
        Short-term..........Long-term
 Narrow Application..........Broad Application
Unplanned, Unsystematic..........Planned, Systematic
Individual Orientation..........Group  Orientation
      Low Participation..........High Participation
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Adapted from R.S. Schuler (1987). Human Resource Management Practice and Choices. In R.S. Schuler and S.A. Youngblood (Eds.), Readings in Personnel and Human Resource Management, 3e, St. Paul: West Publishing.

Further, in this investigation, the communication system is considered as a sixth dimension of HRM-related activities. In an extensive survey of American managers, communication activities were found to make the biggest contribution to managerial effectiveness (Luthans, 1988; Luthans, Hodgetts and Rosenkrantz, 1988). In the work by Luthans et al. communication was considered a separate, yet complementary activity to HRM practices such as motivating/rewarding, staffing, and training and development, for example. Additionally, communication is considered important to how employees perceive the organizational environment to operate (Joiner, 1987; Kanter, 1989; Morgan, 1988; Schein, 1986).

The six dimensions for HRM are outlined in the following paragraphs.

a) Communication - Systems for communication operate at multiple levels in the organization and may include, for example, meetings, written correspondence, television or telephone. Schein (1986) notes that communication may be either formal and insitutionalized, or informal. In addition, communication may be open and generally involve employees, or closed and specific to selected group members. As the complexity of the organization increases, forms of communication such as transition teams, task forces, or joint-management teams may be used to create information linkages across diverse and often geographically decentralized groups (Barlett and Ghoshal, 1989; Joiner, 1987; Kanter, 1983; Prahalad and Doz, 1987).

b) Planning - Planning involves forecasting human resource needs for the organization, and the appropriate steps necessary to meet those needs. Human resource planning aims to anticipate

shortages or surpluses of human resources and to correct imbalances; anticipate needs related to employee development; identify employee skills and to provide opportunities for employees; and link HR plans with the business plans of the organization. HRM planning may vary according to whether it is long-term or short-term, formal or informal, tightly or loosely linked to corporate planning, explicit or implicit, integrated or segmented, with high or low levels of employee involvement.

c) Reward - Reward systems are the mechanism by which organizations seek to evaluate the contributions of employees in order that direct and indirect monetary and nonmonetary rewards can be distributed. Rewards are provided based on legal regulations and the organization's ability to pay. Reward will vary according to whether there exists high or low base salaries; internal or external equity; few or may "perks"; and flexible or fixed and standardized packages. Rewards may encourage employee participation; have incentives built in; be based on short-term or long-term incentives; have employment security; and be either hierarchical or egalitarian based.

d) Staffing - Staffing is usually defined as a search for and obtaining potential job candidates in sufficient amount and quality in order that the organization can renew itself and fill job needs. Staffing objectives are also concerned with satisfying the needs of job candidates. Not only should job applicants be attracted to an organization, but it is desirable that they be retained. Staffing may be done internal or external to the organization, follow broad or narrow career paths, offer single or multiple promotional ladders, use explicit or implicit criteria for

promotion, or use closed or open (i.e. job postings) procedures.

e) Training - Training and development activities refer to an attempt to improve current or future employee performance through new skill or knowledge acquisition, or the adjustment of employee attitudes. Training may focus on short-term or long-term needs; narrow or broad applications, (i.e productivity versus quality of work life). Training may be planned and systematic or spontaneous, unplanned or unsystematic; have a group or individual orientation; and allow low or high employee participation.

f) Performance Appraisal - As a formal structure, performance appraisal (PA) is a system which measures, evaluates and influences an employee's attributes, behaviors, and performance. Data obtained from the appraisal may be used to correct employee deficiencies or to suggest alternative job placements for employees. Appraisal may vary according to whether the process emphasizes how, versus how many things an employee accomplishes; whether criteria are behaviorally or results oriented; the extent to which evaluation criteria are short-term or long-term; whether the purpose is developmental, maintenance or remedial; the degree of employee participation expected; and whether individual or group appraisal criteria are stressed.

Although communication, planning, staffing, performance appraisal, training and reward systems in progressive organizations are linked, and generally responsive to the business and human requirements of the organization, each HR dimension may vary autonomously. For example, in response to HRM needs in an international JV, performance appraisal may be widely modified from the practices of the parent firms, while other practices related to

training may be adopted from the parent unchanged. Alternately, within each broad HR area (i.e. performance appraisal, reward), variations as to what is adopted from the parent firms might also occur. For example, in the area of performance appraisal, the JV may be the same as one or both parents related to a behavioral orientation in the appraisal, but differ from the parents on the level of employee participation in the process. Selected modifications to HRM are based on an open system approach, in which HRM programs and activities fit the requirements and constraints of the organization based on its unique environment (Tsui, 1987). In international JVs, the venture is expected to have different HRM and other strategic operating requirements from each of the parent firms. As a result, adjustments to HRM policy and practice will be made to best match the specific needs of the venture.

C. HRM in Joint Ventures

In a review article which examines human resource management in international joint ventures, Shenkar and Zeira (1987:549) observe that in "the vast majority of the literature on IJVs, issues about human resources are sporadic and limited". Related to HRM issues considered by previous researchers, Shenkar and Zeira identify a number of HRM issues in JVs which were problematic. These issues include: staffing, promotion, loyalty of employees to the JV, decision-making, communication, and compensation. In addition, the authors note that research to date has ignored many fundamental HRM issues in joint ventures such as career development, termination of service, demotion, absenteeism,

employee attitudes, control patterns, job design, training, and job rotation.

Further, based on their literature review, Shenkar and Zeira (1987) suggest two structural characteristics of joint ventures which significantly affect HRM, as well as other management issues. These characteristics are:

- Multiple ownership - Parent firms might differ related to: private or state-owned; size; reputation or competitive advantage; industry focus; unionized or not; human resource orientation; objectives for joining the venture; or the extent to which one parent tries to dominate the JV.

- Multiple national affiliation - The JV is a setting for individuals who often differ in national origin, cultural values and social norms.

Shenkar and Zeira identify JV characteristics, and omissions in the literature related to this topic, which form an important guide for future research on international joint ventures. However, since the publication of the 1987 article, the international literature has barely begun to address many of these issues related to HRM in international JVs. There are some exceptions.

Notably, Pucik (1988) examined the causes of HRM-related problems in 23 joint ventures established between American or European manufacturing firms and Japanese partners, located in Japan. Pucik found that in the particular case of JVs in Japan, low performance in the ventures was related to an inability on the part of the Western partner to manage the cooperative relationship. Several of the problems encountered were related to poorly designed

and executed HRM strategies. Further, these problems were embedded in national cultural differences between Western and Japanese parent firms, and their strategic orientations as to how to do business. More specifically, difficulties in the management of the JV were related to:

- Staffing - frequent changes among Japanese managers which resulted in inconsistent communication links with the Western partner; over reliance on the Japanese partner to obtain suitable recruits which reduced control over staffing by the Western partner

- Training - utilization of external training programs which failed to provide socialization of employees to the values and norms of the JV; the venture became a convenient training ground for the Japanese parent company

- Performance Appraisal - use of Western-style PA which was inappropriate for Japanese staff related to cultural differences (i.e. preferences for group vs. individual evaluation; level of explicit vs. implicit feedback considered desirable)

- Reward - high wage costs in order to attract employees from the Japanese parent firm; perceptions by the Japanese that Western expatriates were better compensated.

Other research further substantiates how the presence of managers from different national cultures adds to management complexity in international joint ventures. For example, Mendenhall and Black (1990) consider the subtleties of conflict

resolution in Japanese-American ventures. The authors describe 1. the Japanese do not view conflict and "harmony" on the same continuum (as the authors claim is the case with most Americans), and 2. the desire by Japanese to obtain harmony is specific to contextual conditions (i.e. whether "insiders" or "outsiders" to the group are present). These differences suggest implicit differences in conflict management between Japanese and Americans, which may or may not be apparent to the parties involved.

Further, Tyebjee (1991) found that in venture partnerships between Japanese and Americans, differences existed related to strategic objectives and how information is controlled and managed. Peer task teams across the parent companies were viewed as one way to bridge strategic and cultural diversity. In addition, in earlier work by Peterson and Shimada (1978), communication difficulties between Japanese and American executives due to language differences were singled out as the most pressing problem in the ventures investigated.

The importance of understanding the cultural implications of international venturing is also underscored by Phillips (1989). In the investigation of a 50-50 American-Japanese joint venture, Phillips found that divergent management styles, inflated expectations and disputes over quality and labor practices resulted in ongoing problems in the venture. Many of the differences in style and value orientations stemmed from national cultural heritage. Phillips comments (1989:39),

> (American) workers grumble about the daily calisthenics
> and the boring dedication ceremonies Japanese seem to
> love. And managers can't understand Japanese frugality:
> At one plant, the size of memo paper caused a 40-minute
> debate.

In an exploratory investigation conducted in the People's Republic of China, Teagarden and Von Glinow (1989) consider HRM in international joint ventures between Chinese and foreign firms. Teagarden and Von Glinow found that the cultural and social systems as they operate in China were a significant factor which affected JV effectiveness. More specifically, a Confucian influence, decision-making structures, the form and function of relationships, face-saving, and ideological assumptions influenced HRM. In other research, major attitudinal differences were found between American and Chinese managers in joint ventures regarding preferences for organizational structure, work orientation and reward systems (Baird, Lyles and Wharton, 1989).

In addition, Cascio and Serapio (1991) examine HRM in four international alliances. The authors consider issues related to the blending of national culture and management style, job design, staffing, training, performance appraisal, compensation and benefits, career issues, and labor-management relations. Cascio and Serapio summarize the lessons which are learned from their investigation:

- when national and corporate cultures are blended, the partners need to spend time building trust; understanding and accommodating each other's interests is important
- job design can be enhanced when the partners are willing to learn from one another
- recruitment and staffing policies should be well-defined in the early stages of the venture
- orientation and training of employees should focus on the preparation of employees to deal with the social context

of their jobs, as well as the development of technical skills

- performance appraisals need clear objectives, liberal time frames in which to achieve results, and built-in flexibility related to changing market and environmental demands

- compensation and benefits policies should be uniform to avoid employee feelings of inequity

- careers opportunities must be ensured for local managers

- in the early stages of the venture, the partners must agree on suitable terms for the labor-management agreement

Considering the results of this research, time is required to build a stable relationship between diverse partners in an alliance. HRM policy ideally is determined in the early stages of the venture, and is applied consistently. The partners may potentially learn new capabilities in an environment when there is an openness to new ideas and operating styles. The research by Cascio and Serapio is an important building block to an understanding of how strategic HRM operates in joint venture firms. The present research aims to both corroborate and extend the lessons already extracted from the earlier investigation.

Datta and Rasheed (1989) conceptualize the importance of planning in international JVs which considers the various conditions affecting HRM. For example, variables to consider in the planning process include the local labour market, differences in cultural and management styles between the parents, and parent objectives. Related to this last point, a degree of compatibility

between parent objectives is important if venture partners are to work effectively together. Further, Frayne and Geringer (1989) suggest that HRM practices are one way in which parent firms can assert influence, and accomplish their strategic objectives in the venture. Depending which parent manages staffing, training, reward, and performance appraisal, then implicit control in the JV is more likely to be exerted by that parent.

In the preceding paragraphs, work was reviewed which specifically focuses on HRM in international joint ventures. In addition, theory and research in a broader range of organizations related to corporate culture, organizational learning and innovation, and national culture are thought to offer some understanding as to how HRM might operate in JV firms. Relevant issues are considered with reference to joint ventures, and are elaborated in the following sections.

D. Issues for Consideration in Joint Venture Firms

1. Corporate Culture

Interpretive approaches to the study of organizations and culture suggest that culture is both process and product, externally and internally situated as meaning, and evolves over time (Berger and Luckmann, 1967). Members of a group create cumulative interpretations of their reality based on ongoing actions and interactions. Shared cognitive frameworks exist about norms, values and preferences and affect how members of a group demonstrate their familiarity with rules of appropriate behavior (Leary, 1983; Goffman, 1959). The informal components of culture

provide implicit patterns for action and a "governing sense" for the construction of action (Zimmerman, 1966).

Related to culture as "sensemaking" in organizations, Schein (1984) elaborates that corporate culture exists at three levels: 1. behaviors and visible data; 2. values; and 3. basic assumptions. Behaviors are represented at the most surface level of culture, and may be demonstrated by office layouts or the manner of dress. At a deeper level, values govern behavioral patterns and are less accessible. In some instances, values are not readily identifiable even to individuals or to groups who influence, and who are in turn influenced by the governing values. At the most elusive level of corporate culture are basic assumptions. Schein refers to assumptions as invisible, deeply embedded characteristics which are rooted in relationships to the environment, the nature of time, activity, and space. These assumptions are related to the national cultures to which individuals belong, and represent enduring, social characteristics.

In addition to culture existing at multiple levels, culture has both external and internal elements (Schein, 1986). External elements of culture include consensus on 1. a core mission; 2. the means for goal attainment, (i.e. organizational structure, reward, control and information systems); 3. the measurement of results, and 4. the management of conflict. Internal elements of corporate culture include 1. a common language and communication system, 2. consensus on group boundaries (who is in or out); and 3. how power and influence are stratified. Related to this, leaders in the organization and HRM staff might help to provide, for example, a focus for employees of what is valued or normative behavior; how

critical incidents are to be handled; or the criteria for recruitment, rewards, or appraisal.

The company culture is related to the corporate philosophy or mission, product and market strategies, organizational structures, HRM systems and the attitudes of top management, (Enz and Schwenk, 1988; Kono, 1990). For example, Kono (1990) elaborates that Honda Motor Corporation has an energetic, innovative culture which was developed by the top management team. In accordance with the corporate philosophy, an atmosphere is created at Honda in which aggressive, new product development is inspired. To encourage innovation, recruitment systems are designed which match strategic firm objectives.

In multinational organizations, different goals, perceptions and values of parent firms may result in corporate disharmony, and frequently to the failure of the venture (Dymza, 1988; Doz and Hamel, 1991; Killing, 1983; Parkhe, 1991). Further, partner heterogeneity may hamper organizational learning (Doz and Shuen, 1991). Norms which foster flexibility and learning may serve to bridge differences in strategic orientations or national cultures which exist between the partner firms (Parkhe, 1991).

2. The Creation of Innovative Organizations

Researchers have struggled with a concept and definition of how organizations learn, adapt, and change to accommodate new contingencies and environmental conditions (Argyris and Schon, 1978; Chandler, 1962, Lyles, 1988). Organizational theory has considered learning at two levels in companies: 1. at a strategic level major ideological changes are instituted; and 2. at a

tactical level modifications to practices occur, but on a scale that is unlikely to transform the course set for the company (Jelinek, 1979; Lyles, 1988; Pettigrew, 1985). Organizational learning has been variously described as adaptation and response to new information (Shrivastiva, 1983); new insights or knowledge (Argyris and Schon, 1978; Hedberg, 1981); new structures (Chandler, 1962); and new systems (Jelinek, 1979). In this research, learning refers to the creation of new ideologies, systems and processes at the organizational level.

Although learning and innovation are generally important in organizations, this capacity is critical in competitive corporations which operate on a global basis. In complex organizations such as joint ventures, where multiple cultures and requirements for innovation exist, then "organizational learning becomes a threshold condition for alliance success" (Parkhe, 1991). One way in which a capacity to learn is enhanced in joint ventures is through the development of flexible structures and relationships between the parents and the venture. Of increasing importance is the ability of JV managers to revise HRM and other systems in response to changing internal and external environments. Organizations must learn new competencies. Accordingly, "organizations that learn quickly and well have a distinct advantage in implementing change" (Nord and Tucker, 1987:32). Old systems are discarded and replaced by more strategic and appropriate concepts and practices. The capacity for organizations to alter HRM or other management systems in international joint ventures prevents management orientations from becoming obsolete over time. In global firms, an experimentation-based policy

process is more likely to take advantage of organizational variety and diversity, resulting in more creative organizational outcomes (Bartlett, Doz and Hedlund, 1990).

HRM systems can either support or curtail an environment for learning. Pucik (1988:77) advocates "that the transformation of the HR system to support the process of organizational learning is the key strategic task facing the HR function in firms engaged in international cooperative ventures". According to Pucik, learning in alliances is more likely when there is:

- a high priority given to learning activities
- involvement by the HR function
- long-term planning
- a focus on obtaining and retaining high quality staff
- training provided in cross-cultural competence
- a career structure which is conducive to learning
- reward and performance appraisal which focuses on long-term goals, learning activities, and global strategies
- incentive for the transfer of "know-how"
- an HR group who have knowledge of the partner strategies

In addition, HR staff and other managers in the organization need to accept the responsibility for the creation of conditions which result in learning. Learning is a process which requires integration. To enact this process the HR department will require support from other managers and employees.

"Politics in organisations breed in times of change" (Pettigrew, 1985:43). Change may threaten the existing distribution of resources, affect salaries or promotional opportunities, and shift the control of tasks. New roles for

members of the organization may be required. For example, in systems where there is high employee involvement, then the role of supervisors will feasibly be reconfigured. In the case of administrative innovations, permission for change may be necessary prior its implementation (Frost and Egri, 1991; Kanter, 1983).

As already mentioned, strategic alliances have numerous stakeholders who are both internal and external to the alliance (Lorange and Roos, 1992; 1991). With respect to strategic and tactical changes in alliances, and more specifically in joint ventures, support and approval of the multiple interest groups (i.e. JV and parent employees), is advisable prior to transformations in organizational values or systems. To effectively implement learning and change, HR staff will require both knowledge of the concerns of various stakeholders (Kanter, 1983; Tsui, 1987), as well as the political skills necessary to manage change.

Finally, innovation may be more likely in organizations where there is support for multiple values and perspectives. Evans (1986) describes that complex organizations, with the potential for innovation, are likely to exhibit paradoxical qualities. Examples of "value dualities" are systems which have simultaneous elements of control and flexibility, formalization and informality, or individuality and teamwork. Cameron and Quinn (1988) also endorse the benefits to organizations of a competing values approach, and suggest that highly effective organizations pursue competing, paradoxical criteria simultaneously, rather than a single set of organizational value criteria. More recently, Evans and Doz (1990) elaborate on qualities of the "dualistic organization", in which

competing value characteristics are effectively balanced. Evans and Doz suggest that "dynamic balances" may be created in turbulent, complex organizations when, for example, teamwork is created among strong individuals, opportunism is planned, or partnerships are formed between competitors. Evans and Doz add that a starting point for the introduction of dualistic thinking into organizations is through various HRM processes.

3. National Culture as Context

The national culture to which an individual belongs has an indelible influence on both attitudes and behavior. As Hofstede (1980) describes, the shared ideas of national cultures build upon symbolic frameworks, mental programs and conceptual distinctions that shape social action. Underlying assumptions prescribe shared ways of thinking, perceiving and evaluating the world, self, and others (Ronen, 1986). Attitudes toward uncertainty and change, or task versus social orientations are examples of national cultural assumptions which affect perceptions of how the world should operate.

Culture is passed from one generation to another. Culture embraces the concept of morality, determining for each group what is right and what is wrong. According to Nath (1988:24),

> Culture is shared by all members of a particular group, and it is essential for the basis of social and communal life. In the words of Hofstede (1980:27) the essence of culture is collective mental programming. It is the part of our conditioning that we share with other members of our nation, region, or group but not with members of other nations, regions or groups.

An early anthropologist defined culture as "that complex whole

which included knowledge, belief, art, morals, law, custom, and any capabilities and habits acquired by man as a member of society" (Tylor, 1924:1).

Consistent differences in value systems and social orientations have been observed among national cultural groups (Child, 1981). To illustrate, a study conducted by Meindl, Hunt and Lee (1987) examined the differences between Western "individualism" and Eastern "collectivism". In an individualistic culture such as the United States, ideas tend to arise from individual action, competition is positive and people are self-governing. Alternately, in the collectively-oriented cultures of South Korea, China and Singapore, action is generally agreed upon by consensus, there is greater dependence on the larger group, and relationships evolve around joint responsibility. Self-interest, so prominent in Western philosophy, is less relevant in a collective society.

In another example, related to an orientation to activities, North Americans generally see themselves as "doers" and seek accomplishments that can be externally measured. For instance, employees are rewarded for their successes with promotions, raises, and other forms of public recognition. In contrast, in cultures which focus more on "being" than "doing", there tends to be more of a natural acceptance of the pace of life, with little attempt to force or influence outcomes. Further, related to a time dimension, Americans have a slightly future orientation and progress is often tied to future goals. Eastern societies tend to focus more on the past and value the importance of societal customs and traditions (Adler and Jelinek, 1986).

4. National Culture in Organizations

Laurent (1986) studied groups of managers from different national backgrounds and found that nationality had three times the influence as a predictor of managerial assumptions than any other characteristic such as age, education, function or type of company. Accordingly, national cultures influence the corporate culture of organizations, (Adler, Doktor and Redding, 1986; Adler and Jelinek, 1986; Laurent, 1986). Corporate culture is represented in the more surface values and norms present in organizations, and is unlikely to significantly alter underlying assumptions which stem from national culture assumptions. Laurent (1986:99) writes,

> Deep-rooted assumptions could then be better understood as the historical result of broader cultural contexts like civilizations and nations. Organizations would only select from the available repertory of their larger cultural context of a limited set of ideas that best fit their own history and modes of implementation.

Consistent with this argument, one might expect a manager from Japan who works in a U.S. based joint venture to modify certain elements of corporate culture such as dress or open door policies, without actually changing basic, governing assumptions as to authority or appropriate levels of formality. These latter assumptions are rooted in the history and traditions of Japanese society, and as such are less malleable or subject to alteration.

Related to the implications of national culture for international joint ventures, research has generally suggested the influence of the socio-cultural environment on the management process, (Chiu and Bu, 1989; Kelley, Whatley and Worthley, 1987; Lindsay and Dempsey, 1985; Mendoca and Kanungo, 1989; Schneider, 1989; Warner, 1986). In addition, assumptions and values which

operate within different national cultures are selectively transferred into specific HRM practices (Ishida, 1986; Negandhi et al. 1985; Peterson and Schwind, 1977; Schneider, 1988). Various researchers have found different preferences for compensation systems (Atchison, 1989), training and development (Tang and Kirkbride, 1989), and performance appraisal (McEvoy and Cascio, 1989; Whitely, Tang and Kirkbride, 1989) related to the national culture of employees. Further, management practices are not necessarily transferable across cultures. For example, Western-style performance appraisal systems are considered inappropriate in Hong Kong, where the concept of "face" precludes the use of confrontative feedback. Americans prefer individually-oriented appraisals, as opposed to Taiwanese workers who are more likely to prefer a group focused appraisal (McEvoy and Cascio, 1989).

Much has been said about the differences which exist between Japanese and American management practices. Related to variations which stem from national culture origins, Japanese management philosophy is described as based on lifetime employment, slow evaluation and promotion, non-specialized career paths, group decision-making, implicit control mechanisms, and collective responsibility (Ishida, 1986; Peterson and Shimada, 1978). However, some modification in long standing management practice is possible. Related to this, there is a recent trend in Japan toward restructuring wage controls, and a greater focus on performance-based evaluation and rewards (Mroczkowski and Hanaoka, 1989). In contrast, American management systems focus on individual accomplishment, hiring externally, and explicit control mechanisms. Performance tends to be objectively measured and rewards are

distributed based on equity and merit.

In research in 37 joint ventures, Killing (1983) notes that managers of different nationalities have varying attitudes to fundamental assumptions regarding the importance of material wealth, the value of on-the-job performance and the desirability of change. According to Killing (1983:57),

> The greater the cultural gap between the parent's base countries, the greater the problem (in the IJV). A fundamental hindrance to the creation of a core skill can simply be the difference in language. Many joint ventures formed in Japan in the 1960s between Japanese and North American firms failed in the early 1970s. Cultural differences were cited as a major problem in many of these.

5. Joint Ventures as a Case of Socio-cultural Merging

The merging of diverse cultures within the same organization is a complex and difficult process. In international joint ventures, the parent firms often represent diverse national or corporate cultures. For example, in an American-Japanese joint venture, each cultural group brings to the JV different values, expectations and operating procedures. In this instance, Japanese and American managers may need to work together to create new organizational forms appropriate to all groups in the venture. Alternately, cultural merging may occur between groups with their origins in the same national culture. Again in the context of a joint venture, employees may be consolidated who are all American in cultural origin, but who come from parent organizations with different corporate styles and ideologies. Differences in corporate philosophy might relate to appropriate levels of risk-taking, or the amount of training offered to employees.

In organizations where cultures combine, ambiguity, or the denial of another's culture may result (Martin and Myerson, 1988). In an American-Japanese JV for example, members from diverse cultures may find the values or habits of the other group confusing or inappropriate. Ishida (1986) examined the transferability of Japanese values and practices to non-Japanese subsidiary operations and discovered numerous problems which were related to philosophical differences between the two groups. Ishida comments,

> The difference in the concept of job leads to conflict between Japanese and non-Japanese working in the same organization. The non-Japanese cannot bear the vagueness of job boundaries and complain that the Japanese boss often trespasses on his own area of authority. The Japanese, on the other hand, criticize the non-Japanese workers for 'doing only what they are told to do' and complain that they 'lack initiative and flexibility'.

Subsequently, a learning process is required in which group members develop a new understanding of expected requirements in the organization. In addition, group members will need to work toward an appreciation of an unfamiliar culture. When different national cultures combine, the possibility exists for either positive, creative outcomes - or stress (Adler, 1986).

According to Moran and Harris (1982), cultural synergy is possible when new forms of learning transcend the boundaries of separate cultures. National cultural differences are neither ignored nor minimized, but are appreciated as a source for innovation and change. Managers and other employees are more likely to combine elements of contrasting value systems or cultures in organizations where there is flexibility, trust and support for change. A philosophy which establishes a norm for pluralism in perspectives and capabilities is important (Bartlett and Ghoshal,

1989; Prahalad and Doz, 1987).

The merging of subcultures in joint ventures is likely to necessitate some degree of value negotiation, and openness to another's point of view. When opposing belief structures are brought together, compromises are required related to discrepant beliefs or political differences (Walsh and Fahey, 1986). In this context, strategy-making will ideally be participative (Miller and Friesen, 1984) and involve members of each group.

In general, mergers of organizations tend to ignore the importance of human resource dynamics (Marks, 1989; Marks and Mirvis, 1986). In corporate mergers, Schweiger and Weber (1989) note the importance for determining how HRM policy and systems are to be combined and they recommend either: (a) partial integration of HRM policies of both firms, or (b) leaving the policies and systems of the firms separate. In research which examines Japanese subsidiaries in Taiwan, Japanese managers selectively added a Japanese influence to local management practices; and in some instances Japanese systems were implemented in entirety (Negandhi et al. 1985).

Related to these issues, how do joint venture companies manage HRM policy and practice when national cultures or corporate cultures combine? Is there an integration of HRM policy adopted from both parents and applied to all JV employees? Alternately, are certain aspects of HRM policy applied to different subgroups in the venture? Further, is there a role which the HR department can play in diffusing the difficulties experienced in companies when diverse cultures are combined?

E. Summary

International joint ventures are used increasingly as a mechanism for the enhancement of firm competitiveness on a global basis. Although the role of HRM in international corporations has been recognized by researchers as important, there has been very little research on the role and function of strategic HRM in international joint ventures. The current research examines HRM as it operates within the venture, and related to intercompany relationships.

Management in joint ventures is complex. In those studies in which HRM in international joint ventures was investigated, issues of concern relate to multiple ownership and multiple national affiliation (Shenkar and Zeira, 1987). Further, partner ability to manage the cooperative relationship when multiple national and corporate cultures combine was considered to be important (Cascio and Serapio, 1991; Pucik, 1988; Teagarden and Von Glinow, 1989). More specifically, Cascio and Serapio (1991) found trust building, job design which enhances learning, well-defined recruitment and staffing policies, training programs and fair compensation policies to be salient issues in joint ventures. Although many of these issues are also relevant in wholly owned companies, complexity is added to how HRM operates when multiple parent firms are involved. For this reason, planning in joint ventures is especially important in order that differences in cultural and management styles between the parents and the venture are considered (Datta and Rasheed, 1989).

Beyond the realm of investigations specifically conducted in

joint ventures, a broader band of organizational literature offers information as to how joint ventures might operate. Corporate culture is considered with respect to how people in organizations construct meaning, and the levels of values and assumptions which operate. The company culture is interrelated to the corporate mission, product and market strategies, organizational structures, HRM systems and the attitudes of executives (Enz and Schwenk, 1922; Kono, 1990).

Further, how organizations learn, adapt and change at both tactical and strategic levels is of interest. In companies in which global competitiveness is a goal there are special requirements for innovation and transformation. As Parkhe (1991) describes, in strategic alliances an ability to learn is crucial to the attainment of organizational successes. HRM systems can either support or curtail an environment in which learning occurs (Pucik, 1988).

Related to national culture, previous research has generally supported the influence of the social and cultural environment on management practices (Kelley, Whatley and Worthley, 1987; Schneider, 1989; Warner, 1986). In particular, assumptions and values which operate within different national cultures are often transferred into HRM practices (Ishida, 1986; Peterson and Schwind, 1977). In international joint ventures when multiple national or corporate cultures combine, "cultural merging" occurs which often requires adjustments of HRM policy and practice to meet newly evolving realities.

CHAPTER THREE

RESEARCH METHODOLOGY

A. Research Considerations

1. The Research Orientation

This project explores the development and implementation of HRM policy and practice in a small number of successful international joint ventures. The intent of the research is to gain an indepth understanding of strategic HRM through the description of various HRM practices as they operate in the JVs. Both formal, institutionalized HR practices are considered, as well as informal operating systems. In addition, the research intends to provide an understanding of why and how HRM operates as it does in each company. This format pertains to the questions asked in exploratory case study methodology (Yin, 1989) and is appropriate when relatively little previous investigation exists on a topic. In this instance, the aim of the project is to develop a comprehensive description of HRM in joint ventures. Unlike some other case study research (i.e. Allison's <u>Essence of Decision Making Explaining the Cuban Missile Crisis</u>, 1971) the intent is not to pose competing explanations for the same set of events. Instead, this investigation is more oriented toward the potential development of an <u>integrative</u> framework for how various areas of the theoretical literature (i.e. corporate culture, national culture, organizational learning) may complement each other in order to provide a better understanding of strategic HRM in joint venture firms.

Further, the methodology in this project is consistent with

research done by Kydd and Oppenheim (1990), who considered HRM in four exemplary companies. This research also conforms to a call by Ulrich (1987) for a detailed analysis of strategic HRM, in order to gain a more penetrating appreciation of <u>how</u> firms are able to increase their effectiveness through HRM applications. In this spirit, the present project aims to provide a comprehensive description and understanding of various HRM practices in four successful international JVs, related to the generation of theory in this area. The results of this investigation also provide information to managers and practitioners concerning the implications of various strategic HRM policies and practices.

The research uses multiple sources of data collection including documentation, on-site observation, interviews, and questionnaires. Multiple methods for data collection allow a cross-analysis of information in order to ensure consistency in the data, and are a signal for when further information or analysis is required. Multiple methods of data collection are recommended by several authors, (Adler, 1984; Eisenhardt, 1989; Yin, 1989), to obtain greater breadth and reliability of the results of the research. In addition, information is collected at multiple levels in each organization, (i.e. executives, mid-level managers or supervisors, and production staff), to gain an appreciation of the various perspectives in each group.

2. Securing the Companies

a) The Type of Joint Ventures

Four successful international joint ventures firms were required for participation in the research. A sample size of four

was chosen in order to allow greater comprehensiveness across joint ventures (which vary related to national culture of the parents etc.) than would be possible in a single case analysis. For a company to qualify as suitable for the project, the following criteria would need to be met:

- The company would be a "formal" joint venture (i.e. an independent company which is the product of the union of two other firms).

- The partners in the venture would be of different national origins in order that the JV be "international" in nature.

- The partnership between the parent firms would be approximately equal in terms of the equity of ownership, (i.e. a 50/50 to 60/40 ownership split in the JV).

- The JV would be "successful" both in terms of a) external awards and recognition given to the venture for exemplary performance, and b) because managers and other employees in the JV felt that the venture was a satisfying place in which to work.

- The JV would have its headquarters and/or major production site in North America, for practical reasons related to the collection of data.

- The management of the venture would be willing to have me on site for two weeks, and to allow me access to documents, and to staff for the purpose of interviews.

b) An Elusive Commodity

Gaining entry to the types of companies designated for the research was incredibly difficult. I spent six months full-time

attempting to contact possible joint venture firms, and to secure the participation of managers for the project. During the course of this task I contacted approximately 350 managers or academics, to a) locate possible joint ventures, b) determine if a company either met the criteria designated for entry to the project, or c) to more specifically request participation. Most people whom I contacted did not seem to be aware of joint ventures which existed, or where they were located. As part of my search, I also used numerous library sources, however because of the often rapid change of ownership of JVs, many of these sources were outdated.

In part, the difficulty of finding suitable JVs for the project might be considered related to the following characteristics:

- There is no clear designation of joint ventures as opposed to other forms of strategic alliances, and therefore in the literature as well as in other descriptions, a partnership company may be called a joint venture, when in fact it is not.

- There is no accessible, comprehensive listing of joint venture firms. Various government agencies do not have this information, including the Conference Boards in both Ottawa and New York, provincial or state agencies, municipal groups, or private agencies.

- The often quickly changing ownership of JVs meant that the most recent directories of company listings are outdated before their publication.

- In many instances, managers did not want a researcher on site. My perception is that this hesitancy was related

to a desire by managers to keep strategic initiatives "in-house". Several companies did not want competitors to gain information as to what they were doing. Some of the companies which I had contacted wrote back and said that their operations were "highly confidential". Other companies did not want to participate due to feared "leaks" about the company identity in future publications, (although the option of confidentiality was presented to company managers in each case). Further, I felt some managers whom I contacted were not particularly secure about the quality of their HR operations in the company, and preferred not to have an outsider present to view operations or practices. In other cases, managers cited that they simply did not have the time to allow company involvement in a research project of this nature.

c) The Process for Gaining Entry

Once possible joint ventures had been identified, I telephoned an upper level manager in the venture, (usually the Vice-President of Corporate Development or the Vice-President for Human Resources, and in some cases a representative in the Public Relations department), to determine whether the venture had the qualifying characteristics of the companies I was hoping to locate for this investigation. Based on this conversation, and if there was some possible interest, I sent a letter to this contact person which describes the intent of the project, and the required amount of involvement by the company. In addition, the company representatives were informed that if they were to participate in

the project, the company would have the benefit of a report which outlines the findings in the company, as well as an executive summary report related to the general research project. Refer to Appendix 1 for a copy of the letter and project outline which were sent to each company with potential to participate in this project. Typically, approval for my entry was obtained in a managerial meeting which would include the JV President, and the Vice-President or other senior manager for HRM. I offered follow-up information, as requested. Approvals for research entry often took six to eight weeks.

Finally, I was able to secure the participation of four joint ventures - Mayo Forest Products, OCG Microelectronics, Optima and Triad. Briefly, at Mayo Forest Products contact was made with the Vice-President of Canadian Pacific Forest Products (the parent firm), who quickly informed me that research access to the mill would be possible. I went with him to the mill to meet with the General Manager for the JV and the Personnel Administrator. At this time, the Executive Secretary to the General Manager in the JV outlined for me meetings which would be beneficial to attend, and people I should interview. Research began in the mill approximately one week later. At OCG Microelectronics, contact was initially made through the Public Relations Department, and after about eight weeks during which research access to OCG was a possibility, I made a follow-up call to the President of the venture. I was given immediate approval for the project, pending additional approval from the Manager for HRM, who also was interested in participation in the research. At Optima, contact with the JV was made through the Manager of Employee Relations, who

over a seven week period, was able to get approval from senior managers, including the Vice-President of Personnel for my entry. Securing the participation of Triad was both quick, and very fortunate. I contacted someone in the Japanese parent company who I already knew, who in turn contacted a key person in the venture. Access to Triad was determined within days. This was particularly lucky, as I was told the plant had not previously been involved in any extensive research investigation, despite numerous attempts by other researchers to gain access to the company.

3. The Process for the Research

a) The Format

I spent two weeks in each joint venture. In addition, at Mayo Forest Products I returned to the JV for two days, two weeks after the research data had already been collected, to interview people about any changes they anticipated for Mayo due to the resignation of the General Manager the previous week. Data was collected at Mayo Forest Products in April 1991, and in the other three ventures in July and August 1991. Approximately 20 interviews were conducted at multiple levels in each company, and the titles of those people who were interviewed appear in Appendix 2. I had a "contact person" in each JV, who assisted me with whom would be relevant and responsive individuals to interview, arranged for a work space, suggested meetings to attend, outlined relevant documents to collect (and often provided them), and informed me about miscellaneous items of company protocol. The title of my contact varied: at Mayo it was the Executive Secretary to the JV General Manager; at OCG it was the HR manager; at Optima it was

the Manager of Employee Relations; and finally, at Triad, it was the Training Specialist who fulfilled this role. All my contacts were well informed about company operations, and very generous of their time and insights.

The operations of the joint ventures were not usually contained in a single location. Subsequently, to gain a broader perspective of the operations, I visited more that one site to collect information or materials for this research. At Mayo Forest Products, most data was collected at the mill, but interviews with a Vice-President in the Canadian parent firm, a Vice-President for the Japanese parent firm, and the Personnel Officer for salaried staff in the JV were conducted at the Regional office for the Canadian parent, where these individuals were located. At OCG, which is a very decentralized operation, I interviewed people and collected other information at the JV Headquarters in New Jersey; the JV plant in East Providence, Rhode Island; the Ardsley facility in New York state; and the CIBA-GEIGY U.S. parent company headquarters, also in New York state. At Optima, data was collected at the JV headquarters office and at the two manufacturing plants, which were all located in the same city. Triad, is a self-contained unit, and all data for the venture was collected at the plant.

While at the main research location for each venture, I was usually given a desk or work space to use temporarily. At Mayo Forest Products, I had a desk in the Administration area, in a well-travelled location. At the other joint ventures, I had space in the HRM areas. Although security was a priority in all the JVs, I was given very good access to information. For example, I was

able to obtain copies of requested documents, and in some cases managers volunteered to provide me with confidential reports. In addition, I was given the freedom to explore the various JV locations on my own. At both Optima and Triad, which required security entry badges, I was given a visitor's badge for the length of the stay at the company; and this permitted me access to certain areas. At Triad, freedom of movement was restricted in the plant for safety reasons, although I was able to move freely in the administration areas.

b) The Role as Researcher

In ethnographic and other case study research, characteristics of the researcher such as gender or status may influence the data collection process with respect to how the participant views or responds to the researcher (Spradley, 1987). As one of the "instruments" in the study, the fact that I am female and a graduate student may theoretically affect the participant-researcher relationship, and further, the information which is obtained for the purpose of this investigation. With consideration for my perceived role as researcher in mind, I attempted to fit the characterisics of the environment as much as possible. For example, in the mill operations I wore jeans and hardtoed boots, when alternately in an office setting I chose to wear conservative business clothing.

My perception is that employees in the ventures identified me in a researcher capacity while I was visiting in each company. I was not asked for advice in a consulting role. On occasion, I felt that I was a confidant to some individuals who were interviewed. Related to this, some respondents shared personal

concerns related to the work environment, which generally they specified were intended to be confidential. Once I was on the JV site, and sometimes in advance, employees who were to be interviewed were informed of my intentions in the company, and the scope and focus of the research. In some cases, the project outline and a brief summary of my background and experience, (which both were sent to the JV as part of the process to gain entry to the venture), were copied and distributed to staff.

Although the majority of participants in the research are North American in cultural origin, some of the senior managers who were interviewed were also Swiss (2), German (3) or Japanese (4). Related to this fact, I tried to ensure that each cultural group of participants was comfortable with the interview format, and was able to understand the content and intent of the questions. Only in the case of some of the Japanese respondents was language problematic. To ensure understanding I spoke slowly and rephrased questions if there appeared to be any confusion or hesitancy in the response. In only one instance was a written inventory completed with an HR manager who did not have English as a first language. On this occasion, I went through the inventory with this individual to ensure an understanding of the content.

4. A Variety of Information

    a) Documentation

Information on the joint venture, (i.e. age, reason for formation, industry focus etc.), and the strategic orientation of the company, (i.e. the corporate vision, historical changes), were collected. Appendix 3 provides a more comprehensive listing of

some of this content. To gather information about the JV more generally, and HRM policy and practice more specifically, a wide variety of documents were consulted. This included, for example, company newsletters, employee handbooks, company brochures or manuals, JV annual reports, policy statements, HR forms, newspaper articles on the JV, or union agreements. Annotated bibliographies for each JV, which itemize the documents used in the research, and a brief description of their contents, appear in Appendix 4.

b) On-site Observation

During the time when I was on-site full-time at each joint venture, I was able to observe operations, attend meetings, and have numerous informal conversations with employees at multiple levels in the organization. Information which was collected from these experiences, as well as my personal impressions of activities or events in the JV, were recorded in a journal. In each company I was given an introductory tour of the manufacturing operation.

The number of meetings which I attended varied on each site. For example, at Mayo Forest Products I attended 17 meetings in 10 days. This included production meetings, mill maintenance meetings, manager's meetings, and a closed union meeting. At OCG, due to the amount of travelling between sites, I attended fewer meetings, although I did sit in on some of the production meetings at the plant facility. At Optima, I attended a communication meeting, production meetings at both of the plants, and a "team meeting". In conformance with plant policy that visitors are not permitted into the plant without a guide, I was not able to attend floor meetings at Triad. However, I did have the opportunity to attend several Quality Circle presentations, which occurred in July

when I was there. I also attended an HR meeting while at Triad.
In addition, I was able to get some personal insights from
employees about the operation of the venture over lunch, or in
other private conversations. Responses were either volunteered or
resulted from my informal prompting.

c) Interviews

The interview format was consistent for all participants. I
would introduce myself and the research topic, ask participants if
there were any questions, request permission to tape-record the
session, and get the participation consent form signed.
Confidentiality was discussed, and participants had two options:
that I could use names with statements which were made, or that
confidentiality would be guaranteed. This portion of the consent
form was completed at the end of the interview, in order that
participants could better judge their preference based upon what
they had already said. Refer to Appendix 5 for a copy of the
consent form. No one refused to have the session tape recorded.
To lead participants into the interviews gradually, we began with
the participant describing his or her background and experience,
and the work role in the venture. I did not take notes, but chose
to have a "conversation" with the individual who was interviewed,
which allowed for eye contact, as well as a more informal
atmosphere. On a few occasions, participants asked that the tape
recorder be turned off if they had something personal,
confidential, or perhaps incriminating to tell me. In this
instance, I would usually ask permission to take notes. My
impression is that employees were comfortable in the interviews,
and generally unguarded in their responses, although there were a

few exceptions.

The interviews were relatively unstructured and I used open-ended questions as probes. Participants were encouraged to include any information they felt was relevant to help me understand how and why HRM policy and practice operated as it did in the venture. On average, the interviews were one and one-half to two hours in length. An outline of general interview questions, and sub-questions which could be used as interview prompts appear in Appendix 6. Many of the questions which appear in this appendix are based on previous theoretical or empirical work by Datta and Rasheed (1989), Frayne and Geringer (1989), and Pucik (1988), but were developed specifically for the current project. There are two interview guides in Appendix 6 which vary slightly from one another. One guide was used with HRM staff, the other for employees who were less familiar with HRM policy and practice. Appendix 7 is a question guide used with the JV General Manager. In all cases, questions were not necessarily asked in the order in which they appear, but in an order which evolved naturally in the course of the interview.

Information from tape recorded interviews was formatted onto a computer, and an interview tape was replayed until relevant material was accurately captured. Rather than a complete transcription, I selected what I felt was important to the goals of the investigation and either copied verbatim quotations, or summarized the material into descriptive notes. Material which was repetitive or irrelevant was therefore not put onto computer, although all tapes have been retained. As a reliability check on this procedure, a graduate commerce student was hired to check a

random sample of three tapes from each JV, for a total of 12 tapes. The graduate student was instructed to ensure that verbatim quotes were accurate, and to check that I had accurately captured the essence of the rest of the conversation in notes. I asked that she note errors, omissions of relevant material, or additions. A copy of the instructions to the reviewer are in Appendix 8. The reviewer considered the interview transcripts to be 100% accurate related to quotations. In instances where content discrepancies did infrequently occur, I rechecked the tapes to ensure that participant comments were accurately noted.

d)   The Minnesota Job Satisfaction Questionnaire

The short form of the Minnesota Job Satisfaction Questionnaire (MSQ) developed by Weiss, Dawis, England, and Lofquist (1967) was completed by a random sample of employees in each venture. The questionnaire has been used over the years as a reliable measure of job satisfaction (Muchinsky, 1983). The short version of the inventory consists of twenty items related to various aspects of one's job. The employee responds on a 5-point scale. In addition to an overall score for job satisfaction (which is a summation of scores on all MSQ items), there are two subscales which determine employee levels of "intrinsic" and "extrinsic" job satisfaction. The intrinsic satisfaction scale consists of twelve items which reflect achievement, ability utilization, and autonomy, for example. The extrinsic scale consists of six items which relates to policy administration or working conditions. The MSQ manual indicates that internal consistency, (based on a wide variety of occupational groups), has a mean reliability coefficient of .86 for the intrinsic satisfaction scale, .80 for the extrinsic scale, and

.90 for the general satisfaction scale.

This research focuses on the organizational level of employee responses to job satisfaction, rather than on individual level responses. For this reason, mean scores and standard deviations for each item of the MSQ are aggregated across all respondents in a JV. Aggregated mean scores for overall job satisfaction, and category scores for intrinsic and extrinsic levels of job satisfaction were obtained. As suggested in the test manual, it is most meaningful to consider scores for overall satisfaction, intrinsic satisfaction and extrinsic satisfaction compared to percentile ratings. A high degree of job satisfaction is represented in the 75th percentile or higher; mid-range satisfaction is the 26-74 percentile, and a low degree of job satisfaction is reflected in the 25th percentile or lower.

e) **The Culture Inventory**

The Culture Inventory considers various aspects of corporate culture as it operates within a company. The inventory has twelve items adopted from Quinn's (1984) competing values model. (Refer to Appendix 9 for an elaboration of the theory which underlies Quinn's model). Four types of corporate culture are represented (three items for each culture type). The various culture orientations include group, developmental, hierarchical and rational cultures. Participants respond on a 5-point scale to indicate their level of agreement with each of the twelve statements in the inventory. I made one modification to the original inventory and changed "participant's business" to "this company" which I felt would be more relevant to the respondents in my sample. According to Yeung et al. (1989) who have also used

this inventory in research with a large sample or companies, the reliability coefficients for the four culture types are: group culture (.79), developmental culture (.80), hierarchical culture (.76), and rational culture (.77). The level of cultural predominance in each of the four culture categories is determined by adding numerical responses for each group of three items. As with the MSQ, organizational level responses were obtained in each JV. Scores for the Culture Inventory are represented as aggregated means for each item of the inventory. Mean scores were also obtained for each of the four corporate culture categories. The consent form for participants, which describes the project and confidentiality issues, as well as copies of both the Minnesota Job Satisfaction Questionnaire (identified as "Questionnaire 1"), and the Culture Inventory (identified as "Questionnaire 2") appear in Appendix 10. Attached at the back of the questionnaires is a page requesting some background information for each participant. This also appears as part of Appendix 10.

f)   Distribution of the Questionnaires

Sixty sets of questionnaires were distributed in each joint venture; return rates varied from 32 to 45 questionnaires in each company. A stratified random sample of employees was identified to complete the questionnaires. Participant selections were done in the following way:

- An employee list or computer printout would be obtained which lists all employees in the company for the geographical location in which the research was conducted. Names were in alphabetical order with no job designation listed. This list would include employees at

all levels in the organization from production workers to executives.

- I went down the list beginning with the first name and selected names at equal intervals. For example if there were 240 employees in the company and the distribution of questionnaires was 60, I would select every fourth name. If there were 2400 employees in the company, I would select every fortieth name.

- The questionnaires were placed in an envelope with the employee's name on the front. An envelope with my name on the front c/o the HR department, was included with the questionnaires in order that the individual could place the completed questionnaires in it, and return the questionnaire with confidentiality of the contents ensured.

- Questionnaires for employees were bundled together by unit, division, or area, and were usually distributed directly to the employee by the supervisors for the area.

- Envelopes were to be returned to either the supervisor (who would pass them to me), or through the internal mail system to the HR department.

g) **Guide to Human Resource Management Practices**

The Guide to HRM Management Practices is found in Appendix 11. I developed the guide for use to identify HRM practices which operate in the areas of planning, staffing, performance appraisal, reward and training. Information from the HRM Guide is intended to either confirm or expand information from other sources related to HRM practices as they operate in each venture.

The HRM Guide was adapted from Schuler (1987) related to various human resource practice orientations. I was interested in the development of this format because it has applicability for the determination of multiple values (i.e. the presence of both long-term and short-term goals, or that both a group and an individual orientation), which HR managers feel operate in the venture related to HRM practices. Although Schuler tends to use the HR orientations as unidimensional, I have presented the scales on the HRM Guide in a manner which allows participants to select the operation of multiple values, if they felt this was the case. For example, a participant may indicate that planning is both formal and ordered, as well as informal and flexible. The dual aspect of the inventory is outlined in the introductory instructions to participants. The HRM guide is meant as an informal guide to HR practices and has neither reliabilty or validity ratings.

For the purpose of the research, the HRM Guide was completed by key managers in the HR departments. I felt that these individuals would be most familiar will all aspects of HR practice. If there were only one such designated person (as at OCG), then the HRM Guide would be completed only once in a JV. If there were more than one HR manager, then the HRM Guide would be completed by more than one individual. For example, at Triad, both the General Manager for HR (an American), and the Human Resources Executive Vice-President (who is Japanese), completed the HRM Guide. This allows for the presentation of multiple perspectives of how HRM operates in the venture. In all cases, I was present and went through the HRM Guide with the participant, to provide clarification when necessary.

5. Analysis and Integration of the Data

The focus of data collection in this research is on descriptive information, rather than on quantitative analysis. As already described, data were collected from documentation, interviews, questionnaires, and on-site observation. The multiple forms of information form a rich data base of HRM operations in four international joint ventures. Quantitative analysis of the Minnesota Job Satisfaction Questionnaire and the Culture Inventory are meant to primarily extend or corroborate other data collected in this investigation.

The HRM themes which frame this investigation (i.e. communication systems, planning, staffing, training, reward and recognition, and performance appraisal) were used to categorize information from the interviews and other data sources. In addition, and related to the strategic emphasis in this project, I also used categories such as JV background (i.e. history of the operation, parent roles), and the strategic orientation of the company (i.e. company vision and the steps taken to accomplish the vision), to organize the analysis of data. These additional categories evolved naturally from the interviews, and were determined based on the degree to which they were repeated in multiple data sources (i.e. in documents, interviews etc.), and existed in all four JVs in the investigation.

Inevitably, I made some judgements as to what should be included as relevant data for the purpose of this study. For instance, and based on the review of the literature, I felt that national culture and corporate culture might be relevant to an understanding of strategic HRM policy and practice. Related to

this, implicitly a loose framework of issues which might be theoretically important existed, although as much as possible I attempted to be open to new areas which were neither identified by me or others as directly relevant to the topic. Further, as already explained, a reliability check was done on the interview transcripts to ensure that I had not subjectively omitted material which was relevant to this investigation.

More specifically, the analysis of the data occurred as follows:

- The questionnaires were analyzed using the method as described in the preceding sections.

- On each interview transcript, I noted the content categories related to HRM operations, JV background, or strategic orientation of the company as described in the preceding paragraph.

- Documents were reviewed in the same way, using already identified HRM and company categories.

- In a similar way, the journal was reviewed and categorized.

Following this preliminary step, data was organized within each JV, across the various sources of data. For example, within a single venture, all information on training would be organized together in order to form a comprehensive outline of training operations in the JV. At this point, all sources of data were used to create a unified analysis of HRM in the company. Convergence as well as inconsistency in the data were noted.

In addition, the questionnaires were considered related to both trends in the data for each questionnaire, and in comparison

to other information obtained in the JV. The HRM Guide was used to determine levels of consistency of HRM policy and practice between respondents in the venture. In addition, information from the HRM Guide was compared to other data. All sources of data were then collectively woven into a profile for strategic HRM operations for each joint venture. These integrated units form the basis of the "Results" section which follows.

PART TWO: THE JOINT VENTURES

Introduction

The four international joint venture companies investigated in this research are all competitive, strategic players in the global marketplace.   These joint ventures have been formed between two international partners, each from a different national culture. The ventures share very similar corporate goals and objectives. Without exception, in all the joint ventures in this research, employees strive to produce high quality products in their respective market sectors.   "Total quality" programs operate to accomplish this goal through 1. the reduction or elimination of defects, 2. continuous product improvement, and 3. the development of enhanced understanding of customer requirements. Employees are expected to actively contribute to this process through their involvement in quality management and product innovation. Depending on the reasons for the formation of the venture, the parents have either specialized roles, or strive to combine their technological expertise in order to add value to the JV operation. Technology from the parent firms is transferred to the venture, depending on specific JV requirements.

Although all four joint ventures are manufacturing operations and share an orientation toward quality and service, they represent "maximal variety" in that they are in different industries, and differ in size and age.   This variety therefore provides a comprehensive view of some of the strengths and challenges faced by joint venture firms.   Mayo Forest Products is a small lumber manufacturing firm with 160 employees established in 1980.   It

operates primarily as a subsidiary operation of Canadian Pacific Forest Products (60% owner), and is unionized. The other parent is Mitsubishi (40%) which provides Mayo Forest Products with access to the Japanese market.

The second company in this study is OCG Microelectronics, which was formed in January 1991 and is a 50/50 partnership between American (Olin) and Swiss (CIBA-GEIGY) multinational parent firms in the microelectronic industry. OCG is very decentralized, relatively small (196 employees), and is nonunionized.

The remaining two companies which participated in this study prefer to remain anonymous. Consequently, I have renamed the joint ventures as well as the parent companies. These names are fictitious and are not meant to represent any existing firm. The third company "Optima" was established in 1977 as a 50/50 equity venture between American and German parent firms. Optima specializes in fiberoptics and maintains technological linkages with its German parent. This company is medium-sized (1250 employees) and operates without a union.

The final company to participate in this research is an automobile manufacturing joint venture which was formed in 1985 and began production in 1988. "Triad" is a greenfield operation, unionized and relatively large (approximately 3000 employees). It is the product of American and Japanese parent firms. An overview profile of the joint ventures in this research appears in Table 2.

Throughout the following sections, various issues are reflected which consider the human resource management component as it operates in joint venture firms. Related to the emphasis which the management of these four participating companies place on their

employees, HRM is more often than not, linked to the strategic functions in the company. In addition, because each JV represents a union of diverse national and corporate cultures, issues related to the incorporation of parent and joint venture goals, values, and preferences are apparent throughout these sections. They confirm the contrasts, and the difficulty connected to the creation of whole and effective systems when more than one set of actors are on the corporate stage. More specifically, and based on key themes which emerged from the investigation, HR policy and practice might be considered in the context of the following issues:

1. The **management of the JV-parent relationship** - Does the type of joint venture (specialized/value-added or dominant/shared); degree of partner compatibility; which parent has the management contract; and the ability of both JV and parent managers to interact effectively have an impact on strategic HRM?

2. The **integration of HRM with strategic planning** - How do various HRM practices such as communication, staffing, training, reward and recognition, and performance appraisal contribute to, or limit, strategic JV objectives? What is the role for the HR department in this process?

3. The **development of a corporate culture** in the JV - What are the influences (either from the parents or JV-based) which shape the norms and values as they operate in the venture? How, if at all, are various subgroups accommodated into the organization?

4. The establishment of **organizational learning** in the JV -

In progressive ventures, is there an emphasis on flexibility and learning, and if so what are the strategic and tactical components of this process?

5.   The presence of **diverse national cultures** - Which HR policy is changed, if any, and what stays the same in the context of a joint venture when parents are from different national cultures?

Finally, I have presented each company as a synthesis and integration of data collected from each JV site. The data in this section is based on interviews, documents, and questionnaire results. This is a reflection of what the participants of each company shared with me of their history and insights. I have reserved my own opinions and analysis of these events for the discussion section.

TABLE 2
JOINT VENTURE PROFILES

	MAYO	OCG	OPTIMA	TRIAD
Plant Start-up/ Reorganization	1980; reorg. 1988	1991 (January)	1977 reorg. 1988	1988
Ownership	60% CPFP 40% Mitsubishi	50% CIBA-GEIGY 50% Olin	50% Bauer 50% Fiberop	50% Spartica 50% Japan Motors
Strategy Orientation	------------ total quality management ------------- ------------ high employee involvement -------------			
Management Contract	CPFP	Olin	Fiberop	Japan Motors
Number of Employees	160	196	1250	3000
Union Status	unionized	non-union	non-union	unionized
Market Sector	lumber	photoresists/ polyimides	fiberoptics	automobile
JV Type (Specialization or Value-Added)	specialization	value-added	value-added	specialization
Technology Transfer	none	both parents	both parents	Japanese

CHAPTER FOUR

MAYO FOREST PRODUCTS LIMITED

A. Joint Venture Background

1. History of the Operation

Mayo Forest Products is a sawmill nestled on the shoreline at Nanaimo, British Columbia. Operational since 1980, the mill is a joint venture between Canadian Pacific Forest Products Limited (60% owner) and Mitsubishi Corporation (40%). Mayo competes internationally in the high quality lumber market. To ensure survival, the aim at the mill is to extract the greatest value from every log. This requires logs entering the mill must be accurately cut to specified lengths, and be free of defects in order to maximize lumber extraction and to minimize waste. The largest percentage of cut lumber is exported into the quality conscious Japanese market. Eighty five percent of the lumber manufactured at Mayo is sent to Japan, which represents approximately 4.5% of Japan's total North American lumber imports. The remainder of the lumber is marketed to the United Kingdom, Europe and the Middle East. Mayo Forest Products has 22 salaried employees, (i.e. in administrative or management areas), and approximately 160 hourly employees who are unionized members of the International Woodworker's Association of Canada.

The Mayo mill was designed in 1978 and constructed in 1979. According to the production supervisor, the mill was a combination of a traditional Japanese mill and a North American mill design. During the mill construction there was high participation from the Japanese partner in both the engineering and design phases of the

project. When the mill began production in 1980 it was recognized in the industry as one of the most progressive mills in British Columbia, and set a standard for quality requirements into the Japanese market. The plant came up to production quickly and maintained the same level for about seven years. During this time other competitors had outpaced the Mayo operation, productivity levels had not improved, and the plant technology was becoming outdated. The general manager noted the plant employees had little or no training in the markets for which they were cutting, and no knowledge of the direction of the business. There was no long term plan, no formal quality control programs, and little information was shared with employees. Accidents in the mill had been steadily increasing.

To counter this downward trend, Sandy Fulton who is the Vice-President of Canadian Pacific Forest Products (CPFP) in charge of the Mayo operation, hired a new General Manager for the mill in 1988. The intent of this action was to create a major transformation of how the mill operated. To assist in the development and implemention of this change, an outside consultant was hired to work with the General Manager, as well as with other staff mambers at Mayo. Together they instituted a "High Performance Management System", which emphasizes setting and meeting high quality standards; employee education and involvement; and statistical monitoring and communication of performance results to all levels of the organization. Part of the reorganization plan involved refocusing the goals and roles of each of the joint venture parents. Mitsubishi was to concentrate solely on the marketing and on providing good product information; it would have

no direct involvement in the management of the site operation. On the CPFP side, Sandy Fulton assisted to refocus the management priorities at the Mayo operation. The mill manager was provided the opportunity to operate more autonomously, while maintaining an enhanced focus on quality control and performance management in the mill. To get first hand information about markets in Japan, employees at Mayo began to visit Japan, and talk directly with customers regarding product requirements.

2. Parent Roles

Currently, the roles of the joint venture parents are specialized and well defined. Mitsubishi has the marketing agreement to supply lumber products to the Japanese market. Canadian Pacific Forest Products handles the marketing of lumber to other destinations and has the management contract for the Mayo operation. This relationship has mutual benefit to both partners. CPFP is able to sell some of the logs that come off their holdings to the Mayo lumber manufacturing operation, at fair market prices. Mitsubishi gains by having a continuous flow of high quality products into their building material distribution systems.

Both Mitsubishi and CPFP formally manage the joint venture through an advisory committee and the joint venture board. The advisory meetings occur quarterly or more frequently, and alternate between the Mayo mill site and Japan. According to Sandy Fulton, the meetings include representatives from Mitsubishi Tokyo, Mitsubishi Vancouver, CPFP representatives in manufacturing and marketing and some of the management staff at Mayo. They meet to jointly decide a future focus for the mill related to product

development and people management, as well as to discuss other planning issues relevant to both JV partners. The advisory committee informs the JV board of issues for consideration. As Sandy Fulton describes,

> If there are other issues that need to be addressed at the senior, and when I say the senior level, the board of directors level, we would look to the advisory committee as the vehicle to develop the direction or the consensus of what steps we're going to take. That might be as complex as negotiating the next agreements that will prevail for the next ten years in how the ownership structure is going to take, or what sales agreements are going to be, or log supply agreements or you know generally the parameters in which the two companies own the operation. So any one of those issues that might come up would be dealt with either at the advisory committee level or in a subcommittee if you will of those individuals. So those individuals at the advisory committee level play a very integral role in the management of the operation and dealing with any of the issues between the two owners. And that might not be so evident when you're sitting at the mill. You might not see a lot of that.

Sandy Fulton believes the advisory committee is responsive and reflects the requirements of each partner. The mill manager, Mike Low generally agrees with this analysis. Planning directives from the advisory committee and requests for major capital expenditures are approved formally at the JV board level. The JV board for Mayo Forest Products is comprised of 3 Mitsubishi members and 4 CPFP members. Sandy Fulton of CPFP is the chairman for the board meetings, which he describes as being largely "ceremonial". The executive Vice-President of Mitsubishi Canada adds the board members meet in these institutionalized meetings, but in addition they meet frequently in other settings. The Mitsubishi representative suggests "agreement, conviction or common interest" in the joint venture are facilitated informally.

Although Mitsubishi is a 40% owner in the joint venture, CPFP has the management contract through which it has the authority and discretion for how the mill is managed and operates. Related to this, Mayo Forest Products functions like a wholly owned subsidiary of CPFP with very little evidence at the mill level it is a joint venture. This analysis is supported by some of the comments made by Mayo employees. One employee volunteered he worked for Canadian Pacific Forest Products and added, "everybody here works for Canadian Pacific Forest Products. If someone at Canadian Pacific Forest Products is not happy with your performance, then you don't have a job. If somebody at Mitsubishi's not happy about your performance, they have to live with it." Another employee notes he felt Mayo is treated like a division of CPFP. In fact, frequent performance comparisons are made by managers in the mill between the Mayo operation and other CPFP mills in the area. Although the employee handbook cites Mayo is a JV between Mitsubishi and CPFP, few employees seem to understand the implications of this relationship. "The Mitsubishi presence in this mill is so limited, it's almost nonexistent to the crews" one mill manager remarked. Although there are no Mitsubishi employees transferred to the Mayo operation, some of the mill managers have previously worked with CPFP.

Within the network of relationships which tie the Mayo mill operation to CPFP, Sandy Fulton views Mayo "almost like a totally independent company, but overlaid with the rest of the company" [CPFP]. He continues,

> In the management of it [Mayo] we manage it not appreciably different than our other sawmills. And when I say that we have a manager there and while he's a Mayo

Forest Products general manager, I personally view him in the same way as I do the general manager of Ladysmith and the Tahsis sawmill. He conceivably might have a little bit more latitude in that he serves two masters not just one...

Given this parameter, Sandy Fulton provided the General Manager at Mayo with a mandate to operate as autonomously as possible, and told him "to manage his business unit and feel free to make whatever changes are required." To a great degree Mike Low, the General Manager at Mayo, has been able to make changes which he felt were necessary for upgrading the mill and creating a new management style. At the mill site there are no visible signs Mayo Forest Products is related to CPFP. As Mike Low points out, "we have our own corporate identity, our own colors, our own policy manuals. Let's take advantage of that. We can do anything we want. I write the policies for the policy manual and am signing officer for the company." Alternately, it is the Mitsubishi presence which is more visually represented. The company sign at the front of the building, and a sign over the resource centre both are in Japanese and English. In the front lobby there are two Japanese dolls in a glass case, gifts from Mitsubishi Corporation.

However, because the reporting link for Mayo is to the CPFP parent, Mike Low requires CPFP approvals through the Vancouver regional office, as well as the Montreal headquarters office of CPFP before making certain decisions. This is the case in the human resource areas for staffing and compensation practices, which require approvals from the Montreal office. In all instances, approval is required before hiring anyone and for allocating salary increases. Mike Low finds this frustrating and says, "it's prevented me from doing a proper job of recognizing my staff. It's

prevented us from doing a proper job of organizing the staff as things change and evolve. We've done a poor job of properly compensating people." Mike notes he does have some unapproved positions on the payroll for which he can't seem to get approval. These people are being paid on an hourly basis under a "hidden payroll".

3. JV Benefits and Costs

There are both benefits and costs to operating in a joint venture in which there are two large parent companies involved. Mike Low reflects there is a "tremendous amount of clout" plus capital and power provided from the JV union. This ensures a level of security for the venture. Alternately, dealing with two huge corporations is difficult in order to get things done. Mike Low said if either Mitsubishi or CPFP disagree on an issue it's "almost a hopeless cause." Despite some of the difficulties of balancing a joint venture relationship, the key players seem to feel optimistic about the progress at Mayo, and have actively contributed to the wellbeing of the venture. Sandy Fulton notes the importance of a good relationship between the two partners, and adds he had personally invested a significant amount of time and effort in making the venture successful. He said "it was important to me to get to know all of the people in the whole process, from the most senior individual to everybody that was involved in the marketing of the products for Mayo". Mike Low was instrumental in altering the path the mill has taken. In an address to the staff in the company newsletter (March 1991) he writes,

To me, Mayo is as unique as our people. Each individual

> with an astonishing variety of backgrounds and interests, and yet, each day we come together, as one team, powerful, dedicated and satisfying to work with. Without people we would not have growth, and without growth, there would not be continued success.

A Mitsubishi board member, Mr. Tsuchiya concurs. He stresses the importance of communication among the partners, and adds at all levels of the joint venture they are able to discuss issues. Mr. Tsuchiya comments both partners see Mayo as their "baby" and both Mitsubishi and CPFP include each other at their board meeting dinners.

The success of Mayo Forest Products has varied over the years. It currently represents an exemplary company and multiple indicators attest to the management and marketing success of the organization. In the first quarter of 1991, Mayo had its best ever safety performance per person day; quality was up and production costs down; and the mill production level was above budget and above the 1990 performance level. Mayo is recognized in Japan as one of the top five sawmills in North American for quality lumber products and in recent months, Mayo was awarded the Japanese lumber grading certification. This signifies lumber products from Mayo meet the requirements set by the Japan Federation of Lumber manufacturers, and are preferred over non-certified products by Japanese lumber buyers. The lumber bypasses inspection on arrival to Japan. This certification is the only one awarded in Canada, and the second in North America. Based on these distinctions and successes in the quality area to date, Mayo Forest Products has applied for the 1991 Canada Awards for Business Excellence in the quality category.

B. Strategic Orientation

1. The Vision

In 1988, as a preliminary step in the reorganization of the Mayo operation, Sandy Fulton at CPFP introduced Mike Low to the Rydberg Levy consulting group. Sandy Fulton had been involved with the consulting company for the previous eight or nine years as a result of working on other projects with them. One of the consultants worked with Mike Low for a period of approximately one year before he came in to work with the other managers and employees at Mayo. Initially, the consultant worked with the management staff to establish a focus and vision for the future of Mayo Forest Products. Later, hourly employees were involved in similar sessions to determine goals and focus in their own groups. In one instance, twelve of fourteen filers attended a whole day session at a local hotel, to construct a vision and goals as to how the file room should best operate. To enact a new strategy and vision for Mayo Forest Products, major changes in staff were required at the management level. Of twenty-two managers currently in the operation, all but three or four were hired by Mike Low as part of the reorganization plan. Mike has served as a champion for the reorganization plan at Mayo. He is dedicated, energetic, and perceived as fair by staff at all levels of the company. His influence and initiatives are strongly felt, and greatly appreciated by the majority of employees. Many of the staff at Mayo specifically note the important role which Mike Low has had in the reorganization of the mill operation.

The vision for Mayo Forest Products is reflected in the

company mission statement which is located in the front lobby of the building. It reads,

> We at Mayo Forest Products will be the highest quality, lowest cost producer of Japanese wood products in the Pacific Northwest through bringing together innovative people, raw materials and technology to produce a product that meets our customers requirements every time.

Mike Low points out the mission statement ties together people, raw materials and technology. Substatements were developed to expand on the above mission statement. These include the Mayo Statement of Quality which is, "we will meet our internal and external customer's requirements _every time_" [his emphasis]. The Mayo philosophy for how people are viewed focuses on a need to "build a strong, committed and dynamic team that will carry this plant into and through the 1990's". The team concept is an important component at Mayo, and is reflected on every page of the company's post-it notes in the phrase "quality, a team effort". Numerous references to the "Mayo team" are sprinkled throughout the company newsletter. A team approach is cultivated partly through a conscious effort to build a cooperative relationship with the union and its members. A recent step toward this goal involved the inclusion of a union employee on the selection panel for hiring thirty new employees to the company payroll.

2. The Requirements

A cornerstone of the Performance Management System in place at Mayo focuses on the involvement of employees in decision-making, regarding equipment and operations for which they are responsible. Employees are encouraged to participate in problem-solving and problem prevention. In order to make informed decisions, the

communication of accurate and timely performance information to employees about how the mill is operating is imperative. Open communication and the education of employees is central to the process. These goals are accomplished by:

1. Identifying accountability - Clear areas of responsibility and accountability are determined by employees. Based on group goals, performance indicators are established and employees monitor their performance on an ongoing basis. Performance is measured in quantitative terms which reflect production outputs or cost levels in the mill. The term "ownership" is frequently heard around the mill, and this refers to a decision by employees to decide the part of the business for which they are responsible, and to make it better.

2. Involvement - A communication system has been established as a means of getting information to multiple levels of employees in the organization. This system includes the use of meetings, bulletins, graphs and other forms of posted performance data, and a company newsletter. Performance indicators are monitored in order that problems can be detected and corrected at an early stage. Problem areas are discussed by the group responsible for a job function. These groups, the Quality Improvement Teams (QITs), identify a specific problem and then follow-up changes are implemented by a Corrective Action Team (CAT). Employees are encouraged to provide suggestions and ideas for continuous operational improvements. Upgraded training manuals and programs assist employees to enhance technical skills.

3. Recognition - Rewards and recognition are given to employees for their efforts and contributions. Recognition might range from

verbal praise to a variety of tangible rewards available such as gift certificates, jackets, or trips. All Mayo employees are eligible for these rewards, and based on employee accounts, many forms of recognition have been distributed.

Mayo Forest Products aims to aggressively compete in an international market. "Going for the checkered flag" appears throughout the company newsletters, and symbolizes in 1991 the company will drive forward as if they "are in the Indy 500 to win". To succeed, Mayo has decided part of its mission is to focus on quality and to gain a better understanding of the customer's requirements. A variety of tactics have been instituted which allow employees to better understand the Japanese market for whom they are cutting. Mike Low determined the best way to get information of the customer's needs was to go and talk to them. "We directly built that relationship with the end users", he remarked. Until three years ago there had only been a few senior people who had been to Japan. At last count, nine or ten of the managerial group had been to Japan, some more than once. In addition, five of the hourly employees in the mill have been to Japan to study firsthand the grades and packaging standards required in that market.

Apart from these trips, two people in sales and production at Mayo speak fluent Japanese. This allows them to talk with the customer directly, in order to get a clear and accurate picture of the market in Japan, without reliance on interpreters. Although there had been drop-in Japanese lessons offered to employees for a period of time, lagging attendance led to their termination. However, every morning in the production meetings there is a

Japanese phrase of the week which is repeated aloud at the end of the meeting. At present, training courses are not offered on Japanese culture and the Japanese market, but this possibility is under consideration. At various times, the General Manager has talked to the crews about the importance of quality requirements in Japan.

It is these underlying tenets which frame the philosophy for the company. They permeate how jobs are viewed and how work is accomplished at Mayo. These statements reflect a desire that employees at Mayo manufacture quality products. Subsequently, systems have been created to enhance productivity and to reduce costs; employees are to be involved in this process. To meet a goal of employee involvement, employees are provided with sufficient information, education, and training in order that they can perform in ways which emphasize quality. Much of the strategic orientation in the company underscores the human resource philosophies at Mayo. This includes the amount and kind of information shared with employees, policies for worker recognition, how staffing is undertaken, training initiatives, and the way in which employee involvement in the operation is viewed.

C. Human Resource Management at Mayo

1. The HR Departmental Role

Human resource management operates at two levels at Mayo Forest Products. Personnel issues for salaried staff, (i.e. administrative and supervisory employees), are coordinated through a personnel administrator in the regional office of CPFP.

Primarily this involves the approval of salary increases or staffing requests before sending them to the headquarters office for final approval. HR policies for salaried staff at Mayo are based on CPFP policy and directives. Personnel managers at both the mill site and the regional office identify HR planning as tending to be formal and ordered, based on a long-term focus, and integrated with the plans of other departments.

Human resources issues which relate to the hourly (unionized) employees are handled by a Personnel/Safety Administrator located on the mill site. All salary, grievance, promotion, and training concerns are outlined in the union contract. As indicated by the title, the role of the personnel/safety administrator is largely focused on maintaining a safe work environment. Gale Limmert, the personnel/safety administrator remarks safety is 50% of her job. Additionally, much of Gale's role revolves around understanding and interpreting the union master agreement. Describing the HR function at Mayo, Gale observes "they [CPFP] believe that it's more of an administrative function where one person sort of acts as a monitor, resource person, even just in a clerical function making sure that everything is documented and filed". The influence of the performance management systems which pervade the Mayo operation and include training, recognition, and employee involvement, have been created by Mike Low, in conjunction with his management team and the group of consultants. The performance management system was not initiated in the personnel department. Instead, and based in part on CPFP philosophy, supervisors are designated to have the primary responsibility for working with employees in the human resource management areas. The personnel administrator at Mayo

describes,

> A lot of the personnel functions are handled by front line supervisors on a one to one basis. CPFP believes that it is more of a supervisor's function to deal with his people than somebody that is removed sitting back in an office. I try to get out in the mill as much as I can, but I'm really not the front person. And so the supervisors basically do most of what you might call the human resource, the one to one.

In this role, the personnel administrator has little direct input into policies and planning. However, the centrality of the function is indicated by the fact there is an adequate budget. The controller stated if there was a need for funds in the personnel or safety areas then the necessary funds would be allocated.

Gale remarked her role had changed little in the last two years, but that she would prefer to be more proactive than reactive in the accomplishment of HR activities. As with the other managers in the mill, she is very busy and finds there is little extra time available in order to make improvements to her role. Related to this, some employees specifically note the personnel function is overloaded. A number of the production staff expressed they would like greater access to Gale, and that it would be an advantage to them if she could spend more time in the mill attempting to better understand worker concerns.

2. Employee Involvement Systems

a) Sources of Information Exchange

An important way in which the company accomplishes its goals, is to concentrate on maintaining updated statistical information on mill performance indicators. This information is passed to employees at multiple levels of the organization. Performance

information is available from fact sheets posted on bulletin boards every morning which highlight key indicators, including financial results. The monthly company newsletter, the "Mayo Update" provides departmental summaries on performance, quality and production updates, marketing information and safety statistics. During a daily morning production meeting which lasts for fifteen minutes, managers and supervisors share information on mill activities for the 24 hour period. Statistical indicators are prominent on a large white board at the front of the room. Safety issues are a central topic at these meetings, and are taken very seriously by all staff. The production meeting is followed by a fifteen minute maintenance meeting during which staff more specifically examine activities related to maintenance and repair. Departmental managers attend a weekly meeting and prepare in advance a one-page fact sheet for distribution at the meeting. This sheet outlines weekly performance for each department; citing facts, figures and future action plans. A weekly superintendent's meeting is attended by managers who discuss mill issues for that week. Crews have weekly meetings with their supervisors during which information from the management meetings is shared, or other issues for the specific crew are considered. In the crew meetings, actual performance is compared to goals the group has set for itself. As safety is a primary concern in the mill environment, there are monthly safety meetings held with supervisors and crews during mill production time. Safety statistics are also maintained as part of the monitoring process at Mayo. Finally, there are meetings held as required, to inform employees of capital improvements, product development, equipment changes, and training

programs.

It would appear most employees appreciate the amount of information transmitted to them. All three hourly workers who were interviewed for this project, said they did get information through the weekly meetings and from bulletin boards. As one employee commented, "everybody can see where we stand". However, the production supervisor noted information-sharing may have started to "slip a bit" and there was less information getting to the crews now than in the past. The company has countered this trend by the addition of junior crew supervisors, in order that each supervisor can spend more time on an individual basis with crew members.

From management's perspective, keeping up with the information flow is time consuming. Manager's have mixed reaction as to whether all their meetings are necessary, and to what extent they are adequately informed. Some managers felt there are about the right number of meetings, and that the meetings are all useful. Other managers thought the number of meetings could be reduced, or at least the length of meetings be shortened. One individual commented due to the large number of structured meetings, spontaneous communication was lacking in their group. Disagreement exists among managers as to the openness of shared information. Certain managers and supervisors suggest the system is open and there are "no secrets". In other cases, a supervisor commented he felt there is both a formal and an informal information system operating, and it is difficult to know who would get what information and why.

The focus on information sharing, including performance data

and statistics, keeps management and other employees continually updated on mill operations. This information is intended to provide employees with current performance data, in order that they know of problems or accomplishments in specific work areas. One goal of management is to encourage employees to strive toward attainment of the highest quality product possible. This objective may be accomplished through Corrective Action Teams, or through improved decision-making based on statistical and performance indicators provided to employees. Workers are expected to be accountable for their work performance, and to be both effective and efficient in what they do. Statistics outline performance highs and lows for each department or crew in the mill.

To illustrate this process, one of the shift supervisors noted there had been some problems in the trim area. To monitor and correct the problem, members of the crew were given performance feedback every two hours. A Corrective Action Team was initiated and employees were asked for their ideas of how to create a solution. The supervisor adds it is important to use the crew's ideas as they "are the experts on the job". In another instance, the production supervisor writes in the company newsletter that the company has continued to get a "number of innovative ideas from various employees" for improving the production area. A seven person "Recovery Team" had been set up to formulate action plans related to improvement. In the same newsletter, the quality supervisor indicated package quality was down and requested suggestions or ideas from any employee on how to enhance the appearance of the product. Permission is given to make mistakes in order to learn. One manager quoted Tom Peters who said "go out and

make a bunch of mistakes". He then remarked, "we make a bunch of mistakes and we make them quick". There is a quarterly award for the person who has made the biggest mistake. He said "doing something different" is one of the mottos at Mayo.

In an interview with an hourly employee who works on the chipper, she says management "takes what they [union employees] say pretty seriously" and adds in the crew meetings workers make suggestions for improvements. The development of employee involvement has been an ongoing process at Mayo. The production supervisor, Eric Calverley comments management has "struggled with getting the people to accept this [participatory] way of managing. They're very suspicious about it. They don't understand why are we asking them to be involved in the decisions. They see something very suspicious about it. And as a result they don't really participate that well". He adds over the last four or five months, the hourly employees have begun to believe management does want their suggestions and ideas. As a result, the production supervisor says the workers are offering more suggestions as to how to manage at Mayo. Worker's ideas are "passed up the line until something is done about it". In some cases the ideas are not feasible, but managers or supervisors make an effort to "get back" to each employee regarding his or her suggestion. Eric adds, "the feedback part of it is the key part of the management style...It doesn't really matter how ridiculous or how costly the idea is, you have to get back to the people..."

The above examples indicate a commitment on the part of management and employees to involvement at Mayo. According to some mill staff, this has not always been the case. One hourly employee

relates "we've got some ideas but nobody wants to listen to us". His view is that management will listen to ideas but they go unused. One manager substantiates this claim by saying employees are probably not listened to sufficiently, and this was not likely to improve due to the amount of time required to listen to everyone's suggestions. Mike Low, the General Manager was specifically singled out as someone with whom employees could talk. One union employee expresses any worker could make and appointment and talk to Mike Low to "let steam out".

b) Shifting Roles for Employees

An increase in the level of employee involvement in the mill shifts the roles of hourly employees, managers and supervisors, and alters the traditional relationship between union and management. Not everyone is comfortable with the new arrangements. The personnel administrator comments,

> There's a real conflict when you get into a union environment because people still want to be treated as an individual and yet the contract does not really allow for that. As soon as you treat someone as an individual and deviate even slightly to accommodate their needs you run into the thing that you're not consistent with everyone. And it really does create a conflict when we [management] are trying to to entrust certain responsibilities and accountabilities out in the mill at the floor level. That's not traditionally done in a union environment. [In] a union environment, they are the workers and we make all the decisions as a company. And we want them to make decisions. We're looking for added value from our lumber and we want them [the workers] to be accountable for the grades...We are entrusting that responsibility to them. We get a little conflict from that because that's not traditionally what they want to do. They just want to do their jobs and go home at night. So there's conflict with the new style of management and the traditional [style] of what would be perceived as a union employee's role.

Some workers are very willing to accept the additional responsibilities. Other workers have more traditional views of the

work role. To some extent, there is mistrust by union employees of the motivation behind manager's actions. The production supervisor notes a majority of the unionized employees are in favor of greater employee involvement; and he comments, "we have a lot of people who see what we're trying to do and they're helping us. We'll run this place almost as a cooperative between management and union. That will be a turning point for us. We're getting close." Recently a union employee participated on the hiring panel for recruitment of thirty new employees to the mill. This was a an important step for increasing union involvement is decision-making in the mill. The union employee on the selection team addressed a group at the union-management meeting, saying there were no problems or secrets with the new selection process. In another instance, the resource coordinator for training programs is a union employee. The resource coordinator relates his role is unique in that it spans union and management, and adds it is important for him to be able to relate to both union and management concerns, and to focus on a team approach. The resource coordinator adds he has little patience for "them and us" distinctions. One of the crew supervisors thinks employee morale is improved and that workers are beginning to trust management more. Of the three hourly mill workers interviewed in this study, two felt union-management relations were good. The other employee said it would not be possible to trust management entirely, although this individual approved of the trend and focus of the policies in practice at Mayo.

Part of the difficulty of instituting the performance management system revolves around a shift in power from management

and supervisory staff to unionized employees. Information is perceived in the mill environment as power, especially by supervisors. The power dynamics are not well hidden from view at Mayo, but were observed and commented upon by several of the people interviewed for this project. A mill worker relates management did not want to share their knowledge with workers because this meant giving up some of their power. A manager substantiates this statement by revealing supervisors had been choosing the information they pass to employees, depending on what they consider important. As a result key pieces of information were not always passed to production staff.

The General Manager, Mike Low, is aware of the difficulty in attempting to shift power to employees. Some of this difficulty stems from middle managers, who feel that to share information with employees means to give up control. To use the words of the General Manager, he says middle management "feel they're giving up their authority or their control and that scares me because obviously they still don't understand all the principles that we're working with". Mike Low cited as an example, an employee who presented some ideas at a management meeting, and subsequently was criticized by one of the managers. This is only one signal which indicates some managers have problems with the employee involvement concept, and Mike Low has taken steps to remind staff that sharing information is "not about giving up control or getting soft". At the time of the interview with Mike Low, he was involved with the consulting group to develop further training for supervisors related to the goals of enhanced employee involvement. Training will focus on communication skills, setting up self-managing work

teams, and the supervisor's role as coach and facilitator in this process.

Although union-management relations at Mayo seem relatively conciliatory, the idea of information as power remains an issue in this area as well. When the performance management system was first instituted, management decided to bypass the plant union committee and to go directly to the workers with performance information on how the mill was operating. This policy was shortlived. As one manager describes,

> In this latter year we've decided that bypassing the plant committee is not necessarily in our best interests in that they maintain a certain status out in the mill with the crew members. It's an elected position and by bypassing them, we do ourselves some harm. So now we're doing both. We're having regular plant committee-management meetings monthly. We've just implemented that. And through our information meetings every Tuesday, information is being passed to the crew members. We like the idea of passing the information directly because once you get to an interpretation some of the facts can change.

One of the consultants to the mill elaborates on this theme and describes when he first began working at Mayo, the union had all the political power. According to him, the union had access to much of the information circulated in the mill, and would pass it to the workforce with varying degrees of accuracy. For example, workers could go to the union and get information on whether there would be a shutdown, or how much money the mill was making. The consultant continues at this point in the company history, the front line supervisors had no power. When the focus on information sharing began, power as information was shifted to the supervisors and the mill workers, who then had increased access to updated information related to most facets of the mill operation.

Initially the crews were sceptical of the sharing of information and perceived "they're just trying to snow us under", and "they [management] want something". Related to this scepticism about "real change", around 1988 a flurry of grievances was initiated against management, and this form of union reaction continued for approximately a year and a half. The current relationship between the union and management is much more cooperative.

c) Employee Opinion of High Performance Systems

Although the Performance Management System and the related policies for sharing information have afforded the company benefits in terms of enhanced productivity and performance, some staff question the rigorous attention to performance indicators and statistics. One manager remarks the performance management system is numbers, and in some instances can be manipulated. He adds,

> To me numbers are supposed to be used as something to help you. They can also be manipulated to make things look good and I have a real problem with performance management if it starts affecting how you run a mill. If it affects it in a positive way where you're using the information as a tool, to try to better things, but when you start using that to start to modify your behavior whether it's how you load lugs at the trim table or whatever, so that your numbers look better for all the wrong reasons, I have a problem with that.

Another manager notes too much emphasis on numbers can potentially lead to losing focus of the ultimate goals. He describes,

> People lose focus of why they're doing it...Get the best you can, and try and meet that goal. And they never step back and say what are we doing...Sometimes the supervisors loose sight of why and how they are supposed to be implementing this performance management...they put too much emphasis and focus perhaps, on the goal and on the charts and trying to achieve that goal, and I don't want to say at all costs, but almost to that point. I've seen it before. I get a little bit of an indication of it here, people really, really push for that target...At some point it gets to be a little self-defeating, when they're supposed to be encouraging the employees and

motivating the employees.

To a degree, some of the supervisors in the mill do have a preoccupation with adherence to statistical criteria. One line supervisor comments a major challenge for supervisors is to focus on numbers and to improve production statistics. In addition, performance management systems implicitly have the potential for competition among individuals or crews. Related to this possibility, a manager remarks "when you're paying so much attention to figures, safety stats, production stats, quality; when you're actually appointing a figure to how well someone stencilled a package, then again there is a certain amount of competition, a certain amount of conflict created".

However, Mayo employees like the challenges of bettering their individual or group performance goals. Competition among the various crews was viewed as positive. One hourly worker comments the competition between crews was "like a baseball game, and you want to win". Another hourly employee agreed with this assessment, as did the production supervisor. The supervisor explains part of the reason competition between crews or individuals is viewed positively is because the company does a good job of recognizing employees for excellent performance. The production supervisor describes,

> If we were to just go out and compare one shift's performance in a given area to another, I think we'd have a problem with it. But when we see some superior performance we go out of our way to recognize a person and that's anywhere from a pat on the back to maybe some monetary gain or a gift certificate...In the beginning, yeah, it was pretty tough because we were comparing people and they'd never had that done to them before. And we're saying well this guy's a 6, and you're only at a 5 so maybe you'd better do something about it. But now the guys are turning it around and saying I'm only at a

5 how do I get to be a 7...I haven't seen any what you'd
call fallout from it.

3. Reward and Recognition

a) Rewards

Salaries comprise the primary form of financial compensation
at Mayo. The monetary reward system for hourly employees is fixed
by the union contract, with built in adjustments for salary
increases. Mayo does not have a pay for performance system
operating for hourly employees. Management staff have salary
reviews which occur on an annual basis. A percentage range for
salary increases is set by Canadian Pacific Forest Products but
administered by the General Manager at Mayo. Managers meet
individually with the General Manager and he informs them of the
percentage of raise which they will receive. The amount of
increases is kept secret and each manager who was interviewed had
a different perception of the amount of increment possible. There
is little discussion related to the reasons for the salary
increase. As one manager describes, the salary and promotion
process is based on "pretty much of a gut feel". There are few
formal guidelines. Another manager notes salary increases are
"done on the manager's perception of how you're doing. There is
nothing concrete really about it".

b) Recognition

The recognition system at Mayo is well developed, and offers
numerous sources of appreciation for employee efforts. The
recognition process is meant to both encourage employees to be more
involved in the mill operation, and to provide tangible or

nontangible rewards for continued efforts. As long as the rewards for union employees are not large monetary amounts, they do not interfere with compensation guidelines of the union master agreement. Recognition takes many forms at Mayo, and may include verbal praise, dinners, trips, trophies, jackets, thank you letters, gift certificates, or donuts. When the saw filing department achieved seven years without a lost time injury, the department supervisor sent seven long stemmed roses to the home of each member of his crew. Also in recognition of a job well done, the filers went to Portland to look at some machinery. At Mayo, it is considered the supervisor's role to recognize his crew; and one supervisor expresses it is very gratifying for him to be able to reward members of his group. On one occassion, the supervisor was able to recommend one of his crew for a complimentary weekend at a luxury hotel, in recognition of work well done. Retirement dinners are organized for employees, and there are Christmas parties and barbques for all staff.

As safety is very important in the mill, a safety program was initiated under which four times a year all members of a crew are individually presented with a fifteen dollar gift certificate, if there have been no lost time accidents for that crew. This program receives mixed reaction from hourly workers. Although the program was intended to encourage people to work safely, some employees view the certificates as a "bribe". Although there is a genuine concern for safe working conditions at Mayo, reductions in accidents, especially serious accidents, also means fewer workman compensation claims, and ultimately lower insurance premiums for the mill. One possible side effect of rewarding employees for

fewer accidents is that minor injuries are not reported. However, based on the reactions of both supervisors and hourly workers they tended to think this was not the case, and probably as many employees were going to first aid as before the program began. In one instance, an hourly worker did describe an alternative perspective. He relates,

> I got a little bonk on the head and I went to first aid and got it checked out there and then I didn't get my fifteen dollars. And that made me mad. I don't know why, it just bugs me just because I went to first aid and everybody else got their fifteen dollars. I don't like that incentive...Everybody is then hiding their little sprains and bruises.

The employee adds in the future he will not go to first aid under similar circumstances. This same worker feels publishing individual or crew recognition for safety in the company newsletter, is likewise a disincentive to report safety incidents.

The recognition system is not lip service at Mayo, but is enacted at every opportunity by managers and supervisors. In addition to performance recognition in the "Mayo Update", expressions of praise are often heard at the many meetings attended by managers, supervisors and other employees. Recognition is often given to individuals or groups in the morning production meetings or in management meetings for work well done, or for the accomplishment of a "team effort". A manager may comment on the exemplary work of specific members of a department. On one occasion, everyone at a manager's meeting clapped in appreciation of the achievements of one of their group. Although managers in the company make an effort to recognize performance, there are obviously exceptions. One hourly employee remarks he receives only negative feedback. Another notes there is little ongoing

recognition for work performance or the suggestion of new ideas.

Recognition of employees is regarded as one of the most challenging elements of the Performance Management System. Ensuring recognition is both appropriate and sincere has been a difficult task for managers and supervisors. One manager remarks employee recognition has to be "meaningful", and that this is difficult to accomplish when individuals differently view the reward and recognition systems. Employees have a wide range of reaction to recognition systems at Mayo, from "if I'm going to get something for free I'll take it" to "there's no way the company's going to buy me off". One hourly employee believes recognition programs are "pretty genuine" and management does a good job in this area. A second hourly worker comments he would prefer more team recognition, and finds individual recognition embarrassing.

Employees need to understand why recognition is offered. Several supervisors remarked if a lower performing individual is praised for work improvement, then an effort should be made to recognize people for continued good work performance as well. Another manager notes that in an attempt to focus on a recognition system, employees are sometimes rewarded even though they did not perform well. The inconsistency in this action makes the sincerity of the system occasionally suspect. The General Manager states his view that "the appreciation for people is paramount and to encourage and recognize improvements in performance and never, never, try to buy performance". Despite the pitfalls inherent in the development of a recognition system, as part of the organization's value system, managers and supervisors look for opportunities to recognize individuals or groups for performance

and effort. In general, employees at Mayo appreciate the endeavours by management to offer encouragement and benefits for their contributions to the organization.

4. Staffing and Promotion

Recruitment of hourly employees is based on the union contract, and preferential hiring is given to workers who belong to the IWA union. The personnel administrator mentions interpersonal skills would be considered, but only if two workers possess the same skills and qualifications. Managers at Mayo prefer workers who can be team players. Although traditionally a male work environment, there are currently eight women working in the mill on a variety of production jobs, from strapper to chipper. An orientation program and an employee handbook are provided to new employees which outline mill operations, as well as the mill emphasis on safety, quality and people. The handbook provides a brief history of Mayo and mentions the joint venture arrangement of the company. The orientation sessions are presented by the resource centre coordinator who is also responsible for the coordination of other training programs in the mill.

The selection of hourly employees is done by a panel. A union employee as well as the personnel administrator and one or two line supervisors are involved in the hiring decision. Each member of the selection panel has a vote as to whether the candidate should be hired. Promotion is strictly by seniority. Available productions positions are posted in the mill, and internal candidates are selected. Hourly workers have the opportunity to move into supervisory positions, and this has occurred on two

occasions.

The selection of managers primarily is done by the General Manager. Managers are hired who have broad skills and potential to do a job. Generally, the group of managers are considered to be self-starters, aggressive, and able to operate on a relatively intuitive basis. Previous experience in a particular skill area is not a necessary requirement. Staffing requisitions go to the regional office of CPFP, and then to the headquarters office in Montreal. The General Manager muses he is not always successful in obtaining approvals for staffing. There are no job postings or written job descriptions for managers. Career path information is not readily available, although it may be obtained from the regional office of CPFP. One manager comments he does not know how promotions operate.

In some cases, when supervisors are hired for a specific department, recruitment will involve the General Manager as well as a departmental manager. One manager remarks both a candidate's skill and personality are considered. He describes,

> If we see a quality in a person that makes them a desirable [candidate]...good personality, reasonable intelligence. When we go to hire staff here we don't ever sit down and look at a guy and say does this guy have grade 12 or university education, does he have fifteen years experience in the business? We never look at that side of the person, we look for good people first. And then we'll train the people to do what we want. I guess we can train people to do that, but we can't train people to be good people.

The Vice-President of CPFP, Sandy Fulton hired the General Manager for Mayo Forest Products. Related to the qualities which the Vice-President thinks are important for a joint venture General Manager, he suggests,

>You must recognize you have two owners. Even if one is only five percent ownership, it's still an owner. Still has rights, still ought to be given opportunities...So what the Mike Low's of this world need to be, in addition to being an excellent general manager and having the ability to do all the things that need to be done to manage an operation and deal with all those issues, [they've] got to be prepared to deal with the vagaries and the nuisance factors of having two separate owners from two separate cultures that ask two entirely different sets of questions and on and on and on. And have different levels of expectations as well...[A general manager of a JV should possess] tolerance, patience...you have to be appreciative. So to be a good general manager, you have to have supreme objectivity at all times, whether it's dealing with an employee or some other stakeholder, or a competitor, or whatever. It might be a customer. With the owners you need a much higher level of sensitivity and awareness but it really comes down to understanding, tolerance, patience and they [the owners] have to get to the point where they trust you. And if your owner doesn't trust you then the relationship won't exist very long.

The General Manager comments it is important for him to have a "good understanding of the politics of the business". He notes it is a very dangerous game to play one partner against the other, even though at times the temptation to do this exists.

5. Training and Development

The General Manager, Mike Low, remarked "to succeed we need people - innovative, skilled and well trained to meet all the requirements of our jobs". This philosophy is entrenched at Mayo in an extensive, competency-based training program for hourly employees. Training is primarily on-the-job but there are also training courses offered related to quality enhancement, maximizing lumber recovery, or in some trades areas when required. All employees are encouraged to obtain a Mayo grading ticket which signifies employees know how to best grade and cut wood, in order

to ensure the highest possible quality product. Employees are paid time-and-a-half to attend these classes. A five-year training plan is under development which considers adding courses on the Japanese market and culture, Japanese certification standards and quality assurance.

Some job retraining is done, but this is not extensive. When equipment is changed, a vendor may come to the mill and provide training. Employees who are unable to perform successfully on the job are likely to receive remedial on-the-job training which is provided by the supervisor. A system of job rotation does not operate at Mayo, although one production employee remarked he thought this should be considered by management as a means to alleviate boredom on routine tasks.

Training for managerial and supervisory personnel is readily available. Broad training opportunities exist and may include courses in technical, superviory, or interpersonal skills. There have recently been speakers come into the mill to address issues related to the team approach, or in another instance to provide information on stress management. Managers and supervisors may also attend training which is given externally. The consensus by managers and supervisors is training requests generally are approved. Although training is available, it is not formally linked to career development based on individual goals or aspirations.

6. Performance Appraisal

No form of performance appraisal exists for union employees or for salaried staff. Some managers mentioned for approximately one

and a half years after the reorganization in 1988, performance reviews were done. Under the earlier system, individuals would set goals and objectives which would be reviewed with the General Manager. Currently, managers meet annually with the General Manager to discuss salary reviews, but these sessions do not focus on past and future performance goals. One manager mentions there are no job descriptions, and subsequently is is difficult to give a performance review without a clear understanding of various jobs. To remedy this, the resource center coordinator plans to create job descriptions for staff positions. Some work has been done in this area on an experimental basis, and initial reaction has been favorable.

7. Employee Opinion

In general, both hourly and staff employees are enthusiastic about working at Mayo Forest Products. There is a sense of optimism about the future of the mill, even in an industry where many of the local mills are forced to close. Referring to the management of the mill, an hourly worker volunteers "they [managers] do pretty good around here. I really don't have any complaints working here at all." Another member of the union remarks employees are treated both fairly and equally. A manager expresses "Mayo is a mill of opportunity, you can be anything you want to be." An individual on the managment team adds Mayo is "progressive, always moving ahead, challenging, it's not easy". The common goal for the company is to be "the best in the industry, to put out the best product, something the Japanese are asking for. And we want to do it efficiently and to make a profit doing it. I

think we do quite well at it."

The management group are given responsibility to run their departments, and to take risks in the development of new ideas. This is aptly captured in the phrase of one manager who says, Innovative...we all have the chance here to pretty well get an idea or whatever and run with it. There's not a lot of controls put on us that way. I've always been excited about working here." This manager mentions the workload at Mayo is much greater than anywhere he had previously worked, but "because of that when things do come together there's a greater sense of satisfaction. I think each one of us is proud to be working here. Our name is known throughout the industry."

Managers work long hours, but like the people with whom they work. One supervisor remarks for the last eighteen months he had worked an average of 60 to 70 hours per week; another said he had worked two months without a day off. A number of employees begin the job at 7 a.m. and stay on the mill site until 6 in the evening. Some eat lunch at their desk while working. The intensity of the environment at Mayo contributes to managerial stress, and several individuals said they were feeling the effects of the pace. To some degree, managers feel they are not recognized for their efforts, in comparison to the attention given to hourly employees. More than one manager remarked they were "second class" behind the hourly workers. Despite the long hours and sometimes hectic pace, the mood of employees in the mill is both jovial and respectful. In particular, this is demonstrated at the various meetings that occur regularly. Staff joke with one another and appear to appreciate each others efforts in the company.

The mill environment is challenging and progressive. Most managers express the implementation of a performance management system had been a positive step for Mayo. The production supervisor compared the current system to a more traditional mill environment and states,

> I think it [the performance management system] is the way to go. No doubt about that. It's very successful. I think we've been very successful with it here. We've got a long way to go with it mind you. But I think I know enough about the industry to see that the potential for this type of management far outweighs the benefits from the other [traditional] way I think. There's no doubt about that. You have to get the people involved.

Considering the mill environment at Mayo, the General Manager Mike Low, believes there are several important components to a successful organizational system, and that these are exemplified in the Performance Management System. He describes "if you keep these principles of valuing your employees, and customer service, and quality products as the ultimate goals, the bottom line...you'll win".

Mike Low has been a champion of the performance management process at Mayo. Mike's presence in the mill has been a significant catalyst to major reorganization and change. He has the admiration and respect of employees at all levels of the organization. It was with surprise everyone received the news of his resignation. Mike left Mayo for a position of regional manager for the Western division of a large forestry company. The general announcement to staff of Mike Low's resignation occurred just following the completion of the research interviews.

In our interview I had asked Mike Low what he thought the impact of his leaving would have on Mayo. Mike thought the

policies and practices he had helped to institute might change to some degree, and that the mill might "begin to fall back to some other standard...I would like to think that most of the people are strong enough that what has been started here would carry on, but I guess the style and the focus are so unique and so unususal and so threatening that I'm not sure that it would be sustained."

8. Aftermath

In order to get employee opinion about Mike Low's resignation, I returned to the mill three weeks after the formal announcement was made.   I talked with employees over a two day period. Generally, the employees in the mill thought the style of the new manager would have a lot to do with the relative amount of change in future for the mill.   During the research interview, Sandy Fulton at CPFP assured a new manager would be chosen who can operate the mill with a quality focus, using the performance management system.   There was concern on the part of many of the union employees that the current management style might change.   In sum, employee consensus was that some things would change, and other things would remain the same.   There appeared to be calm acceptance of Mike Low's departure, and people expressed that his presence would be missed.

D.   Results of the Employee Questionnaires

Thirty two individuals reponded on the Minnesota Satisfaction Questionnaire and the Culture Inventory. The group represents both union and staff employees. The demographics of the employees who

participated include 4 females, 26 males, and 2 unknown. Average age of the respondents is 41.5 years, with a standard deviation of 8.39 years. Ten employees had not completed high school, 15 had a high school education and 4 had some college or university. The average number of years employees had worked at Mayo is 8.75, with a standard deviation of 3.63. Seventeen of the respondents have been at the mill since it opened in 1980. Of those people who completed the questionnaires, 20 reported they had not been absent from work in the last year.

1. Minnesota Satisfaction Questionnaire

Mean scores and standard deviations for each item of the Minnesota Satisfaction Questionnaire (MSQ), aggregated across all respondents appear in Table 3. Aggregated mean scores for overall job satisfaction, and category scores for intrinsic and extrinsic levels of job satisfaction are also listed. As suggested in the test manual, it is most meaningful to consider the overall score and the scores for intrinsic and extrinsic satisfaction compared to percentile ratings. A high degree of job satisfaction is represented in the 75 or higher percentile; mid-range is 26-74 and a low degree of satisfaction is represented by scores in the percentile range of 25 or lower.

Overall, employees at Mayo demonstrate a relatively high level of job satisfaction. The overall score is 73.06, which while in the mid-range area for satisfaction, is certainly on the high end of the scale. Standard deviation (s.d.) of the responses on the overall score is 9.30, and represents a fairly wide range of employee responses from the mean. Percentile scores are high

(79.42) for intrinsic satisfaction and moderate (62.3) for extrinsic satisfaction. These scores indicate employees are content with job conditions leading to autonomy and personal fulfilment, for example, and less pleased with company policies and supervisory practices. More specifically, the table indicates fairly high employee scores, (represented as aggregated mean scores out of a maximum score of 5 for a single test item), related to intrinsic satisfaction. Employees indicate they are able to work alone (4.25) and keep busy (4.34). They are free to use their own judgement (3.93) and to try their own methods on the job (3.81). There is a chance to tell other people what to do (3.69) and to make use of one's ability (3.69). Employees get a feeling of accomplishment from the job (4.09). Working conditions are considered good (3.97) and employees think employment is steady (4.53).

Scores are lower on extrinsic items such as the way one's boss handles people (3.00) or the way in which coworkers get along (2.66). In general, employees do not like the way in which company policies are put in place (2.47). Of interest, in the unionized mill environment employees think the chance for advancement is fairly high (3.44).

2. The Culture Inventory

Results of the Culture Questionnaire are displayed in Table 4. In a similar format to the results for the MSQ, scores are represented as aggregated means for each item of the questionnaire. Mean scores are likewise listed for each of the four organizational culture categories represented in the inventory: group,

developmental, hierarchical and rational cultures, and an overall score for the questionnaire. Employees at Mayo Forest Products scored highest on the rational culture category (10.78). According to the culture descriptions developed for the questionnaire, employees perceive the work environment to emphasize achievement, goal and task accomplishment, and production. The score for the developmental category (10.15) is second highest, and suggests there is also some focus on innovation and creativity at Mayo. There is some evidence of a hierarchical culture (8.59) which is typically demonstrated through order, rules and a preoccupation with documentation. The score for a group culture, related to whether respondents view the company as a personal place to work, with an emphasis on loyalty, tradition and human resources is the lowest score (6.93).

Table 3

Results from the Minnesota Job Satisfaction
Questionnaire at Mayo Forest Products
As Aggregated Scores Across All Respondents

Item	Mean	SD
1. Able to keep busy	4.34	.48
2. Chance to work alone	4.25	.76
3. Chance to do different things	3.65	1.23
4. Chance to be somebody in the community	3.69	.59
5. Way my boss handles people	3.00	1.15
6. Competence of supervisor's decisions	3.28	1.22
7. Able to do things that don't go against my conscience	3.88	.87
8. Job provides steady employment	4.53	.32
9. Chance to do things for others	4.16	.57
10. Chance to tell people what to do	3.69	.82
11. Job makes use of my ability	3.69	1.20
12. Way company policy is put into practice	2.47	1.27
13. Pay related to the amount of work	3.41	1.21
14. Chance for advancement	3.44	1.01
15. Freedom to use my judgement	3.93	1.07
16. Able to try my own methods	3.81	1.06
17. The working conditions	3.97	.86
18. The way coworkers get along	2.66	1.23
19. Praise for doing a good job	3.12	1.31
20. Feeling of accomplishment from the job	4.09	.82

Aggregated Category Scores

	Mean	SD	Percentile
Intrinsic Job Satisfaction (items 1-4, 7-11, 15, 16, 20)	47.65	6.05	79.42
Extrinsic Job Satisfaction (items 5, 6, 12, 13, 14, 19)	18.69	3.91	62.30
Total Job Satisfaction (items 1-20)	73.06	9.30	73.06

Table 4

Results from the Culture Inventory
at Mayo Forest Products
As Aggregated Scores Across All Respondents

	Item	Mean	SD
1.	A personal place	2.09	1.30
2.	Dynamic and entrepreneurial	2.59	1.21
3.	Formal and structured	2.53	1.24
4.	Production-oriented	3.84	.92
5.	Loyalty and tradition	2.41	1.39
6.	Commitment to innovation and development	3.81	1.06
7.	Formal rules and policies	2.59	1.10
8.	Tasks and goal accomplishment	3.13	1.31
9.	Emphasis on human resources	2.43	1.39
10.	Growth through new ideas	3.75	1.32
11.	Permanence and stability	3.47	1.32
12.	Outcomes and achievement	3.81	1.31

Aggregated Means for the Culture Categories

Group Culture	6.93
Developmental Culture	10.15
Hierarchical Culture	8.59
Rational Culture	10.78
Total Score	36.45

3. Guide to Human Resource Management Practices

The Guide to Human Resource Management Practices was completed by both the personnel administrator at the CPFP headquarters office who is responsible for the salaried staff, as well as by the personnel administrator at the mill site responsible for the unionized employees. Both sets of results are quite consistent related to how the company operates its HRM systems. Differences in HR policy and procedure between staff and union workers relate mostly to the guidelines of the union collective agreement.

HR planning is indicated as formal and ordered but with elements of informality and flexibility as well. Planning is stated to be long-term in focus and integrated with the plans of other departments. A group philosophy, high employee involvement and high risk-taking are noted. Staffing is primarily based on internal recruitment, although there are some exceptions for salaried staff. There are many career paths for salaried workers, and few for union employees. Hiring and promotion criteria are clearly stated for union staff, but tend to be more ambiguous and unclear for the salaried group. Minimal levels of experience are required of union employees and moderate experience is necessary for the salaried staff. Discrimination based on gender and social class is low.
Career path information is available to salaried personnel upon request.

As already noted, performance appraisal is not done with union employees. In theory, appraisals for salaried employees are based on both behavioral and results criteria. Evaluation is of the total person, rather than strictly related to performance.

Performance goals for employees are long-term. Both group and individual criteria are used in the evaluations. Employee participation is relatively high, there is explicit performance feedback provided, and rapid promotion.

Salaries tend to be high and are consistent with the industry. There are standard fixed benefit packages and high employment security. Incentives are both short-term and long-term and many social and financial "perks" exist. Bonuses and wage increases are both collectively shared and individually based for salaried workers. Union wages are set by the collective agreement. Rewards are egalitarian, and open for union employees and secret pertaining to the salaried group.

Training is short-term in focus. Employee input is high and there is minimal job rotation. The training for union workers tends to be narrow and specific. For salaried employees training has both an individual and a group orientation, is provided internally as well as externally, and is both on-the-job and in the classroom.

E. Summary of the Results

1. Mayo Forest Products is a small, unionized sawmill which has been operational since 1980. Mill performance had declined from 1980-1987. To counter this trend a major reorganization plan for the mill was instituted in 1988. A High Performance Management System was implemented. Currently Mayo is very successful in the international marketplace.

2. Initially Mitsubishi had considerable involvement in the design and start-up of the mill. Mitsubishi participation in the mill operation has declined over the years and their current primary role is to market lumber to the Japanese market. CPFP has the management contract for the mill. The joint venture relationship is considered beneficial by both partners.

3. The JV General Manager has been given a mandate to operate Mayo in an autonomous fashion. To some extent, however, the Mayo mill functions as a subsidiary of CPFP.

4. Mayo Forest Products focuses on being a high quality, low cost lumber producer. The company aims to meet customer requirements. Management's philosophy is accomplished through building a dynamic team of people at the mill. This is encouraged by the active involvement and recognition of employees.

5. The HR role at Mayo is peripheral to policy decisions and planning related to HR objectives. The personnel managers for both salaried and hourly employees have largely administrative roles. HR policy is typically set by staff at CPFP

headquarters. Front-line supervisors have the primary responsibility for working with employees in HR related areas.

6. Employee involvement is nurtured through information sharing, the solicitation of employee ideas and suggestions, and by providing employees with performance feedback.

7. Management and the union are working toward developing an increasingly cooperative relationship.

8. Shifts in control have occurred as supervisors provide more information to employees. In turn, employees are expected to assume more responsibility in the mill operations.

9. Salaries are the primary form of compensation at Mayo. There are no profit sharing programs.

10. Multiple forms of recognition exist. Managers consider employee recognition one of the most challenging components of the Performance Management System. Managers strive to make the recognition system meaningful and sincere.

11. The preference for recruitment is to hire employees who can be team players. In the management group, personal skills are considered more important than technical abilities.

12. At Mayo there is a strong commitment to training employees. Money and effort have been devoted to the creation of a comprehensive training system for unionized employees. Training is openly available to staff employees.

13. Performance appraisal basically is not done with employees in either the union or the salaried groups.

14. Employees are generally enthusiastic about working at Mayo. They view the operation as progressive and successful. Employees consider Mayo to be production and achievement

oriented. They feel there is insufficient emphasis on loyalty, tradition, and human resources.

15. Overall, the employees at Mayo Forest Products express a relatively high level of job satisfaction. Employees are more content with conditions leading to autonomy and personal fulfilment than they are with certain company policies and supervisory practices.

CHAPTER FIVE

OCG MICROELECTRONIC MATERIALS, INC.

A. Joint Venture Background

1. History of the Venture

OCG Microelectronics was formed January 1, 1991 as a joint venture between Olin Corporation (50%) of the United States and CIBA-GEIGY A.G. (50%) of Switzerland. OCG aims to be an innovative supplier of photoresist and polyimide products and services to semiconductor customers on a worldwide basis. Photoresists are specialty chemicals consisting of polymers and sensitizers which are used to create the pattern of electronic circuitry on silicon wafers used in semiconductor manufacturing. Polyimides are high performance polymers used in fabrication and packaging of advanced semiconductor devices, including multichip modules. To maintain a solid market position as a supplier to fast moving semiconductor companies, OCG products must meet specific customer requirements and be of an impeccable quality and standard. OCG is committed to meeting customer demands for product quality, on-time delivery, packaging, technical problem-solving and innovation. Product marketing is to Europe, North American and the Pacific Rim.

The venture brings together unique capabilities of the parent firms. OCG combines the photoresist business of Olin Hunt, (a wholly owned subsidiary of Olin), and the photoresist and polyimide product businesses of CIBA-GEIGY Ltd.(Switzerland) and CIBA-GEIGY Corporation (Ardsley, New York). Olin Hunt has a significant market position with strong sales, marketing and customer service organizations. Olin Hunt excels in product development.

Complementary to these strengths, CIBA-GEIGY has done extensive research and development in polymers; and brings to OCG its polyimide business, the newest group of products used in the fabrication of advanced semi-conductors. In addition, OCG assumes Olin Hunt's former 49 percent interest in Fuji-Hunt Electronic Technologies located in Japan. In this latter instance, by retaining the link to Japan, OCG is able to expand its presence in Pacific Rim photoresist markets and to act as a distributor for the Japanese polyimide market. According to the joint venture president, Jim Favier, the combined capabilities of the parent companies allow the joint venture to excel in the global market. This ability is greater than if either parent were to operate independently in the microelectronics sector.

The structure of OCG is both complex and decentralized. Headquarters for OCG are in West Paterson, New Jersey. Manufacturing of products is in East Providence, Rhode Island with an additional manufacturing facility planned for Europe. Research and Development is undertaken in East Providence, Rhode Island and Basel, Switzerland, and is coordinated on a global basis. To maintain close customer relations, customer support and technical service centres are located in Tempe, Arizona; St. Niklaas, Belgium; and Yoshida, Japan. According to staff in the venture, OCG is currently the only photoresist supplier with research and development, manufacturing, technical customer support, and marketing capabilities in all three major electronics markets of the world, (i.e. Europe, North America and the Pacific Rim). This unique feature makes OCG an example of what is termed a triad alliance.

Employees for the joint venture will consist of current Olin Hunt and CIBA-GEIGY personnel who will eventually be transferred to OCG. In the North American operation, the manufacturing and R&D facility in East Providence, which had previously been a wholly owned subsidiary of Olin (called Olin Hunt), will remain intact. During 1991, CIBA-GEIGY employees in Research and Development at Ardsley, New York will continue to operate from CIBA-GEIGY facilities until they are relocated to West Paterson. Customer service employees who are currently employed by CIBA-GEIGY in Santa Clara, California will be relocated to Tempe, Arizona. In Europe, joint venture employees will be situated at OCG business headquarters, the customer service centre, as well as in CIBA-GEIGY's R&D facilities in Basel, Switzerland. In total, OCG has 196 nonunionized employees.

2. Management of the Venture

The management group responsible for OCG operations consists of a President, Technical Director, Financial Director, and two Business Directors for North America and Europe. The President of the JV reports to a six person Board of Directors which has equal representation from Olin and CIBA-GEIGY. The board Chairman rotates between the parent companies. The primary role of the Board is to establish business and management objectives for OCG, and to review financial results. There are four board meetings a year. An advisory board also exists which consists of one senior manager from both Olin and CIBA-GEIGY, (who are both on the Board of Directors), and three additional members from each parent firm. Of the eight person advisory board, six of the members are able to

vote and there are two nonvoting members who are the JV president (previously an Olin employee), and the Financial Officer for OCG (previously a CIBA-GEIGY employee). The advisory board meets every four to six weeks. It is this group who are concerned with ongoing operational issues at OCG. Issues raised at the advisory board level are then passed to the Board of Directors, as required.

Although still in their infancy, to date the boards have functioned effectively. To some extent this may be a product of tolerance and interpersonal "chemistry". As the President of OCG remarks, "the parents in a joint venture are generally much more tolerant of their joint ventures than they are of their own individual businesses because they don't want to look to their partner as if they're not being reasonable". The main issue of contention so far - the location of the European manufacturing facility - was settled in a manner amenable to both partners. Several of the senior managers alluded the JV is working well because the two most senior board members, each representing a parent company, get along well on a personal level. There is good communication between these senior executives and the rest of the management group.

As part of the original joint venture agreement, various support services, including those in the human resource management areas would be contracted from Olin. Part of the justification for this decision originated with the fact approximately ninety percent of the staff in OCG were formerly Olin or Olin Hunt employees. In order to minimize the disruption to employees, all the Olin HR policies and procedures were adopted to OCG until such time when new policies specific to the joint venture could be created. At

the present time a number of key policies related to benefits and recognition programs are under review. As part of the reevaluation process, the HR manager for OCG indicated she would consider the current HR policies of both parents, and then choose one policy, or combine policies from both Olin and CIBA-GEIGY, to create HR practices most suitable to the requirements of OCG.

The contractual agreement to lease management services from Olin is not entirely satisfactory to all CIBA-GEIGY executives. Senior members from the CIBA-GEIGY side of the operation realize they have very little management control in a business in which they are a 50/50 partner. An OCG Vice-President who came from CIBA-GEIGY, observes even before the joint venture was formed there was a concern the Swiss parent wanted to be more than financial investors. Originally CIBA-GEIGY wanted to "really have an equal voice in the management and the operation of the company". This same individual, who has considerable experience in the benefits area, hopes his expertise will be called upon when determining a new benefits package for employees at OCG. The Vice-President for Human Resources of CIBA-GEIGY U.S. notes related to contracting services for OCG from Olin, he has neither funding nor personnel built into his departmental HR budget to formally contribute to the OCG venture. Subsequently, he currently takes a "back door" approach to reviewing HR policies for possible implementation at OCG. Although this CIBA-GEIGY executive adds he will eagerly review policies as requested, the question remains as to the level of involvement which is reasonable and appropriate for him, given the management contract for OCG formally rests with Olin.

Despite these concerns there is insufficient influence by

CIBA-GEIGY in the management of OCG, the contractual arrangement is generally viewed as satisfactory. One executive comments,

> My initial reaction was sort of negative, in that I thought it would be better if OCG had its own people providing financial and HR systems...and I just had my doubts that some service arrangement might not work out well. But it's turned out that generally these groups have performed quite well for us, and I think they like working for OCG in a sense...On the plus side it permits OCG to be a fairly lean organization in that it doesn't have levels of bureaucracy and all these support groups on our payroll directly.

Given the major presence of Olin employees in OCG, managers recognize one of the major challenges for human resources is the integration of formerly CIBA-GEIGY staff into the venture. For the group of employees who are currently working in CIBA-GEIGY's facility at Ardsley, absorption into OCG means a physical relocation to East Providence, and the adoption of new benefits and other related HR policies. As the president of OCG comments, this represents merging ten percent of the staff who were CIBA-GEIGY employees into a new organization strongly influenced by Olin. He adds this creates an "identity crisis" for this group, especially when they are still operating out of CIBA-GEIGY facilities.

Although the management at OCG would prefer to rapidly transfer Ardsley employees to the OCG location in East Providence once the joint venture had been established, a space shortage made this impossible. In the interim period, there is great uncertainty among the formerly CIBA-GEIGY, now OCG employees, regarding their future. One Vice-President remarks, "the problem is if you keep people at a CIBA-GEIGY location, particularly a major one like a headquarters, which is Ardsley and Basel, they'll relate to the parent company". The Director of Human Resources for Electronic

described by the Vice-President of Finance and Administration,

> We're way ahead of our budget in sales and profits, and it's already a very profitable business...I see an enormous future for this business. I think we'll be a pretty good model to both parent companies as to a successful joint venture. I think often these things don't work out. But I think there's a real good feeling about this one.

B. Strategic Orientation

1. The Vision

To compete in the microelectronics market, OCG has been structured like a small, entrepreneurial company but with the advantage of access to the resources of the two parent organizations. The relative separateness from both Olin and from CIBA-GEIGY allows OCG to operate "lean and fast". OCG has a vision which was jointly constructed by representatives of the parent firms. The vision statement for OCG, as it appeared in the January/February edition of the Olin Hunt newsletter is:

- Be universally recognized as a preferred and innovative supplier of quality photoresist and polyimide products and services.

- Be committed to meeting customer expectations 100% of the time.

- Position itself to be a premier supplier in North American and Europe, and achieve a strong position in Japan and the rest of the world by 1995.

- Continually introduce to the market high-value added-performance materials that meet the technology requirements of the semiconductor industry.

- Operate in an entrepreneurial fashion, while maintaining access to the resources of the parent companies.

To maintain a strategic advantage in the microelectronics industry, the company focuses on creating high quality products which can be adapted to meet specific customer needs. As Jim Favier explained in a news conference held in January 1991,

> We have created OCG Microelectronics, in fact, to ensure that we can keep pace with demands for ever-purer and more versatile electronic chemicals. The resources that we have assembled from our parent companies will not only allow us to develop innovative products; they will also allow OCG to quickly cycle them from the lab to the marketplace, and to customize them to satisfy different end-use applications.

Jim Favier continued that dedication to quality at OCG "will drive our quest to become the premier worldwide supplier of advanced microelectronic materials. Indeed, it is my intention that by 1995, OCG will be the company which other specialty chemical suppliers use as a benchmark for excellence."

The vision for OCG is already familiar to employees of the venture. In general, most employees know the company goal is to eventually be a premier supplier worldwide. A research manager in R&D at East Providence remarks he would be "shocked" if employees were not aware of the mission for the company. He said this vision has been communicated to his group through specific presentations. In the manufacturing side of the operation at East Providence, a line worker in the formulation department notes management had recently spent a considerable amount of time talking to employees about the importance of quality products. He adds "we have improved our product quite a bit", and knows the vision for OCG to

be #1 in the business.

2. Meeting the Goal

OCG pursues quality improvement through a formal process known as Total Quality Management (TQM). The program was originally developed by 3M and adopted by Olin. Under this process, the aim is to satisfy customers' expectations 100 % of the time. OCG uses Olin handbooks to explain the TQM philosophy to employees. The key principles of Managing Total Quality are:

1. Identify the expectations of both external and internal customers. This includes identification of the requirements of the end-user, as well as knowing the expectations of other employees at OCG who depend on an individual to get their jobs accomplished effectively. Conformance to customer expectations has top importance.

2. People are encouraged to use their abilities to contribute to improvements in the operation. This includes taking "ownership" and responsibility to improvements, and making relevant decisions in a job area. The ability to work as a member of an effective team is important.

3. A major emphasis is placed on prevention of errors or defects, and problem-solving.

The goals of TQM are implemented on a individual basis with employees using a Performance Management Process (PMP). Basically, this involves personalizing the principles outlined for TQM. Employees work with their supervisors to identify customers, customer expectations, as well as preparing a plan of how to meet those expectations. Follow-up with customers is arranged. This

system forms the mechanism by which employees are evaluated on their performance.

Although TQM had been in place in the Olin Hunt organization for approximately the last two years, there have been varying degrees of success in its implementation. As one total quality management facilitator describes, the process is too strenuous and time consuming. With the formation of the new joint venture, steps are being taken to simplify the performance management system. Although a focus of PMP is on teamwork and the reward and recognition for team performance, Rodney Hurdich, the Director of R&D at East Providence remarks OCG does not pay sufficient attention to this aspect of the program. He adds the TQM philosophy does not apply just to North American operations, but to Europe as well. According to the R&D Director, TQM is being implemented slowly in the European arm of OCG, and there is considerable "suspicion" of the process. Related to cultural differences, he notes TQM may need to be packaged differently for European employees.

To meet the requirements of a total quality management system, the human resources department is developing new forms of reward and recognition for employees. Communication systems are being established which keep employees informed of developments in the company. OCG management hopes employees ideally will identify with the company vision, and feel as if they are an integral part of OCG. Given the decentralized nature of OCG, the creation of an integrated company unit is a significant task. Related to these challenges, HRM has a central role to play in the development of the TQM system.

C. Human Resource Management at OCG

1. The HR Departmental Role

The manager for Human Resources, Maida Garabed, has worked in various personnel functions with Olin Hunt Corporation for eleven years before her selection to the current role at OCG. In her previous position as Personnel Manager at Olin Hunt, Maida was responsible for staffing, EEO, compensation, employee relations and handling complaints which managers may have had with employees. She was chairperson for the training and orientation of a committee which focuses on increasing quality in the company. Added to the responsibilities she had at Olin Hunt, although now focused solely to OCG, her new responsibilities include relocation of employees from the parent companies to OCG, and the creation of HR policy and procedure specific to the needs of the new joint venture company. Maida deals with issues related to the familiarization of employees with the company, benefits, and training. More specifically, she is dealing with problems related to the integration of formerly CIBA-GEIGY employees into OCG. Maida actively solicits the opinions of employees and representatives of both parent companies as to how this integration might best be accomplished. Related to the determinion of employee attitudes and needs, she interviewed many of the employees at the East Providence facility, and all Ardsley employees who will be part of OCG. She is working with managers to develop better policies in the areas of benefits, recognition, and employee-management communication.

In the North American operation of OCG, Maida is the only

person assigned full-time to the human resources function. There is also an HR manager for OCG in Europe. In keeping with the decision to contract HR services, Maida draws all of her support services directly for Olin Hunt in the areas of administration support, clerical support and benefits. Maida and the support staff are located in the Olin Hunt headquarters office in West Paterson, New Jersey. She reports directly to the Vice-President of Finance and Administration.

Maida is proactively involved in creating HR policy and procedures for OCG. Her involvement in the joint venture began early, in November 1990, two months before the signing of the joint venture contract. It was at this time she was designated the HR manager for OCG. The only other person officially assigned to OCG at his time was the Vice-President of Finance and Administration. Both the Director of Human Resources for Electronic Materials at Olin and the Vice-President of Human Resources for CIBA-GEIGY U.S. were likewise involved in the developmental plans for HR at OCG. The initial discussions primarily centered around the transfer and integration of employees to OCG, and the development of benefit and compensation systems. The senior HR managers from each of the parent firms continue to be associated with Maida in the creation of various policies for OCG.

HRM is aligned to the business plan of OCG, and is oriented toward maintaining quality in the organization. Maida comments, "the annual quality plan that we have for HR monitors very closely turnover, monitors promotional moves versus external hires, monitors the training, the tuition that we give [employees]. We also monitor any recognition programs." The manager to whom Maida

reports agrees there is a substantial linkage between HR goals and the business plan. He mentions that as they begin to more fully implement the performance management process, which links employee performance to the total quality approach, that the HR department will be directly involved in designing some new policies on reward and recognition for employees.

In the initiation of new HR policy for OCG, Maida notes in her opinion the HR objectives and policies of both Olin Hunt and CIBA-GEIGY are very similar. She considers the policies of both parents and then chooses one over another, or creates policies unique to OCG. Maida remarks most of the guidance she receives comes from Olin, and in HR areas that may require revision she can "always tap back to Olin Corporation". For example, Maida receives assistance from the labour department of Olin on issues related to OCG hourly employees. Maida meets periodically with the management staff of OCG and discusses with them planned HR changes for the venture. Once a major HR issue is approved at the OCG management level, then it is presented at the advisory board level for final approval.

The creation of a new benefit package for OCG is one instance when the HR manager has worked jointly with senior staff from both Olin Hunt and CIBA-GEIGY. Jon Swenson, who is Maida's boss explains there is a benefits task force which is looking at pensions, medical coverage, savings plans, and long-term disability. He remarks they are "looking at both company's [Olin Hunt and CIBA-GEIGY] programs and coming up with what they think will be suitable for OCG." Mike Lamona, the Vice-President of HR for CIBA-GEIGY U.S. has been involved in reviewing the new benefits package. According to him, "I find myself frequently involved

either developing product or critiquing their product particularly around the areas of incentive...around what type of benefit entitlements are we going to have futuristically for this venture."
Maida notes she appreciates the involvement by the CIBA-GEIGY staff. Alternately, the CIBA group feel they have expertise in the HR area which they can offer to OCG, although some of this group are uncertain as to just how much time and effort should reasonably be expended when the HR management contract belongs to Olin Hunt. One individual mentions a possible addition to the HR function at OCG might be to include a CIBA-GEIGY HR professional, who could bring perspective and information from the CIBA-GEIGY parent to the venture.

As already mentioned, Maida has the responsibility for HRM by herself. Located in the headquarters office in West Paterson she is within several hours driving distance of both Ardsley and East Providence locations for OCG. Maida tries to visit both sites on a regular basis. Related to the numerous responsibilities of HRM in the venture, several OCG managers mention an expanded HR function might be in order. One Director in East Providence observes HRM is not "crystallized into a place where you can go and get it". He continues,

> We've been so used in the past to dealing remotely with the issues of human resource management if you like, that we've tended to do our own thing. We work as a team [i.e. the members of his group] in terms of managing people and understanding their needs, and how to interview. None of us have been formally trained, by the way, we just learn by mistakes, basically. And it's unfortunate, because we should be trained. Since the most important thing you can often ever do in a year is to hire somebody.

Other managers at East Providence agree HR should be expanded

to include a resident HR manager at the location. Although they feel Maida's assistance can be used from a distance because of modern communication, the consensus is it would also be desirable to have someone on site to maintain consistency of policies for the nonexempt (hourly employees), and for the administration of programs. As operations now exist, the plant managers for both manufacturing and R&D have assistants who help in the HR area, as well as do other tasks. These two individuals maintain clerical administration for HR including payroll sheets, vacation leave, absentee reports, medical forms, job postings, new hire orientation and exit interviews. They also schedule and track employee training. Despite this, there is an absence of someone at East Providence to provide daily guidance related to policies and procedures which are created at the headquarters office.

2. Creating an Integrated Joint Venture

a) Consolidation of CIBA-GEIGY Employees into the Venture

Much uncertainty exists for employees who previously have worked under the protective umbrella of a large multinational corporation like Olin or CIBA-GEIGY, and who now find themselves transferred to a small joint venture company of approximately 200 people. Benefit programs and incentive programs are currently under review at OCG, and it is not clear to employees what their new employment packages will contain. For some, there is an issue of divided loyalty to the parent firm and to the joint venture, especially for those employees still housed in a parent company facility. Employees who have been asked to move to another location have concerns about housing costs and living conditions in

the new area. Although there are some similarities between the cultures of Olin and CIBA-GEIGY, there are also many differences. Employees will be required to adjust certain values and procedures of how work is accomplished. The physical distances between locations within North American, as well as the separate sites for OCG in Europe and Japan make communications complicated.

The management at OCG fully realize the magnitude of the task for creating an integrated joint venture from its now separate parts. Integration will need to be accomplished on two levels. There is the issue of physical relocation of people to a new work site, such as moving the Ardsley employees to the East Providence facility. In addition, a looming concern is how to create loyalty to OCG, so that employees enthusiastically identify with the new company and what it has to offer.

Although there are no simple solutions for creating integration in a joint venture, one Vice-President in CIBA-GEIGY mentions the importance of choosing a partner with a relatively similar corporate culture. To an extent this reduces the degree employees need to readjust values and norms. In addition, there is a benefit in creating policies and structures early, before the joint venture officially begins. He explains,

> The most important thing on the human resource side is to determine how similar or dissimilar the partner is that you're going to partner with. Clearly, as I feel the concerns of employees, the concerns are minimized when the partner that you're getting is very much like you. In areas where it's dissimilar, I think a lot of these issues bubble up around just uncertainly and are translated into problems of job security...I think the more things you can resolve before the first official day that people cohabitate as one business, the better off you're going to be. Because what you find out if you don't do that, it's kind of play as you go and you have people in this extraordinary position in that on one hand

they know they are part of this new venture, but on the other hand they're being treated as they were always treated when they were part of your venture. And I think there's probably some internal schizophrenia that's going on trying to figure out how to behave and what to do and what to respond to.

Various employees note some of the dissimilarity between the two cultures of the parent companies relates to differences in size, and to some extent the national origin of the company. The Olin Hunt subsidiary of Olin is smaller, more entrepreneurial, with a tradition of informality. In contrast, a CIBA-GEIGY executive observes the European company is more bureaucratic and conservative than is typical of most American companies. He says, "the Europeans are much more conservative in their approach to decision making...we tend to be perhaps a little more forgiving around results because of our preoccupation with the longer term...we tend to be a little more paternalized".

As already noted, a priority for the North American operation is to integrate the group of formerly CIBA-GEIGY employees still located at the parent headquarters into the OCG framework. The Director of R&D at Ardsley explains the majority of the people in his unit have experienced "a tremendous amount of personal insecurity" as a result of their absorption to the joint venture. He elaborates most of the people in his group joined CIBA-GEIGY out of school and have been with the company less than five years. For them, to find out they are now part of a joint venture and not working for CIBA-GEIGY, came as a "big shock".

One Vice-President in CIBA-GEIGY summarizes many of the concerns of the OCG Ardsley employees in the following way:

Let me start first by saying I think they [OCG employees at Ardsley] were angry...they had no option. This is

quite unlike we're going to sell the company and they want you to come to work for them. Do you want to and if not we have a job for you elsewhere. When you form a joint venture and you're going to have a 50 percent piece of it, one of the things you find out very early in the game is you're not going to give key players very many options. I mean you're certainly not going to try to keep them within CIBA-GEIGY to the detriment of your new 50/50 interest that you've just put $70 million and your business on the table for. So consequently, you give them no lifelines whatsoever and what you say to them in effect, the proposition to the Ardsley group was: 1. The only job you have available is to go to work for OCG. 2. It happened so quickly we have not sorted out every little detail around your benefit entitlements but suffice it to say that they'll be comparable. 3. We know your circumstance is uncertain and you don't know your new boss and so forth and so on, but trust us it will be O.K. We have no idea what their culture is but we think it is similar to ours. 4. We know that longer term we'd like to consolidate Ardsley into East Providence, Rhode Island. We have an idea what time frame that may be. We're not positive every one of you here will have a job, but we think most of you would be offered the opportunity. And oh, by the way we know most of you have never relocated before so we accept the fact there is a lot of uncertainty associated with that circumstance. And 5. would be the issue of while you're there and doing the job for OCG don't bother to bid for other jobs within the CIBA-GEIGY Corporation because we're not accepting your bid. Now the corollary to that is we'll provide things like a stick around bonus and an incentive to stay to the end. And a promise that you'll be treated reasonably and that if you make a certain date, we'll let you bid on anything within CIBA-GEIGY, which is in two years.

The final issue mentioned in the above text refers to a policy created for the joint venture which prohibits employees from either Olin or CIBA-GEIGY to "bid back" to jobs in the parent companies for a period of two years. The intent of the policy was to create stability within the OCG venture. The policy was initiated when some employees at Ardsley bid for lateral of lesser positions inside CIBA-GEIGY to avoid a move to join OCG in East Providence. In certain circumstances, exceptions to the no bid policy can be made. An Olin executive qualifies,

> This restriction doesn't preclude someone being able to
> transfer if OCG management no longer needs a particular
> skill, and the parent is willing or has a position for
> that person back with the parent. There should be
> nothing to keep that from happening. What you do need to
> put a block in though, is the matter of choice where the
> employee chooses to move creating a hole which
> jeopardizes the JV.

As another example, employees may also be able to transfer from OCG back to a parent if the move is promotional and enhances career development. The two year no-bid policy was supported by both parent companies, and applies to European as well as North American operations.

A concern over relocation also exists for OCG employees in Switzerland. Of 20 to 25 CIBA-GEIGY employees in Switzerland, 3 will become OCG employees, and the others will be leased to OCG. As Jon Swenson, Vice-President of Finance and Administration at OCG clarifies,

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

Jon Swenson added he was recently in Switzerland. Referring to the new OCG employees there he said, "I think it will take a long time before they consider themselves part of OCG". According to Jon Swenson, part of the estrangement to the venture stems from the fact these people are situated in a large CIBA-GEIGY complex.

Another condition fuelling the uncertainty of employees

assigned to the joint venture is that the same policies are not consistently applied to everyone who is now in OCG. For example, employees who relocate from CIBA-GEIGY into OCG would do so under the CIBA-GEIGY relocation policy. Ardsley employees still operate under CIBA-GEIGY policies for education tuition reimbursements and vacation entitlement. They are uncertain how various entitlements will change once they are officially located in the OCG facility and begin to operate under what are predominantly Olin policies and practices. For OCG employees who were transferred to the joint venture from Olin Hunt, their benefits and entitlements primarily remain those of Olin Hunt, until new policies are created specific to OCG. However, at the present time the two groups of employees function under separate benefit systems.

Maida Garabed, the HR manager for OCG has taken an active role in attempting to quell the tide of anxiety created for employees assigned to the venture. With respect to the Ardsley location, Maida has conducted individual interviews with all OCG staff there in order to hear of their concerns and preferences. Maida visits Ardsley for one day every two weeks to provide OCG employees with information, and to answer any questions. A "Family Night" was planned for OCG employees and their spouses. The intent of the evening was to present information on the East Providence area and to highlight relocation policy provisions. A relocation task force, (composed of people from Ardsley, East Providence, and the headquarters office in West Paterson), was created to consider how to best phase the transfer of people from Ardsley to East Providence. In addition, to help integrate Ardsley employees into OCG, they received the Olin Hunt Total Quality training package, as

well as teamwork training provided from the West Paterson office. The Ardsley group has been included in two company picnics and employee recognition dinners.

Unlike the Ardsley employees, the staff at East Providence have experienced minimal change now they are part of OCG. Yet some apprehension was also expressed by those employees related to their future in the company. In the R&D group, there is some concern as to how the R&D tasks will be split between themselves and Europe. One manager in R&D at East Providence elaborates the decision has already been made that most of the research would be done in Europe, and most of the product development would be done in East Providence. The R&D manager found this unacceptable. In his view, under this arrangement he and his colleagues would not have the opportunity to work on the most interesting and creative parts of a project. This isolates the research and development activities from each other, prohibiting the start to completion of a project by a single group.

b) Other Integration Issues

In addition, some employees perceive distinct differences exist between the manufacturing and R&D groups in the East Providence site. Each group operates in separate buildings, connected by a catwalk. Apart from the space separation, members of both R&D and manufacturing historically have considered their roles and operating styles quite different from one another. One manager in research refers to this distinctiveness as the "central research versus operating unit gap". He notes between the two groups there are communication problems, and differences in viewpoints. Although the cultural "gap" between manufacturing and

R&D is not unique to joint venture firms, it creates an additional task for OCG management to address how better communication and understanding among diverse units can be accomplished. To encourage teamwork between the R&D and manufacturing, a number of project task forces have been established which include members from both departments. There is also a proposed plan to exchange technicians between R&D and production. For example, if a job were available in R&D and someone in the manufacturing plant is qualified for the position, then that individual could move into the R&D group. This form of cross-fertilization is intended to bring the two cultures closer together, physically as well as for the purpose of creating better levels of understanding between the two units.

One of the strengths of OCG is its presence on three continents. This arrangement allows the venture to provide product development and marketing which is close to the customer. However, at the same time the decentralized nature of OCG makes the development of a consistent, united corporate culture elusive. In the United States there are multiple OCG locations. Considering only the Eastern United States there are currently three locations for OCG. Once employees move from Ardsley to East Providence there will be two. In that instance, manufacturing and R&D employees will be in East Providence but the executive staff including the joint venture president, the various Vice-Presidents, as well as the Human Resource Manager will be in the Olin Hunt headquarters in West Paterson. Most managers express eventually they would prefer to see senior OCG management located on the operations site. The Director at Ardsley suggests having employees in one location is

"how you really build unified culture". Although modern communication like telephone and fax are adequate, he continues "there is no substitute for face to face communication".

3. Communication Strategies

a) A Format for Information Exchange

OCG has numerous mechanisms in place to facilitate communication among the various branches of the joint venture. Members of the headquarters office routinely travel to East Providence to participate in meetings. The photoresist product manager describes she spends about ten to fifteen percent of her time in East Providence meeting with representatives from both R&D and manufacturing. Task teams are used extensively. The HR managers describes task groups have been assembled to consider a variety of issues including quality, recognition, environmental issues, benefits programs, and the expansion of the East Providence site to accommodate Ardsley employees. Several cross-functional teams are in operation between production and research. Rich Leach, the technical manager in manufacturing at East Providence remarks he meets on various cross-teams several times a day. As one example, he mentioned he is part of a team with two people from research at East Providence and someone from process technology from Olin. According to Rich Leach the team approach means sometimes it is difficult to determine the boundaries of one person's job from another, but there are likewise benefits to be gained. Other meetings include Quality luncheons hosted by OCG management staff for groups of ten to twelve employees drawn randomly from multiple levels in the organization. The purpose of

the luncheons is to share information about the company with employees. There is a question and answer period in which employees can participate in the discussion. The president of OCG addresses employees on an occasional basis to discuss the progress of the new venture.

In the manufacturing facility in East Providence there are regular (usually weekly) meetings between supervisors and line workers during which they discuss progress for the week, upcoming issues and safety. Supervisors meet each morning in an informal daily production meetings for one half hour. There is an employee suggestion box and bulletin boards which display job postings, safety information and social events. The various formats for communication allow employees to express their ideas to management. Bob Pailthorpe, who is the production manager at East Providence, notes he has "an open door policy and people can speak up and say what they want". Employees offer suggestions which are acted upon. He cited an example of how the company had changed the method of packing boxes based on employee input. Line workers can request meetings to discuss group issues at any time. Although employee opinions vary as to how well they are informed, the production manager thinks the company provides more information at present than they have ever before. An employee in the packaging department remarks "it seems we're forever having meetings". He said he participates in several meetings a month and gets information through memos.

In the research and development area at East Providence there are also regular meetings. The Director of R&D, Rodney Hurdich, mentions there is a staff meeting every two weeks where speakers

may be introduced from other departments. Maida Garabed attended on one occasion to discuss personnel issues. Rodney Hurdich shares information with his staff obtained from international meetings. Information is also distributed through memos and research reports. Despite these attempts to inform staff, he adds certain groups (i.e. the technicians) in R&D feel they are not getting sufficient information at all times.

The employee handbook which is currently distributed to OCG staff was originally produced for Olin Hunt, and describes the Olin Hunt philosophies and benefits. There is a monthly employee newsletter "Images" produced for Olin Hunt organizations, including OCG. Beginning in April 1991 the top runner on the newsletter was changed to signify it was for a publication for both Olin Hunt and OCG organizations. "Images" presents articles about teamwork, the formation of OCG, executive profiles, and other company activities. In the March 1991 issue a full page described the role of the Ardsley group as part of OCG. In the same month, a new column was added which features recognition of teamwork; this is an opportunity for workers to publicly thank other workers for their efforts and contributions.

Some managers question whether a newsletter which focuses primarily on Olin activities allows OCG to develop an identity as a separate company. One CIBA-GEIGY manager wonders whether OCG employees might not feel more as if they belonged to a subsidiary of Olin. From the CIBA-GEIGY perspective, information is provided to OCG employees through an Olin source, with no opportunity for input from the second parent. The manager from CIBA-GEIGY observes,

> It was never in my recollection discussed who would be the main communication partner or would we both [communicate with OCG]. So it seems as though Olin, because they were to provide the services, had found a way to wrap OCG into their network of communications about general Olin information. On the other hand CIBA-GEIGY does, I think, nothing to wrap them in on this side. The idea I thought strategically at the outset was to have all these employees [at OCG] feel like a stand alone venture. My belief is the Olin strategy of wrapping them into their newspaper is going to have them feeling longer term like a subsidiary of the Olin Corporation...and not an equal partner with CIBA-GEIGY.

Although one manager notes there would be an additional cost in producing a newsletter for OCG, there may also be some benefits to this related to the creation of a more secure identity for employees in the joint venture. A manager at the Ardsley operation suggests the merit of a separate OCG newsletter which incorporates items from both parent newsletters, when articles are relevant and affect OCG.

b)   Linking International Operations

To this point, communication systems as they operate within the Eastern U.S. component of OCG have mostly been considered. On an international level as well, OCG uses a variety of mechanisms to link its various locations. There are "world-wide meetings" which take place twice per year, and which are three to five days in duration. These meetings are attended by the business managers representing Europe, U.S. and Japan. Senior managers are in attendance from sales and marketing, R&D, and in some cases a board member will be present. Participants review progress, look at the competitive market situation and consider future plans for OCG.

There are international teleconferences held approximately every two weeks among cross-functional teams. The teleconferences not only link the North American and European operations, but are

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held between OCG and Fuji-Hunt as well. Kenji Honda who is a senior scientist at OCG describes he operates in a liaison role between the Japanese company and OCG. He observes the language barrier is significant, and slides are often used to simplify communication. Fluent in both English and Japanese, Kenji Honda sometimes translates reports from Japanese. He comments simple translation is not sufficient, and stresses it is also necessary to capture the underlying meaning or intent of the text. This OCG employee notes it is important to recognize the cultural differences which exist between Americans and Japanese, and to acknowledge the different cultural philosophies which operate in each group. He adds telephone and fax are not adequate to create understanding across cultures, and advocates the necessity to meet face-to-face. Kenji Honda participates in the world-wide conferences and expresses these are an important mechanism for communication among employees who are in different locations, and who represent divergent cultural backgrounds.

4. The Performance Management Process

The Performance Management Process (PMP) is a system adopted from Olin to OCG. The purpose of the PMP is to link employee performance with the total quality program which operates in both Olin and OCG. Employees determine internal and external customer expectations and then set personal or team goals to meet those expectations. Generally, the aim of the process is to improve performance, and employee progress is monitored. The PMP is a form of employee performance appraisal or review and all employees in the company participate. The program applies to operations in

North America and in Europe.

As part of the PMP, employees meet with their supervisor and determine primary customers. Feedback is obtained from designated customers related to their current expectations, whether or not the expectations were met, and what is required for the future. Employees are not rated on a point system for performance, but rather whether or not they meet customer expectations related to the determined objectives. Both technical and interpersonal skills are considered. The HR manager explains the purpose of the employee reviews also has a developmental component. The process allows supervisors to know about employee objectives for career advancement, or of additional training which may be required. The original PMP was designed in a manner which was too complex to administer and communicate. As a result, a task force was assigned to make recommendations as to how the PMP can be simplified for hourly employees.

Currently, the PMP does operate in practice at OCG, but to differing degrees. Performance reviews are not returned to the HR manager by supervisors, and subsequently it is difficult to determine who is completing the process, and to what level of effectiveness. One manager who is located at the headquarters office remarks performance reviews tend to be more informal than formal. In his view, PMP is not used consistently and he mentions if the process is to be effectively implemented, a "top down" approach will be required which is tailored to the unique requirements of OCG. In the East Providence manufacturing plant, employees have been informed of the goals of the PMP, and how it is linked to the Quality Management Program. One hourly employee

describes he had been to a local hotel for two half-day meetings during which the PMP was explained. In R&D at the East Providence facility, one of the managers in the research group comments goals which are set for individuals or teams are reviewed at the next high level to ensure the goals fit with those of the department. According to him, not everyone had yet implemented the system. The PMP system has begun slowly in Europe, although it is currently in operation.

5. Reward and Recognition

a) Rewards

OCG operates a number of reward and recognition programs to encourage employee performance. The HR manager explains OCG aims to be competitive in the area of salaries. Under the Hay system, and using Olin criteria, a national survey is done periodically to ensure Olin (and now OCG) salaries are in line with those of other employers. The objective of rewards is to attract, retain and motivate staff. An employee's manager decides the amount of merit increase. A reward of an additional one-half to two months salary may be given as a bonus to employees who excel. The bonus could apply to groups as well as to individuals. An incentive scheme which had existed in the Olin Corporation for senior managers only, has been made available to both senior and mid-level managers at OCG. This scheme remains to be communicated to mid-level managers at all locations, and some of the eligible managers at the East Providence location did not yet know the details of the incentive program. Recently, awards have been established for special achievements and technological and commercial accomplishments.

These awards are substantial cash amounts and apply to either teams or to individuals. In addition, Quality Awards of smaller cash values have been initiated for employees who demonstrate quality performance.

Safety and attendance awards exist for hourly employees. If an individual has no lost time due to accidents during a quarter, he or she will receive twenty-five dollars for that period. If an entire department has no lost time from accidents for the year, each employee receives an additional 150 dollars. As one employee describes, he had broken his thumb the previous year and was off the job for eight weeks. This prevented all employees in his department from receiving the safety bonus. This employee feels only the individual should lose the bonus and adds some people are not reporting injuries to avoid embarrassment for causing others to lose the bonus. Maida Garabed is aware of the problems with this policy and plans to form a task team to consider the safety incentive awards.

A unique feature of OCG during the start-up phase is the leasing of CIBA-GEIGY employees to the venture. Under this arrangement, all the Ardsley employees and 3 employees in Switzerland who are designated as OCG employees remain on the CIBA-GEIGY payroll and benefits. This expense to the parent company is billed back to OCG. Once the Ardsley group, for example, move to East Providence they will be integrated into the OCG compensation policy and payroll system. Alternately, formerly Olin employees who are now in OCG are not leased, but are under the OCG system. Apparently the discrepancy in policy for the two groups results from regulatory characteristics and a desire to avoid a multi-

employer pension plan. For the formerly Olin employees this posed no problem as they were already on the Olin pension plan, and basically continue on the same plan. The former CIBA-GEIGY employees must remain leased until OCG establishes its own pension plan.

b) **Recognition**

In addition to financial forms of compensation, OCG management plan to expand nonmonetary recognition for employee achievements. A number of people mentioned CIBA-GEIGY has a good recognition program currently in place, and the intention is to include elements of that program in a package specifically designed for OCG. Already noted, there is a task force considering recognition for OCG employees. As part of the newly expanded program, a column in the employee newsletter highlights individual or group achievements. At Ardsley, a recognition dinner held to honor employees for their contributions was attended by the joint venture president and two of the vice-presidents. At East Providence, pizzas were ordered to the work site to celebrate a record amount of production for the month. One employee at East Providence suggests there should be an "Employee of the Month", and dinner certificates in recognition of efforts. Some forms of recognition existed prior to the formation of OCG, (i.e. annual patent dinners, retirement parties, and gifts awarded for length of service), and which will continue.

6. Staffing and Promotion

a) Recruitment

OCG was initially formed from previously Olin or CIBA-GEIGY employees who were transferred into the venture. Most of the Olin people designated for the JV were already in place at the East Providence location and remain there. In the case of CIBA-GEIGY, people were required to relocate to join the venture. Most of the Europeans refused to leave the parent company for OCG; Ardsley employees basically had no alternative but to join the venture. Further, employees are not be able to bid back to the parent firms for a two year period. In the case of a marketing and technical support group in California, most were offered jobs at the OCG branch in Arizona, and everyone who was asked to relocate refused. Consequently, many of the CIBA-GEIGY staff originally identified to be part of the OCG venture resisted this option.

As new staff are required, OCG will follow the Olin initiative and rely primarily on internal recruitment, rather than hiring from outside the parent companies. At this point most new hires are likely to come from the Olin Corporation. The HR Manager explains OCG positions are posted corporate-wide within Olin and Olin Hunt, but not within CIBA-GEIGY. According to the HR Manager, "CIBA said we were the minority at least as people are concerned. You don't have to post the positions." However, one of the CIBA-GEIGY executives found the policy of not posting jobs in the second parent quite surprising. He remarks "it was my belief that futuristically that both Olin and CIBA-GEIGY employees would have opportunities to bid into the joint venture." The executive admits Olin is more likely to have people who have greater experience in

the photoresist side of the business, but that this should not be "an excuse for why the jobs aren't posted here". Despite this policy, over time there may be more staff at OCG who bid in from CIBA-GEIGY. OCG President Jim Favier commented as the business grows he hopes to bring people in from both Olin and CIBA-GEIGY at lower managerial levels. It was his view more CIBA-GEIGY people should be hired into OCG.

In the East Providence plant, one manager says he would prefer to hire qualified personnel from each of the parent companies rather than to hire externally. In the past, people from outside the company would be hired on a temporary basis for hourly positions, and based on their performance would be permanently hired. The production manager explains he does hiring in conjunction with the foremen. There is currently not a system in place which designates hiring and interview criteria, although the HR manager is considering this issue. In most cases, jobs are posted in the plant although there have been some exceptions. New hires receive a safety orientation and a tour of the plant.

Staffing of key management positions was done before the official signing of the joint venture contract. The President came from Olin and had extensive experience in the microelectronics business. When he joined the joint venture, members of his management team at Olin came with him, although not in exactly the same roles. The most senior positions in the venture are split between Olin and CIBA-GEIGY.

b) Employee Transfers

Since the JV start-up there have been few instances of transfers between the various locations of OCG. To some extent

this is because the venture is still so new. However, in the research group at East Providence, a program has started which does allow for the transfer of some personnel. The product manager, Michelle Robeson points out some people have been exchanged between the St. Nicholaus technical services centre and East Providence, and between the Tempe customer support centre and Shizuoka in Japan. Staff from R&D in East Providence will have future opportunities to go to Basel to do basic research. She adds more transfers should be available to staff in order that they can gain broader skills and a better understanding of the business on an international level.

c) Promotions

Again, due to young age of the venture there have been few promotions. The HR Manager states the basis of promotion is an employee's ability, rather than seniority. In addition to technical skills, interpersonal skills are equally important. Presentation skills and the ability to work as a member of a team are also taken into account. Management reviews are done at year end and suitable upward positions for managers are considered at this time. The reviews take place between a manager and the person to whom he or she reports.

d) Qualities of JV Managers

Considering the qualities important in OCG managers, one individual suggests managers should be both aggressive and entrepreneurial, in keeping with the market niche the company has carved for itself. The Director of R&D at Ardsley thinks it is important joint venture managers are resilient and patient. They must also have good communication skills and interpersonal

relationship skills. He adds when you are working with staff who come from different backgrounds and approaches, (i.e. as occurs in each parent company), it becomes critical to understand people's approaches and motivations. In joint ventures, a manager needs "to maximize what you can do yourself and what you have your parents do for you. So your managers who will be successful, I think, have to understand their own culture, both parent cultures, and where they can make use of them". Along this line, a manager who was recruited from Olin notes the importance of being open to what both parents can offer to the venture. He expresses "it would be very easy for me to close my eyes and say, well I'm used to doing it this way, and we're going to do it this way [here]. So I think being open to those things, being willing to change. And having the ability to help other people who are not so willing to change, to help them to change."

The Vice-President for HR at CIBA-GEIGY U.S. comments an HR manager in a joint venture would ideally have a breadth of experience in multidisciplinary settings, for example in different industries, or in the same industry but at different levels of a plant or division. This person should prefer adaptability, rather than predictability. He continued when there is an international component, the HR manager should have international experience and exposure. Multiple language skills to match those of the national origins of the parent companies would be desirable.

7. Training and Development

There is substantial emphasis on training for managerial, supervisory and administrative staff at OCG . A wide variety of courses are offered primarily through the Olin training facility at Stamford. A list of the training packages offered at Stamford is sent to employees twice a year. Training is provided in TQM, interpersonal skills, teamwork, supervisory skills, report writing and software training, among other things. In addition to the internal (Olin) training programs, OCG employees are encouraged to attend external training for which the company pays in full. Little technical cross-training exists between OCG and the parents. One manager explains this is because OCG already has staff who are strong in the microelectronics business who have moved there from the parent organizations.

The HR Manager, Maida Garabed, identifies training needs for the organization and then implements the necessary training programs. For instance, Maida identified a lack of supervisory skills in some of the staff at East Providence, and supervisors and hourly lead people did receive training in this area. In the R&D group at East Providence, a manager in the research area said 80 to 90 percent of the time people can attend courses which they choose.

Most of the training received by hourly employees at East Providence is on-the-job. There is a manual of standard operating procedures for all the jobs in the plant and every employee receives a copy. When learning a new job, employees and supervisors complete a skills checklist to ensure skills have been acquired. Safety training is a priority. Beyond on-the-job training there is little additional training available for hourly

employees. One line worker mentions he is currently working most Saturdays and many ten hour work days and that there is no time left for training. A need for computer training was identified for some of the hourly employees and they are to receive this training sometime in the future.

Some retraining is offered at the plant level. To eliminate the cultural barriers between the R&D and manufacturing groups cross-training between departments will be initiated. This also serves to expand employee skill bases. Job rotation exists in certain areas such as packaging, so employees can train, and then alternate, among the various jobs in that area. As equipment in the plant changes and becomes more sophisticated, the maintenance staff will receive skills upgrading.

D. Results of the Employee Questionnaires

Thirty three people responded on the two questionnaires. This included 9 females, 19 males and 5 unknown. The average age of respondents was 39.0 years, with a standard deviation of 9.92 years. Three employees who responded had not completed high school, 2 had a high school education, 15 had a Bachelors degree or some college, 3 had Ph.D degrees. Related to how long employees had worked at OCG, the length of time indicated was 8.19 years, with a standard deviation of 6.83 years. As OCG was less than one year old when the questionnaires were completed, it is apparent respondents referred to the length of time they had worked for the company when it had previously been Olin Hunt and before that Philip A. Hunt. Eleven respondents reported they had no days absent from work in the previous year.

1. Minnesota Satisfaction Questionnaire

Mean scores and standard deviations for each item of the Minnesota Satisfaction Questionnaire (MSQ), aggregated across all respondents appear in Table 5. Aggregated mean scores for overall job satisfaction and scores for intrinsic and extrinsic categories are also listed. The percentile score for overall satisfaction is 70.69 and falls somewhat below the 75th (or higher) percentile designated in the MSQ manual as the relative cut-off point for a high degree of job satisfaction. Standard deviation of the responses is 13.14 which represents wide variation in employee responses around the mean. Percentile scores are fairly high (76.87) for intrinsic satisfaction and moderate (60.30) for extrinsic satisfaction. Referring to Table 5 these scores are represented as aggregated mean scores out of a maximum score of 5 for a single test item. More specifically, respondents gain intrinsic satisfaction from being able to keep busy (4.27) and work alone (4.21). They indicate they have a chance to do different things (3.93) that don't go against one's conscience (4.03) and are given the chance to try their own methods for doing a job (3.81). There is a relative degree of feeling accomplishment from the job (3.76). Related to extrinsic satisfaction, employees did not like the way company policies were put in practice (2.57), nor did they like their salaries relative to the amount of work performed (2.94) and the chances for advancement (2.81). Employees indicated they received little praise for doing a good job (2.93).

2. The Culture Inventory

Results of the Culture Questionnaire appear in Table 6. As with the results of the MSQ, scores are represented as aggregated means for each item of the questionnaire. Mean scores are also listed for each cultural category represented on the inventory: group, developmental, hierarchical and rational cultures. In addition, the overall score for the questionnaire is listed. OCG employees scored highest on the rational culture category (9.99), indicating some focus in the company on achievement, production and task accomplishment. Based on the results there is not strong evidence for either a hierarchical culture demonstrated through an emphasis on rules and order (8.49), or a developmental culture which typically nurtures innovation and creativity (9.11). The lowest score is in the group culture category (7.14). This category considers whether respondents view OCG as a personal place to work, with an emphasis on human resources.

3. Guide to Human Resource Management Practices

The Guide to Human Resource Management Practices was completed by Maida Garabed. As the only HR person attached to OCG in North America, she expresses her opinions of how various personnel policies operate in the venture. Of interest, Maida indicates many dualities of HR philosophy exist at OCG. For example in the area of planning, she notes planning is both formal and informal based on both a short-term and long-term focus. There is an emphasis on planning at both a group and an individual level. In her opinion, planning has high employee involvement, a high risk-taking focus and is integrated with the plans of other departments.

Table 5

Results from the Minnesota Job Satisfaction
Questionnaire at OCG Microelectronics
As Aggregated Scores Across All Respondents

Item	Mean	SD
1. Able to keep busy	4.27	.80
2. Chance to work alone	4.21	.70
3. Chance to do different things	3.93	1.06
4. Chance to be somebody in the community	3.45	1.03
5. Way my boss handles people	3.18	1.16
6. Competence of supervisor's decisions	3.64	1.32
7. Able to do things that don't go against my conscience	4.03	.88
8. Job provides steady employment	4.03	1.13
9. Chance to do things for others	4.00	.88
10. Chance to tell people what to do	3.33	.96
11. Job makes use of my ability	3.57	1.39
12. Way company policy is put into practice	2.57	1.09
13. Pay related to the amount of work	2.94	1.27
14. Chance for advancement	2.81	1.31
15. Freedom to use my judgement	3.72	1.21
16. Able to try my own methods	3.81	1.10
17. The working conditions	3.48	1.06
18. The way coworkers get along	3.00	1.30
19. Praise for doing a good job	2.93	1.17
20. Feeling of accomplishment from the job	3.76	1.00

Aggregated Category Scores

	Mean	SD	Percentile
Intrinsic Job Satisfaction (items 1-4, 7-11, 15, 16, 20)	46.12	6.94	76.87
Extrinsic Job Satisfaction (items 5, 6, 12, 13, 14, 19)	18.09	5.61	60.30
Total Job Satisfaction (items 1-20)	70.69	13.14	70.69

Table 6

Results from the Culture Inventory
at OCG Microelectronics
As Aggregated Scores Across All Respondents

Item	Mean	SD
1. A personal place	2.27	1.10
2. Dynamic and entrepreneurial	2.18	1.04
3. Formal and structured	2.73	1.15
4. Production-oriented	3.48	1.09
5. Loyalty and tradition	2.39	1.14
6. Commitment to innovation and development	3.48	1.12
7. Formal rules and policies	2.85	1.37
8. Tasks and goal accomplishment	3.09	1.21
9. Emphasis on human resources	2.48	1.25
10. Growth through new ideas	3.45	1.15
11. Permanence and stability	2.91	1.44
12. Outcomes and achievement	3.42	1.12

Aggregated Means for the Culture Categories

Group Culture	7.14
Developmental Culture	9.11
Hierarchical Culture	8.49
Rational Culture	9.99
Total Score	34.73

In the staffing area, internal recruitment prevails. There are few career paths, due to the policy employees may not bid out of the venture to the parents for a period of two years. According to Maida, hiring and promotion criteria are clear and stated and career path information is available. Discrimination based on gender or social class is low. There is extensive overtime at both the East Providence and Ardsley facilities. Orientation sessions are in use for new employees.

Performance is based on both behavioral and results criteria and evaluations consider the total person as well as performance. Employee performance goals are both long-term and short-term, and group criteria as well as individual criteria are used. Employee participation is high, and there is explicit feedback provided to employees as part of the evaluation. Promotion is moderately paced.

Low base salaries exist for some staff groups, but otherwise salaries are competitive. Compensation packages are standard and fixed. Bonuses, wage increases or reductions are individually based. Rewards tend to be open rather than secret, according to Maida, and are available to only certain managerial staff in the organization. Incentives are both short-term and long-term. There are many financial and social "perks".

Training is short-term, and can be both broad and specific in nature. Training is provided both internally and externally, and can be either on-the-job or in the classroom. There is a group rather than an individual orientation. Employee input into training programs is low, although Maida notes this has increased in the last three months.

E. Summary of the Results

1. OCG is a small microelectronics company which supplies quality products to the semiconductor industry. Formed in January 1991, it is an example of a "triad alliance" with R&D, manufacturing, customer service and marketing capablilites in all three major electronics markets of the world. The company aim is be be the #1 supplier to the international market by 1995. Currently OCG ranks #3.

2. The JV brings together unique technologies of the parent firms, allowing OCG to have microelectronic capabilities greater than either parent would have alone.

3. In the original JV agreement, various support services including those in the human resource management area were contracted from Olin. Subsequently, Olin HR policy and practices have been primarily adopted in OCG, although some HR policies are under review, and will be specific to requirements of the joint venture. This arrangement reduces input and control by CIBA-GEIGY related to the HR function at OCG.

4. Ninety percent of OCG employees are formerly from Olin and the remainder are from CIBA-GEIGY. Currently, the CIBA-GEIGY group remain in the parent facilities and are leased to the JV. One of the major challenges for HR is the successful integration of the CIBA-GEIGY minority into OCG.

5. The aim of OCG is to be entrepreneurial and customer-oriented in order to produce innovative, quality products for the semiconductor industry. This goal is facilitated through a

Total Quality Management Program. This system emphasizes knowing and meeting customer requirements, as well as employee involvement in the product improvement process.

6. The HR role is central to meeting the quality goals set at OCG. The HR Manager was involved early, before th JV contract was signed, and remains proactive and integral in creating HR policy to meet the business demands of the company.

7. The HR function at OCG aims to build a unified culture for the JV. This task is made difficult by the need to a) integrate previously CIBA-GEIGY employees into the operation; b) bridge cultural differences between R&D and manufacturing; and c) create connections between the various decentralized units of OCG, both in the U.S. and globally.

8. OCG uses a wide variety of communication mechanisms, (i.e. task forces, teleconferences, and meetings), in order to link its diversely located operations.

9. A Performance Management Process exists at OCG which connects employee performance with the total quality program. This process exists for all employees and is a form of review which evaluates employee performance related to being able to meet customer expectations.

10. The management staff of OCG are expanding reward and recognition programs offered to employees. Currently, monetary incentive plans which are tied to performance exist for some managerial staff. The recognition system is currently under review in order to offer all employees greater encouragement for their efforts and contributions.

11. Staffing is internally focussed. Job postings operate, and to

date are posted corporate-wide with Olin operations, but not within CIBA-GEIGY. OCG employees are to remain in the JV a minimum period of two years before being allowed to bid back to either parent company for employment.

12. Numerous courses are available to salaried employees, primarily through the Olin training facility. Training for hourly employees is currently under expansion.

13. Employees view OCG as focusing primarily on achievement and task accomplishment. They tend to view the company as somewhat impersonal, with an underemphasis on human resources.

14. In general, employees at OCG express a fairly high level of job satisfaction, and indicate they are able to work autonomously. However, in general, employees are not in favor with the way in which company policy is put into practice.

CHAPTER SIX

OPTIMA CORPORATION[3]

A. Joint Venture Background

1. History of the Venture

Formed in 1977, Optima Corporation is a joint venture equally owned by Fiberop (50%) of the United States and Bauer GmbH (50%) of Germany. Optima is currently the world's largest independent manufacturer of fiber optic cable; the company also makes supporting components such as cable connectors and electro-optic products. These commodities are used in increasing quantities in telephone networks, cable-television systems, as well as in other areas of the telecommunications industry. Optima internationally markets fiber optic cable and strives to be a total quality supplier which consistently meets customers' requirements, on time and without defects or errors. The corporate office for the company is located in a small town in the Eastern United States. Manufacturing is undertaken at four plants. Two plants are within several kilometers of the corporate office, and primarily manufacture fiber optic cable. The other plants make elevator control cables and related support equipment which is sold to the telecommunications industry. Optima also has a distribution center and regional sales offices. Taking into account the employees in the optic cable areas, Optima has approximately 1250 nonunionized staff.

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[3] At the request of the joint venture management, they prefer the company name and identity of individual respondents remain anonymous. In keeping with this request, the joint venture name as well as the names of the parent companies are fictitious. The JV is located in the United States.

The parent companies contribute complementary expertise to the joint venture. Bauer is an international manufacturer of telecommunications equipment, electrical and electronic components and subsystems. It provides technical expertise in cable development to Optima, and has designed much of the equipment used by the joint venture in the cable manufacturing process. Technical staff are transferred from Bauer to Optima on a temporary basis to assist in the implementation phase of new equipment or technology. The other parent company, Fiberop, is a world leader in the development of high grade optical fibers. Fiberop is the primary supplier of optical fibers to the joint venture. In addition, a number of the management policies and procedures have been adapted from the American partner. In the early stages of the joint venture, many of the executive management group were transferred to Optima from Fiberop's organization.

2. Management of the Venture

The Board of Directors for the joint venture consists of eight members, four from each of the parent companies. The Chairman of the Board is from Fiberop. (In a second joint venture between the parents located in Germany, the reverse arrangement prevails, with four board members from each parent and the Chairman from Bauer). The president of Optima reports to a Fiberop executive in the telecommunications division. The joint venture president does not report directly to the JV board, although the Fiberop executive to whom he reports does. In the U.S., management of Optima is primarily guided from Fiberop, and the technical support is provided by Bauer. Board meetings for Optima occur every 90 days

and alternate between the U.S. and Germany. Major capital expenditures for the joint venture require approval from the Board. Optima does not function with an advisory committee, which serves to define issues for the joint venture and then reports on JV progress to the Board of Directors. There is however, a planning process which operates under the direction of the upper management group in the joint venture. Plans for Optima are developed by this executive group and then reviewed by the parent companies.

Although the influence of both cultures exists at Optima, the greatest impact on the joint venture is from Fiberop. This occurs in part due to the agreement by the parents to allow Fiberop management control in the North American venture. In addition, the large representation of upper level managers at Optima, who originally came from Fiberop, continue to influence the strategic orientation of the venture. As one manager remarks, "it's probably true to say that from a general standpoint the number of parent employees that are brought in [to the JV] probably has a big influence on how, and how fast the joint venture grows, what it looks like, and what kind of culture it has." Related to this, much of the focus on total quality manufacturing, and more recently a move toward employee high involvement systems in the manufacturing plants, has been infused to Optima through its Fiberop connection. As already noted, Bauer primarily provides the joint venture with technical advice and training on new equipment.

In the area of human resource management, managers have mixed opinions as to how much influence on policy and practice derives from Fiberop, and how much of HR functioning is created for the individual requirements of Optima. One senior manager, who feels

there is a significant influence from Fiberop comments,

> There's a much stronger influence on our organization by
> Fiberop than there is by Bauer, and Fiberop has a value
> structure that they make a strong effort of disseminating
> down through all parts of their organization...But when
> it comes to passing on information and systems issues,
> there does occur a lot of conflict in the sense that
> there are times when within the [Optima] organization it
> is perceived that Fiberop is trying to impose their
> particular HR systems on us. Not for our benefit, but
> for theirs.

Another manager adds there is a benefit to Optima in being able to absorb or adapt HR policies from a parent company. He explains it is less costly to use materials originally produced at Fiberop which are already prepared, and well conceived. In his view, Fiberop does not put any pressure on Optima to use their HR policies. HR staff at Fiberop operate in a support role, and provide assistance at the request of the management at Optima. An HR manager mentions much of the influence on personnel policies was derived from the quality focus central to operations at Fiberop. This individual notes, "Fiberop has said, and rightfully so, that we expect Optima to introduce, implement, and adhere to the whole quality process the same as Fiberop does. Now did that have to be quote forced on us, the answer is no."

Despite the assistance provided by the parent companies, Optima aims to operate in an autonomous fashion. One plant manager who had been in the joint venture since the beginning remarked "I don't ever remember it being written down or somebody coming out and making a statement, but the sense you got being here was that it was the intention that we would strive to be autonomous. And that was the direction we headed." Members of the management staff explain they have learned and benefited through the associations

with the parent companies. That relationship has changed over time. A Director at Optima remarks that in the beginning, the technology for the venture was supplied by Bauer and the fiber product by Fiberop. Now Optima is at the point where "we've manufactured so much more cable than Bauer that we're in a position of teaching and learning". He adds this was "an interesting byproduct of the relationship. Nobody anticipated it".

Optima's success is reflected not only in its market share but in the confidence which customers express toward the company. In the headquarters office, an open area displays a series of plaques and awards given to Optima by various customers for exemplary products and service. Although Optima does not intend to compete formally in the Baldridge competition, the company has decided to complete the necessary criteria to qualify for the award. The management at Optima have hired examiners to test them against the Baldridge criteria. In the past year Optima is the first non-Japanese company to be given a development contract to supply cable to Japan. One manager observed "it's a big achievement; we're real pleased with it".

A Vice-President and General Manager at Optima adds employees in the JV tend to be "very young, very aggressive, very open and creative people that are customer oriented". He states,

> Optima has gone from virtually nothing to, in the cable business, an equal share with AT&T. It's a real success story when you think we were nothing and now we've got a third of the market. We got there by being creative, by being responsive, and I think everybody understands that's the key to our survival.

B.   Strategic Orientation

1.   Achievement of the Quality Goal

Similar to many other successful companies competing with a global focus, Optima pursues a Total Quality Management system. This system has been largely adopted from Fiberop and is based on Milliken's philosophies. Essentially the quality statement serves as the primary mission statement for Optima. It reads,

> Optima's Quality Policy is to achieve Total Quality performance in meeting the requirements of external and internal customers. Total Quality performance means understanding who the customer is, what the requirements are, and meeting those requirements without error, on time, every time.

Built into the quality philosophy, employees are encouraged to produce high quality products and to learn to prevent errors and defects.   This is to be accomplished through management and employee commitment to problem-solving, corrective action, and the measurement and assessment of quality.

A Corporate Quality Steering Committee operates as the policy committee for the implementation of quality strategies.   This committee consists of the departmental vice-presidents who provide the overall direction and guidance to the company. At the next level, Quality Improvement Teams are responsible for the implementation of the Total Quality process. Each operational area has a QIT which functions to identify projects to be undertaken to enhance quality. For example at the plant sites, the plant manager and his immediate staff form the team. Corrective Action Teams work to solve problems which have been identified by the Quality Improvement Team. Solutions are based on determining causes of a

problem, data collection, solution searching and implementation. Error rates are displayed using graphs and other visual techniques.

Employees are to be actively involved in the quality process. To encourage involvement and "ownership" of the process, the management of Optima provide education and training in the quality concept. In addition, there is a company emphasis on vertical and horizontal communication, a team approach and recognition of employee achievements and contributions toward the quest for quality. There is evidence of the quality approach in action at both the corporate office and the two plants investigated in this research. At corporate headquarters the personnel office has a large board on the wall on which are listed items for action in the department. Communication is emphasized and there are various information meetings initiated by the personnel department to keep employees informed. To varying degrees recognition programs operate.

According to some managers at Optima, the creation of a system which truly involves and empowers employees has been initiated more from the plant level than from the vice-president and director levels. One manager remarks,

> Our vision is to be the market leader in our business in technology. And we're going to do that through the total quality process and I think the people, not necessarily at the top of the organization, but at the middle management level and down would say we're going to do that by empowering people...I'm not sure all of them [upper management] are convinced, or that they necessarily understand what that means. I think to some extent to people who grew up in a traditional organization, empowering people at lower levels in the organization to make decisions traditionally made by them or middle managers is very threatening. Because there's an element of job security that seems to disappear in that.

In theory, then, Optima aims toward the establishment of high employee involvement systems, but is currently in the formative stage of implementation of the concept.

A redesign program underway at both Plant 1 and Plant 2 focuses operations toward providing greater autonomy and responsibility to employees. Within the last 2 years Plant 1 has experimented with work cells and minifactories in which employees are given responsibility for the completion of units of work from start to finish. In addition, employees are to be given the mandate to do peer reviews, selection into their groups and to develop their own recognition procedures. Plant 2 plans to implement a similar process, but is currently in the preliminary stages of doing so. Quality Improvement Teams and Continuous Improvement Teams operate in both plants.

Following the quality mission statement for Optima, Plant 1 has developed its own mission statement. It is,

> We will be the cable supplier of choice by understanding and meeting our customer's changing requirements of quality, cost, and service. This requires an eagerness to change and the ability to make rapid, continual improvement.

Underneath the mission statement and appearing on a single page are listed a number of items which the plant personnel believe are essential ingredients of a quality program. In addition to considerations of creating quality products and meeting customer needs, there is an emphasis on the importance of creating meaningful work environments. This is expressed in Plant 1 by the following statements related to the plant mission:

1. Educated, empowered, enthusiastic, and flexible

   people are the competitive advantage.

2. A team-based environment is fundamental to our success.

3. Everyone will be treated with dignity and respect.

The management of Plant 2 likewise intend to create a mission statement unique to the goals of the plant. In addition, there is currently consideration that each work team within the plants will create their own mission statements. This will serve to make more specific and meaningful the goals of each work team, while still operating within the overall framework of a total quality system.

One plant manager describes the past and current strategic orientation at Optima in the following way,

> We've gone through phases and in the initial phase was probably technical strength. In the early eighties we had the best fiber optic product. I think in the late eighties, we had fiber optic products that were as good as anybody else's, maybe a little better here and there, but there's a lot of good products...but I think the differentiation has been our quality and our service. And I think that's the thrust that we think we need to continue, to take it to the next level.

This individual continued it used to take six to eight weeks to ship products and now in some cases it may take 48 hours. Consequently, staff at Optima need to be able to rapidly respond to changing customer needs within their manufacturing operations. The company must to be able to change product volumes and to have short lead times. Products are required to be transferred more quickly. To accomplish these tasks, the manager adds to his above statements, "I believe the only way we can do it is to gradually change the culture of the people from one where we've not asked them to use their brains much, to do busy work, to one where they feel they own the business".

C. Human Resource Management at Optima

1. The HR Departmental Role

The HR function at Optima is represented at several levels. At the highest level at the corporate office there is a Vice-President of Personnel who operates in an equivalent position to other vice-presidents in the company. Also located at corporate headquarters is a Personnel Manager responsible for the needs of administrative and managerial staff. In addition, the Manager of Employee Relations deals with issues pertaining to hourly and technical staff rather than with exempt, supervisory employees. Among other things, his role is to deal with legal issues, employment related charges and discrimination. There is a Personnel department which reports to the Manager of Employee Relations. Employees in this department are primarily responsible for internal communications, worker's compensation and safety, recognition policies, company social functions, job evaluation, benefits, and compensation. Each plant has a Personnel Manager.

The human resource management function is considered central in the strategic business planning process at Optima. The senior Vice-President of Personnel is part of the executive planning group which meets with the JV President on a weekly basis to chart the course for the company. In referring to the HR function, one vice-president remarks the Personnel Vice-President is in a "position to see what's coming months ahead of anybody else...we people plan [in the executive sessions] once a week in a macro sense". He adds the Personnel Vice-President is "very active, very proactive in terms of causing the management to make decisions about people". Another

executive who participates in these weekly management meetings remarks the first thing they do in the meeting is to look at "nosecounts" and the company standing on safety and other personnel issues. He mentions personnel is an "integral part of the business". This individual adds he thinks HR is primarily driven from a profitability standpoint, and every employee represents $100,000 in associated costs.

Related to the strategic role which HR has at Optima, one of the personnel managers comments,

> One of the things we [personnel] are doing with our business plan is that we're driving more of the people part into that plan, which in previous years we didn't do very much of that. So in today's environment I think our role is to ensure that we have the kind of resources we need to meet the business conditions...I must say that our people part of the company, the personnel piece of the company is an integral part of the whole business planning process...This gives us an opportunity to look at the business in terms of labor cost, in terms of all those kinds of costs that we have in terms of our wage and salary structures, our benefit plans.

Another personnel manager sees an additional piece of the HR role as "changing and/or emphasizing the company value system". This manager elaborates the important issues for Optima are quality, employee involvement, team-based manufacturing and administration, diversity, safety, and compliance with environmental regulations. He sees personnel in the role of "initiator" of policies which meet the company goals. In the process of redesigning strategies to enhance employee involvement, members in the HR department can act as catalysts to expose line management to different modes of thinking related to work relationships.

At each plant personnel is given autonomy to create HR policy to meet specific plant requirements, while retaining the

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overarching strategic direction of Optima. For policies which are centrally controlled like pay and benefits, the personnel managers in the plants do have the opportunity to provide their recommendations. One plant manager observes,

> At the plant level, we pretty much decide here what we're going to do. Now as things tend to become perhaps a little more of a departure from our history, we obviously talk to corporate personnel and have a lot of interaction there. For example, the trend has been to reduce the number of job classifications in the plant area and we've kept in touch obviously with the corporate group to keep us honest and make sure they don't have heartburn with some of the things we're proposing.

The personnel managers at both plants are actively involved in the redesign of the plants to become more participative team environments. As one personnel manager in the plant comments, his role is "part of the plant leadership team, to develop the plant culture, to work to ensure the team activities give us the results we're looking for. To make sure that we don't violate any of the wage and hour...guidelines and laws. To help to develop the structure long-term that is going to make us successful."

In general, the joint venture has the opportunity to borrow HR policies from the parent companies, in this case primarily from Fiberop. As one personnel manager explains,

> The one thing we have been able to do at Optima, which related to a company our size as compared to Fiberop or Bauer, is that we've been able to draw on the resources of both of those companies. We have been allowed to use systems of theirs if we chose to use them without them being driven down to us. So that's been a tremendous advantage and resource for us to be able to do that. Some of the things that we have chosen to do the same -- more of Fiberop than Bauer.

Personnel managers from Optima participate in conferences in the human resource area which are organized from Fiberop. Through networking between the personnel staff at both Optima and Fiberop,

HR policy information is exchanged informally. Although Bauer does not currently have HR conferences, the company is considering this alternative. If this were to occur, the personnel managers at Optima would attend.

According to one of the personnel managers, a challenge for HRM is to perform at a high level of competency in order to avoid intervention from the parent companies. Only if personnel needs are adequately met in order to fulfil the business plan for Optima will the joint venture be allowed to operate autonomously. This manager sees a second important challenge to the HR department as the avoidance of union intervention. This individual remarks both parent companies are unionized, and that occasionally the union indicate interest in the unionization of Optima as well.

Managers have various perspectives relative to the functioning of the personnel department. One manager perceives the personnel department to be in a helper role in the organization, and not operating proactively. He mentions the personnel group is generally viewed as involved in the operation of the company, but "when it comes to business strategy, and even the people issues, that is all driven by the business people". This individual notes that until the need arises, personnel at Optima will remain a staff function. "There's a lot of pressure frankly right now that they ought to be more active, at least in some of the areas where human resource management is affected, and I think some of that is starting to happen but it will be the need that drives it."

To some extent, the future development of a proactive role for HRM at Optima will depend on the ability of members of the personnel department to convince managers their unit has a

significant role to play in the company. This also depends on receptivity by managers to allow personnel to become more proactive. When one manager was asked the role personnel might have in developing the culture of Optima, he replied, "I'd say they don't have a role". He continued that was the president's function and "to me HR is a staff job and they serve people on the line, and whatever the line people think they need, HR should provide". This same individual felt perhaps if personnel had more resources in terms of people, that they may have more time to handle new initiatives "rather than just keep us afloat".

2. Employee Involvement Systems

a) A Team Concept

The implementation of employee involvement systems is most rapidly occurring in Optima's plants. The team concept was initiated primarily by the production manager and the plant manager in Plant 1. In approximately 1988 the production manager at the plant first became interested in a team-based approach to manufacturing. She convinced the plant manager to try the concept on an experimental basis. In 1989 equipment was reorganized and employees were identified to work on a pilot team. In 1990 a second pilot team was added which was designated to operate on a permanent basis. Extensive training in employee involvement concepts and philosophy was begun. The results have been good, both in terms of employee enthusiasm and product quality. The training coordinator in the plant remarks, "it was an experiment, just to see if it [a team approach] would work with this type of environment. And it worked exceptionally well." By 1991 the

management at Plant 1 had decided to reorganize the plant to support the design team proposal. Currently, the entire staff of about 600 is converting to an employee involvement system.

The team-based focus has been actively embraced by the management staff at Plant 2 as well, although the plant manager intends to first stabalize the profitability of the plant before making significant alterations to the current operating style. The management at Plant 2 intends to more actively begin the transition to team-based manufacturing in 1992. Plant 2 has approximately 350 employees. To date the team approach is operating in the connectorization department where employees are situated in "work cells". In this instance employees work as a team to complete an entire task. This is in contrast to a "sequential process flow" where each worker is responsible for only one part of a larger process.

The philosophy driving the team or mini-factory approach is that employees work in autonomous units which are flexible and easily adaptable to product changes. The quality process remains firmly linked to the team approach. As the training coordinator at Plant 1 describes, the evolution of the team process has resulted from a desire to empower employees while at the same time enhancing product quality and company profitability. In his view,

> We're trying to give opportunity for our employees to empower themselves, to do more, to be better employees, to take more responsibility, to internalize the quality process. By cross-training...it gives these employees the opportunity to learn more, to develop their skills more, and they really take more ownership for the whole process they're working on.

Responsibility is allocated to employees, who are called "associates" in order that they can make decisions regarding their

work area. This not only includes responsibility for product completion, but for other functions which are relevant to the work team and which have traditionally been performed by management. In Plant 1, associates presently do their own work scheduling, preliminary quality checks, training and peer reviews. New recognition programs have been developed by a team of associates. Within the next few years, associate responsibilities will expand to include hiring and firing within their work group.

Activities among the various teams are coordinated by a team project manager for production who arranges weekly meetings for associate coordinators on each shift. There are various associate coordinator roles: quality, site coordinator for housekeeping issues, training, (i.e. scheduling and skill determination), production, and personnel, (related to attendance, safety and morale). Within each team, the associate coordinators have the responsibility for these individual areas. The project manager facilitates the meetings of coordinators from the various teams as a way of integrating and coordinating efforts across teams. For example, a coordination meeting would include the quality coordinators from all teams. This meeting offers an opportunity for coordinators to exchange ideas and information related to activities in their teams across various shifts.

In addition to the establishment of a coordinated system, teams are responsible for their own problem-solving. Continuous Improvement Teams (CITs) are in charge of improving some major function like the cables or connectors, or safety, for each shift. The CIT has its goals chartered by the Quality Improvement Team which is comprised of the management staff at the plant. The CIT

is cross-functional and has team associates working together with engineering or planning people, for example, to determine and prioritize problem areas. At Plant 1 there are two main production areas – buffering and coloring – and the CIT will have members from both of these production areas on a single team. On a coloring CIT, for example, some associates from the buffering area will be involved in solving problems for the coloring group in production. This would be reversed for a buffering CIT. In addition, the plants also have Corrective Action Teams (CATs) which form to work on specific problems, and once the problem is solved the CAT is disbanded. In Plant 1 there are 14 CITS and 30-35 CATS operating as of mid-year 1991. Employees are informed of CIT and CAT progress through the minutes of team meetings which are posted near the plant cafeteria. The minutes may include the team goal, modifications completed or ongoing to a production process, recommendations for future changes, and projects currently in progress.

The keys to the effective implementation of an employee involvement system are closely related to the human resource practices operating in the plant. As the training coordinator in Plant 1 points out, training and education of employees is critical in order to communicate the goals and benefits of the new system. The plant training department takes a wide-based approach to employee education and teaches a variety of courses including business awareness, communication skill building, group dynamics, conflict management, and group development. Related to production skills, training responsibility is gradually being handed to associates who take "train the trainer" courses and then in turn

train other associates related to work procedures. Job classification systems are under revision so there will be fewer job categories, and therefore more flexibility related to job rotation and cross-training. Selection procedures are being modified so new employees are hired only if they have the potential to be good team members. In concert with these changes, the company is instituting new recognition systems, and eventually a revised pay system which aims to reward employees on a "pay for skills" basis. In many instances, future changes in the plant are based on outcomes from the Continuous Improvement Teams who are comprised of associate members. It is a CIT which is currently working to create a revised recognition system for associates in the plant.

b) The Creation of New Roles

Apart from specific system changes, the management staff at the plants recognize the importance of more generally changing the way in which managers, supervisors and associates conceptualize how work is to be accomplished. A department head in one of the plants remarks,

> I think the biggest challenge is getting the workforce on our side. Not opposing us. Changing how management is viewed. Instead of somebody [managers] walking around with a big stick telling you what to do, as people who are there enabling them [associates] to work better, work smarter. And that's radical. That's not just radical for the plant, it's radical for management also.

This individual thinks there is likely to be covert resistance from management. A project manager in the plant adds resulting shifts in power are more a problem for line supervisors than for managers. Supervisory power may be hoarded if associates are not given approval at the supervisor level in order to carry out a new idea.

As managers share power with workers, in turn associates are required to be willing to accept more responsibility. One supervisor remarks "a lot of the operators are hesitant to take on responsibility. They like someone else making the decisions." He adds to some extent associates want to see tangible examples of management's intent to change the operating systems. Much of this relates to establishing a better trust between management and the associates. However, this process has begun. There are no time clocks to punch at Optima's plants. As the personnel manager points out "we trust them [the associates] to write down the time they work on their time card and turn it in. So for some of these folks it establishes an immediate trust that they've never felt before." Managers feel open communication with employees is important. For example, associates were included in a budgeting meeting with the marketing group in which sensitive budget information was shared. In addition, there is a conscious effort on the part of management to solicit employee suggestions related to the change process, and then to implement these suggestions. The department head of connectorization comments he had asked some of his group to volunteer for a team to look at production capacity and that seven associates volunteered. He said some of them would have never previously volunteered for the task, and he believes employee attitudes were slowly beginning to change.

For some employees, the trend toward a participative manufacturing system can have positive benefits. An associate who is a member of one of the experimental work groups in Plant 1 comments,

I think our goal number one is total quality. And to achieve total quality I think we first have to achieve total quality people. Not necessarily the best, but I think that we should instill good morals, good all around practices within this company...I think that's what Optima's striving for...top quality, people who care, people who want to get ahead...I think Optima tries to make people feel good about themselves.

3. Communication Systems

a) JV-Parent Communications

Communication operates on multiple levels at Optima. This includes: communication between the joint venture and the parent companies, executive exchange related to the planning processes at Optima, and the communication of information from management to employees at both the corporate office and at the plants. Considering the communication linkages between Optima and the parent firms, there are many. These are primarily technical relationships in order to share product information and are accomplished through a variety of meetings. One Optima executive describes the communication exchange in the following way,

> You have your technical business meetings going on between us and them [the parents] all the time. The linkages run all throughout the company from the lowest level to the highest level. At the highest level there are the meetings, fairly major meetings every 30 days. There are also interim meetings of the [JV] Board of Directors...We have board meetings every 90 days and there's an interim meeting in between to make sure everybody is up to date. With geography, with 4,000 miles apart where the parents are located, two different cultures, a couple of languages to throw around, communications do take a lot of travelling and a lot of precision you might say. So it goes on continually at all levels. If I sat down and wrote down all the little committees and everything like that, it would probably be a standing list, a very long list. It usually falls back to, I guess, a strategic direction that satisfies both the owners.

Although there are formal mechanisms for communication between the

parents and Optima, several executives describe the information networks tend to be informal. There is frequent telephone contact, particularly with Fiberop.

One manager remarks much of the success of his interaction with members of the parent companies relates to "the nature and the personality of the individual people involved. Some of the people that we interacted with, depending on exactly how they behaved, how they treated us I think could have had a strong influence on what we did or didn't do. I felt that we were very fortunate we got along well with the people we were dealing with". Another manager mentions that it is the "old boy network" which underpins the communication system between Optima and the parent firms. He notes the importance of establishing specific contacts in each of the parent firms which are developed over a number of years. One way in which these contacts are established for new staff is for them to go on temporary assignment to the parent company. Likewise, it is important to have key people in positions in the joint venture in order that they are able to tie back to the parent firm. For example, the Vice-President and Director of Cable Technology at Optima is a Bauer employee who is able to facilitate the exchange of information related to the technology of the European parent.

One of the executives from Bauer also notes the important role language differences play in the communication process. He feels it is important for staff of a joint venture to know the languages of each partner. This is especially relevant in the start-up phase of the JV, when significant amounts of interchange are required between the parents and the venture. Optima does offer German language training courses, although most managers did not seem to

attend the courses. In this instance, most of the managers at Bauer speak English, and this provides the medium for communication among the different cultural groups.

Related to the personnel department, the three corporate HR managers from Optima attend meetings in the human resources area which Fiberop coordinates. Fiberop has a human resource council which meets at least twice a year for two days and is comprised of senior human resource executives from each of Fiberop's joint ventures, subsidiaries, and the parent company. The purpose of the meeting is to exchange information related to human resource activities in the organizations associated with Fiberop. There is also an annual HR conference organized by Fiberop which is available to a wider range of human resources staff. Optima typically sends ten or twelve of its staff to the conference. Apart from these formalized meetings, the HR managers at Optima are in frequent (usually weekly) contact with their counterparts at Fiberop. Although there are not formal meetings between the personnel groups at Optima and Bauer, the Manager of Employee Relations mentions there are two or three people in the HR function at Bauer with whom they share information and arrange transfers.

b)   Communication Within the Venture

Apart from communication between Optima and each of the parent companies, various mechanisms for information exchange exist within the joint venture. Communication among executives at Optima is facilitated through weekly meetings during which the President and Vice-Presidents of the company meet to discuss major issues and directions for Optima. In addition, there are monthly meetings which include upper-level representatives from management. One

executive describes communication as "very good at the middle and upper management level because we have business teams that meet every month and discuss the business at a very high level and discuss outside forces and things that are going on that influence the business..." The outcomes of the monthly meetings are passed to the middle management level through both written communications and informal channels. The executive continues "there probably isn't as much communication as there should be all the way down through [the company]." However, the relatively small size of Optima serves to aid in the transmission of information. There is an emphasis on the charting of data on graphs to relate to employees the company performance. Optima relies on a voice mail system, which seems to be a critical link in allowing all levels of the organization to communicate with each other.

At the corporate office, the communication process is formally structured through monthly and quarterly communication meetings which are organized through an internal communications supervisor in the personnel department. The content of the meetings includes the financial performance of Optima over the previous month, new products to be brought on line, safety and other issues. The progress of the various company locations is reviewed. Guest speakers discuss markets, ongoing projects, success stories or failures. In the case of the communication meetings at the corporate office, employees are encouraged to voluntarily attend. In addition to the communication meetings, the internal communications supervisor is responsible for organizing "Koffee Klatches" which are informal gatherings of six or seven employees who meet with a senior manager to discuss pertinent issues related

to the company. There is no defined agenda for the meetings which are intended to provide employees with an informal setting to ask questions about Optima.

A television monitor near the staff cafeteria announces upcoming events, employee birthdays, and visitors to the company. Bulletin boards and information handouts provide additional mechanisms for communication. A company newsletter is published every second month, and is distributed to employees at the corporate office and at the plants. The newsletter has information about Optima's progress, company objectives, descriptions of various departments and their staff, achievements by individual employees, pictures related to special events, and a page on health issues.

In the plants there are regular meetings of the management team. According to one of the plant managers, selected information from these meetings is disseminated to lower levels in the plant. As with the corporate office, there are employee communication meetings in which operational progress and financial results are presented. Although actual figures are not shared with employees, graphs and charts are used to outline the company performance. Once a year the president of Optima meets with all employees on location to discuss the progress of the company, and other relevant issues.

The plants have "focus groups" which occur about twice a month, and like the Koffee Klatches at the corporate office, these meetings are comprised of small groups of employees randomly chosen from the plant, who sit with plant managers to informally discuss topics related to the plant. The groups are meant to be an

opportunity for employees to ask questions of management related to Optima. However, as one supervisor remarks, he was told by an associate the meetings are regarded as superficial, and that production staff hesitate to discuss "real issues". Apparently associates do not want to be classified by management as "a negative person", and subsequently may refrain from introducing topics of significant concern at the meetings.

Both plants have daily production meetings. In Plant 1, supervisors have weekly pre-shift meetings during which employees are requested to come to work 30 minutes early to review events of the previous shift and items which need to be addressed on the current shift. Related to the amount of information shared in Plant 1, an associate in one of the experimental work teams enthusiastically remarked the shift supervisors "are wonderful to keep us informed on administrative type things, manufacturing changes. Any type of things like that. They're great, they're great about communication." The associate adds their group has access to a voice mail system and there are two phones in the work area which everyone may use. The voice mail system can be activated from home or from work. The associate notes they are able to listen to the voice mail system daily and get messages communicated to the work groups from either supervisors or from other associates. In this way, information from an associate on one shift can be readily passed to members of a next shift.

Associates have the option of calling their own communication meetings in a work area, as necessary. There are quality communication meetings which focus on issues related to the production of quality products. Following the conclusion of

meetings for Corrective Action Teams and Continuous Improvement Teams, the progress of the meetings are posted on a bulletin board. Bulletin boards display job postings, the names of individuals who have completed various courses, as well as other items of interest to employees.

4. Reward and Recognition

a) Rewards

According to one of the personnel managers at the corporate office, the objective of rewards at Optima is to attract, retain and motivate staff. In particular, the company is seeking new ways to enhance employee motivation in the company. This individual notes salary policies for the managerial and supervisory staff at Optima are "identical to Fiberop". A salary plan is developed each year for salary increases. According to one of the executives, the merit increase program is "very structured, very well thought out, very well controlled in the sense of consistency." He added however, some reward inconsistencies are perceived by employees at the corporate office. This is largely related to employees outside the sales area who make contributions to the company, but who do not qualify for various sales incentive programs. Sales staff are able to make considerable amounts of money on the program, whereas employees in marketing for example, are not eligible for the same benefits. To date, employees have not been involved in designing their own compensation packages.

Recently, a unit cash award has been introduced at Optima to reward employees for high quality performance, successful completion of projects, or technical innovations. Based on a

supervisor's judgement, an employee receives the cash award. The award is "pseudo-secret" mentions one supervisor, and the names of the recipients of the awards are not publicized. The award is generally given on an individual basis, although there was one Corrective Action Team in Plant 2 which received the award. The cash amount was divided amongst the team members. There is also another cash award for outstanding contributors which is more substantial, (i.e. to a maximum of ten percent of an employee's annual salary), and has rarely been used. This reward is given by the supervisor to the employee in private. As with the unit cash awards, the reward is given to individuals rather than to groups. As one manager points out, this is incongruous in a company where at their largest manufacturing plant people are working together in teams.

Although Optima currently does not reward employees on a "pay for skills" basis, that is the intended direction for the company. At the plants, particularly Plant 1, a Quality Improvement Team is considering new forms of reward. The QIT will focus on creating systems which reward for skills and knowledge. At Plant 2, within five years the aim is to define skill blocks and to pay employees according to the number of skills they possess. At present, hourly employees at Plant 2 are rewarded for "time on the job with certain minimum performance levels". Although some managers in the plant suggest the pay system is viewed by employees as competitive compared to other employers in the community, another manager remarks in his area the pay system is "viewed dismally". He mentions the source of the problem is employees who have received lump sum bonuses rather than pay increases, based on Optima's

"perceived ability to compete".

b)   Recognition

In the area of nonmonetary recognition, a variety of programs exist at Optima's corporate offices. There is a peer recognition program for employee of the quarter and employee of the year; Total Quality Management preventor of the year; inventor of the year; and a president's sales club for employees who excel in sales performance. Since 1987, a PRAISE program has operated under which employees can nominate their peers for either small or more significant contributions to the company. For each nomination, employees receive a voucher worth three dollars which is redeemable in the company cafeteria or store. Employees who are recognized under the PRAISE program have their names posted on the Peer Recognition board in the cafeteria. On their birthdays employees receive a balloon and a candy apple at the corporate office. The plants have decided to create their own recognition programs.

Some managers at the corporate office do not actively support the company recognition programs. One supervisor explains he does not have nominations for employee of the month or quarter in his department.   He continues this form of recognition becomes meaningless when there may be a list of 30 employees who qualify as outstanding employees for a quarter. The supervisor adds, "I think it's lost its significance. Motivationally, it turns out to be a popularity contest in my opinion." Another manager remarks peer recognition programs like these will "die a slow death". This individual explains,

> A lot of the employees are uncomfortable being
> 'recognized' as the employee of the quarter because in a
> lot of cases they don't really understand why. And in a

lot of cases and in some departments, the reality is that the same person or the same two or three people would get the thing all the time, if the system was truly operating properly. And what that tends to do is demotivate the people who feel that yeah, it's there but I really don't have a chance of getting it [the recognition]. I'm more a proponent of a system that rewards people for improving over their prior performance as opposed to just picking out the best person all the time and saying you're wonderful because that really doesn't do anything for those people you're trying to move up. That person probably needs it [recognition] less than anybody. And I think a lot of those programs do that, they alienate a lot of people. And in a lot of cases, sometimes it's given to somebody because we're supposed to give this out every quarter, and we only got three nominations, and it may be for something that really isn't all that thrilling. And the person gets something and a bunch of people just sit there and shake their heads. It doesn't carry any recognition with it. I personally don't think those are really successful programs.

Although some departments or individual supervisors do not participate in recognition programs, some of the staff at the corporate office feel there is value in recognizing staff for minor accomplishments aimed toward creating quality performance.

In each of the plants, various forms of recognition exist, in many instances instigated by the employees themselves. In Plant 1, a Corrective Action Team has been involved in the creation of recognition systems for the plant, and the result has been a peer recognition program in which staff are nominated for employee of the month. As the personnel manager in the plant points out, this program is different from the recognition system operating at the corporate office. Previous winners of the award make future selections of employee of the month, based on interviews with supervisors and peers who are knowledgeable about the nominee's contributions. Recognition is given to employees who do "something above the ordinary", and there are ten criteria which are considered such as good attendance or punctuality. The personnel

manager adds it is not necessary the employee of the month make a major contribution, but the candidate should demonstrate all round exemplary behavior. The Corrective Action Team which is working on recognition is expanding programs in this area to include the recognition of teams. A jacket with the plant logo or team emblem on it will be given to employees as recognition for team performance. In the past, some informal team recognition existed in the form of taking teams to dinner or lunch.

Plant 1 also has an employee of the year award. The plant has "safety bucks" which are given to employees for accident free time on the job. For every month an employee has no accidents, he or she receives a five dollar certificate redeemable at the company store. Recognition is provided by supervisors at their discretion. One associate describes their team had worked weekends for six consecutive weeks, and as recognition their group leader took the team to lunch.

The plant manager at Plant 2 describes "we try to do quite a lot with recognition and they're all home grown". The aim is to have "little and often" and to "try to recognize successes when we can"; this may vary from free soft drinks on a given day for good scrap results, or a free meal. As in Plant 1 there is an employee of the month program which is managed by the employees. The employee of the month receives a cash award, a T-shirt, a plaque, and has preferred parking near the front door for a month. An employee who wins this recognition is automatically put on a list for employee of the year and is eligible for more cash and other prizes and preferred parking for a year. The training coordinator at Plant 2 remarks these awards are "fairly prestigious and I think

the employees perceive it as that. Although I've heard the complaint that it's a popularity contest, but I've only heard that from a couple of people."

A "Dinner for Two" program at Plant 2 provides employees with a complimentary dinner for high levels of performance on the job. At the completion of a CAT project, employees get a shirt, luncheon, and their picture and name in the company newsletter and in the plant newsletter. When employees complete a training class they get a framed certificate. If additional training is completed stickers are provided which employees may add to the certificate. The plant if considering a "Recognition Wall" where employees may hang their training certificates. One of the line workers in Plant 2 remarks although he didn't think getting "some little certificate" was important, he liked some of the other forms of recognition. In his view, eighty percent of the staff like the recognition and the awards provided by the company.

5. Staffing and Promotion

 a) The Selection of Managerial Talent

The senior management at Optima are primarily employees who have previously worked at Fiberop. The only manager who comes from Bauer is the Vice-President and Director of Cable Technology. It is likely this position will always be staffed by a member of Bauer, in order to retain access to the technology in the large cable group within the German parent company. At Optima, where the executive positions have been predominantly staffed from Fiberop, the concern by the other parent and by the JV management is that the quality of the staff sent from Fiberop to the venture are of a

high calibre and capable of running the business. One executive at

Optima, who had previously been an employee at Fiberop, explains

there had been some problems with the early staffing of the joint

venture. Although transfers from Fiberop to Optima are now first

approved by Bauer, there had been a period when Fiberop had sent

employees to the joint venture who were highly paid but not

essential to the business. The executive continues,

> Frankly, some of the people who came down [to Optima]
> were highly paid. And when you've got high paid people
> that really nobody understands their function or their
> role, they're really not needed by the business, at least
> in the other parent's perception, right. It's half their
> [Bauer's] money, they're paying half their salary and
> it's almost that simple. But those were the growing
> pains. In all honesty, we went through that phase.

Since those early days, Optima is still primarily staffed from

executives from Fiberop. Staffing, however, is now based on need,

and is given parental consent. Alternately, a personnel manager

remarks in some instances, Bauer has wanted to transfer employees

to Optima in order for them to gain experience working in the

United States. This may occur even if there is no obvious job

available in the venture for the employee from Bauer. The

personnel manager states "from an HR standpoint this can be a

little disconcerting in terms of finding a spot for that person. In

a sense sometimes they're imposed upon us."

One of the senior executives remarks he feels the venture does

not need any more senior staff transferred from the parent

companies, but feels Optima should cultivate new managers to the

company's specific business needs. He notes the cultures of the

parent companies are "just too far away from the culture we need

here." Consequently, Optima currently focuses on hiring new staff

from campuses or junior military officers, rather than workers with experience in other companies. The aim is to "grow talent from inside" rather than to "buy senior talent from the outside".

Hiring of management talent is usually done in a team interview. Everyone who is involved in recruitment has been trained in behavioral interviewing, and there are specific interview criteria which must be covered. The interview criteria are varied, but qualities such as initiative and decision-making ability are important requirements for new management hires. Technical ability is considered and there is some emphasis on having German language skills, according to one of the personnel managers. There are some standardized selection tests which are used throughout Optima. An interview response form exists for screening of non-management and administrative/technical staff. The form lists criteria which are considered in the screening process such as communication skills, interpersonal skills, decision-making skills, flexibility, self-motivation and level of responsibility and maturity. At this stage in the selection procedure the emphasis is more on personal than technical requirements.

b) Hiring in the Plants

At Plant 1 a hiring committee evaluates temporary employees for permanent positions at the associate level. The hiring committee for production, for example, is comprised of about 20 people who work on the line. There is a representative from each department and each shift. Members of the committee consider potential candidates for hire. Selection is based on a "mentor review" which is completed by the prospective employee's peers,

supervisor's ratings and attendance records. The personnel manager at the plant notes the system has been operating for approximately three years and is very successful. He explains initially line workers were sceptical that management was going to allow them to do the hiring. However, "our supervisors think it's the right thing to do, even though it took some of that quote power away from them". The personnel manager thinks they have made better hiring decisions now than using a supervisory hiring system. In the future the plant management intend to have members within a team do both the hiring and firing of associates to their own groups.

Plant 2 has the local employment office do pre-screening using the General Aptitude Test Battery. There is further screening in-house which considers personal qualities like honesty and the ability to work safely and in a team. Finally there is an internal interview given by a peer group of three associates. The selection procedure uses a list of interview questions and a standardized scoring system. It is the peer group who make a recommendation to hire or not. In most cases the group's recommendation is accepted, the personnel manager remarks. He adds employees are very concerned about having "the right people in the work environment".

c)   Career Planning

Once employees are located in Optima there is career path information available to them, in varying degrees, regarding other positions within the company for which they might be suitable or qualified. One of the personnel managers at the corporate office believes it is the employees' responsibility to initiate their own future career development. A career planning program is run twice a year. As part of the program, the Myer Briggs personality test

is administered to employees to help them identify their personality characteristics and where their interests and skills lie relative to available jobs within the company. In addition, the personnel department has grouped jobs at Optima in order that employees can determine within a matrix which jobs might be most suitable. Job descriptions exist in a book which are grouped together by "families". Employees are informed they can make appointments with the personnel managers to discuss career development. One personnel manager observes, however, few employees take advantage of these services.

To date, the career planning program has focused on hourly or administrative and technical staff. Despite this emphasis, the personnel manager in one of the plants mentions employees more informally find out about other jobs which might be available. He adds for administrative and technical employees there is a fairly natural progression from helper to operator, but there is not a system in place to inform employees of other opportunities once they reach the top level of a particular job. Hourly positions are filled based on seniority, although over time the intent is to staff positions based more on qualifications.

The personnel department has considered expanding the career planning program for managerial and supervisory staff. In the opinion of one manager at the corporate office, the company doesn't sufficiently develop it's managerial talent. He states,

> We don't do a good job of career pathing or developing
> people. It's just by chance. When a job opens up the
> supervisor scrambles to find out who's the most capable
> to fit in that job. But we don't really put any
> foresight into well, so and so is eventually going to
> retire or get promoted, or whatever. And we don't
> develop an organization underneath that person or groom

the right people.

As the organization becomes flatter, the personnel manager notes to "keep people excited and fresh there may be more opportunities moving cross-functionally". Presently in Optima, people are more likely to be promoted who have broad experience rather than specialized skills.

d) Job Postings

In the case of supervisory and management staff, it is difficult to know which positions are to become available within Optima. Job postings generally exist for hourly, administrative and technical positions, and some lower level supervisory jobs but not for upper level positions. One manager in the personnel department advocates a system in which most jobs are posted. He expresses,

> The HR group would love to post exempt [i.e. managerial and supervisory] positions up to a fairly high middle manager level, but have not been able to get buy off from most of the organization in terms of doing that, even though most of them [managers] have operated with the process for administrative and technical people and manufacturing folks for years and are very comfortable with it...The posting process, and the desire to expand it into the exempt ranks and up to a relatively high level is a function of one, a self-identification process. Too much emphasis in the past in this company, and I think in a lot of others, is placed on the person's individual supervisor, and/or manager assisting them with their career planning. And what I think we fail to recognize is that there are a lot of managers in this company who have no cross-functional experience who would have a very difficult time explaining to people what other jobs are out there. And people who are supervisors and who are new or relatively low in the organization will have a very difficult time explaining to employees what jobs they should move through, if they want to get from point A to point B.

The personnel manager adds a posting process gives all employees the opportunity to look at available jobs, and then to apply for a

job if properly qualified. He remarks in the past employees have come to him and wondered why they had not been considered for vacant jobs at Optima, especially when the employee had not been informed of the jobs which were available.

An executive at the corporate office comments at the managerial level, staffing decisions are made through "negotiation, usually in a bar room between two competing managers off site. I can offer this person this. What can you offer him?" He continued he felt employee reaction related to this system was mixed. "I think to a great extent people would like to see all jobs posted so we would have a bidding process for all jobs regardless of level. I think the practical aspect of that is I don't want that to happen. It seems too inefficient."

Subsequently, rather than posting jobs for upper level management positions, promotion selections are make through a "people review" process. Under this system the vice-president of personnel, the personnel manager responsible for managerial staff, and the general manager for a unit meet annually with other key managers in a unit and "literally review every exempt person in their [the manager's] organization". Information related to an individual's strengths and limitations is summarized on one page of the "Performance Development and Review" form. The review focuses on what an employee aspires to do, and what he or she is capable of doing. Outcomes of the review are recorded in a set of minutes. The system has been operating for about eight years.

e) Qualities of JV Managers

In terms of the qualities important for managers who work in joint ventures, one manager at the corporate office responds

credibility is an important characteristic. He adds,

> Credibility has to encompass all the partners in the
> joint venture and the employees in the organization.
> It's probably I think, the single most critical element.
> If you have a lot of credibility as an individual...you
> have to then establish your credibility with the folks at
> Bauer, in our case with the folks at Fiberop, and with
> the people who work on the shop floor and with the people
> who work above you. And if you're working within the
> joint venture if you loose that credibility with any of
> those four, any single one of those four, it greatly
> impairs your ability to accomplish your tasks.

More specifically related to the qualities required of a personnel manager in a joint venture, one executive mentions the importance of being able to resist pressure from the parents to conform to policies which may not be appropriate for the JV. "It's very easy to be swept away on the tide of corporate policies from outside giants." Another manager observes a personnel manager must be "open minded, willing to communicate and being able to communicate...and maybe do things differently than you've done them in the past." It is important to "take the initiative to understand the individual businesses that we're in. And you have to be able to communicate that knowledge that you acquire, and ask the astute questions to the folks from Bauer and the folks from Fiberop and the operations people."

6. Employee Transfers Between Optima and the Parent Companies

a) The Transfer Format

Optima primarily transfers personnel between the joint venture and the parent companies, particularly transfers with Bauer, as a means of exchanging information related to technology. Transfers of staff from Optima to Bauer tend to be fairly senior people who are sent to the German parent company to manage programs, according

to an executive at Optima. In the engineering area, small groups of staff from Optima have been sent to Bauer for up to two years to learn various technologies. In addition, Optima employees have been sent to learn about equipment manufactured by Bauer before it is implemented at the plants. In the last year, two phases of operating people from Plant 1 were sent to Germany (11 people in total) for a 90 day period to receive training on specialized equipment.

A fairly continuous influx of R&D people from Bauer to Optima occurs in order to exchange information about technical processes and equipment. Typically, employees who are transferred to Optima remain for a period of two or three years. In addition to providing technical expertise to Optima, the transfer of employees from Bauer to the venture provides German employees with experience working in the North American market. On a shorter term exchange, high level German technical staff come to Optima for meetings and program reviews in engineering or other areas. In the case of technical transfers with Fiberop, these have been minimal for antitrust reasons. Fiberop is the primary fiber supplier to the venture. As already noted, business knowledge was transferred to Optima in the early stages of the venture through executives who left Fiberop to become permanent employees of Optima. Currently, transfers from either parent to the venture require the consent of the second parent prior to the transfer.

In the R&D area, an engineer in product development who was transferred to Optima from Bauer six years ago, remarks he thinks levels of communication and trust have improved between Bauer and Optima over that time period. This has been the result of

experience in working together as partners, shared business successes, and the cultivation of personal contacts. The engineer comments that as an employee of Bauer, he has more access to that parent company and its subsidiaries than would an outside employee. He specifically mentions an example when he was able to get information from a Bauer subsidiary, which he thought would have been very unlikely for an employee from Fiberop to obtain. In general, this engineer is able to get information from either Fiberop or Bauer. This is not the case for everyone. A member of the R&D project staff who is also a Bauer employee transferred to Optima for the last four years, mentions he would like to have more information related to his job, but that he has "to live with what I get. And I don't get a whole lot of information from Fiberop."

b) Relocation Policies

Optima does not have written transfer policies related to transfers between the parents and Optima. Despite this, transfer procedures are well established. Each parent company treats the transfer of employees to the venture as if the employee had continued to work for the parent company for the entire time. This includes conditions of length of service to the parent and uninterrupted benefits. Employees who permanently transfer to Optima from either Fiberop or Bauer are able to carry over their seniority and benefits from the parent company to the JV location. In reverse, employees who transfer to either parent company are able to have credit for years of service and benefits accrued while working at Optima.

Employees on temporary transfer to Optima from the parent companies remain on the parent company payroll and benefits, (i.e.

retirement or medical coverage), and reimbursement is paid to the parent company by Optima. If an employee from Optima were to go to a parent company on assignment, then the employee would remain on the Optima payroll and benefits, which would be billed back to the receiving parent company. In most instances, this means employees from Bauer will be getting more salary and benefits than an Optima counterpart in a similar job. In general this has not created any animosity among employees, who view the Bauer employee as temporary. In addition, the information about salaries or benefits at Bauer is not readily known, so employees at Optima are unlikely to be aware of the benefits and salary structures provided to employees on transfer from the parent company.

The personnel department is often involved in arranging transfers of employees, and assisting with the adjustment process. In some instances, however, employees have been transferred to Optima without the knowledge of the personnel department. One of the personnel managers remarks he thinks personnel should be informed of intended transfers. The personnel group also assist Bauer employees transferred into managerial positions at Optima to understand American systems and policies. Managers from Bauer transferred to Optima go through the orientation process, quality training, and are briefed on other company practices such as hours of work and overtime regulations.

For transferred employees a variety of relocation benefits exist. In the case of employees from Plant 1 who went to Germany for 90 days to gain experience on new equipment, they received a substantial salary supplement from Optima to cover incidental expenses. Travel and accommodation expenses were paid, as well as

one round-trip ticket home for a visit, or alternately a ticket for a spouse or friend to visit in Germany.

Employees transferred to Optima from Bauer are provided certain incentives to join the joint venture on assignment. On the Bauer retirement plan, every year spent in a foreign country counts as two years. Bauer guarantees transferred employees a position when they return. The German parent company pays for moving expenses plus additional expenses for relocation. This includes compensation for being away from one's spouse, funding for new electrical appliances, new clothing which may be required for a different climate, furnishings, and a car. Bauer will also pay for an apartment in the U.S. for one and a half months until the employee locates appropriate accommodation. Bauer provides a loan for a house purchase. The Bauer U.S. personnel department (located in the U.S.) will assist the transferred employee with Visas, tax information, and will buy back a house from the employee if it is unable to be sold, or will assist with the resale. While on assignment, Bauer continues to pay employee benefits for unemployment insurance, health, accident and retirement.

Given the large number of incentives provided by the parent company, one might expect employees are more loyal to the parent than they are to the joint venture to which they now belong. One of the employees who had been on assignment to Optima from Bauer for several years explained this was not really the case. Related to his commitment to Optima, he mentions his level of loyalty to the venture is more a function of his personal professionalism, regardless of the fact he is a Bauer employee and well cared for by the German parent company.

c) The Employee Perspective

For employees who transfer to Optima from Bauer for a lengthy period of time, they operate under many of the personnel systems of the joint venture. As described by transferred employees, there is good access for them to training programs. One project specialist comments he can go to as many courses as he feels necessary, located anywhere in the United States. Performance reviews are done by the immediate supervisor at Optima. In general, Bauer employees did not like the operating principles behind the review system. One individual comments the performance review is determined by objectives which must be met, however the realization of those objectives might be hampered by the ability to accomplish tasks in conjunction with others. Another employee on assignment explains he would like to "see performance measured on the quality of work you do, and not on...the timely basis of the finish of that work. You can turn out garbage on time, and you're good. You can turn out a great product late and you're bad."

One employee transferred from Bauer observes he did not like the reward system operating at Optima, and would like to see more monetary incentives for good performance. Related to recognition, another employee on assignment from Bauer who is responsible for the management of American workers, said he views quality performance as something an employee is expected to do. Therefore good work should not merit special recognition. He adds he expects employees "to do a quality job every day". He does not actively use the various awards operating at Optima such as employee of the month to recognize employees. He mentions Germans view expected employee performance somewhat differently than do Americans.

With respect to staffing, a transferred employee from Bauer feels the system at Optima operates quite differently from what he was used to in Germany. More specifically, he notes a tendency at Optima for staff to move to jobs in different departments from which they were originally located. Subsequently, people have broad experience, and less specialization. This employee said over a period of six years at Optima, he has worked under five different supervisors, all with different backgrounds. Alternately, he points out at Bauer a supervisor would have worked in the company for many years and have specialized expertise in a particular area. This individual feels these discrepancies are probably a function of cultural preferences.

On the part of American employees working at Optima, they have likewise noted some differences in their German colleagues which they identify as stemming from cultural background. One manager comments on variations in communication style. He says,

> In a way, you hate to stereotype it seems, but you know, the German culture is a much more direct culture in terms of dealing with people. And in this country, and especially it may be even more so in this part of the country, direct confrontation and/or very direct discussion or debate is not necessarily something that people are comfortable with. And so I think a lot of times, some of the folks that come from Bauer may be perceived as arrogant and argumentative and very much dominant personalities, when in fact, it's more a function of how people communicate in their country versus here.

7. **Training and Development**

   a) **The Focus for Training**

   The Training Director reports to the Quality department at Optima, rather than to personnel. According to the Training Director, the training division did report to personnel at one time. There was no attached significance to a shift in line of report, and the Training Director remarks the decision to report to Quality could have gone "either way". There are multiple areas of focus for training at Optima, with specific attention directed toward quality issues. As one executive describes, training is split into four areas: 1. personal training and how to handle stress, 2. communications 3. technology and 4. quality management. All employees receive training in quality and there is a growing emphasis on technological training. The Training and Development Manual lists numerous courses available to employees in the areas of personal development, supervisory skills, the "Optima Environment" which deals with how the company operates in its technological environment , problem solving and decision-making, quality, interviewing skills, and various technical courses, among others. An orientation course is available to new employees.

   A course in German language is offered, and at least two managers who were interviewed are taking the course. If an employee of Optima is relocated to Germany for a period of two or three years, he or she is given language and other cultural training programs prior to the move. Cultural training is provided through an outside source and offers comprehensive information about the German culture, history and political situation. There is a program for the employee's spouse and children as well.

According to one of the personnel managers at the corporate office, training is done once there is an identified need. "We have developed a core curriculum for certain jobs, on skills that are needed". Some of the training content at Optima has been adapted from Fiberop. The personnel manager continued when Fiberop has a new training initiative, Optima is usually given the opportunity to modify their materials to suit Optima's needs. None of the training materials from Bauer or Bauer U.S. are utilized by Optima.

Training is provided both internally and externally. The goal is to provide managerial and administrative/technical staff with forty hours of training per year. One executive describes the training division has some control of departmental training budgets and adds this ensures the proper amount of training is done. He says this is "a little bit of police control but it's also a way of efficiently coordinating training for the company". The executive feels most employees have access to training programs when they request them, usually subject to the supervisor's approval. Somewhat contrary to this, another manager said people in his group may go to a training session about once a year, and he doesn't spend his entire annual training budget. He claims employees are informed of available training courses, but don't ask for the training.

b) **Training in the Plants**

Each of the plants have their own training resource people who work in conjunction with the Training Director at the corporate office. Trainers in the plant take "train the trainer" programs. For instance, one of the training supervisors in the plant had

originally been a shift supervisor, who acquired skills as a trainer. There is ongoing communication between the Training Director at the corporate office and the plant training staff. In recent years, the plants have increased the amount of training provided to associates and introduced some cross-training and team member training programs. This is in keeping with the company philosophy to have greater employee involvement, especially in the production areas.

Plant 1 is actively involved in providing associates with team training. The training is in modules and includes business awareness, communication skills, group dynamics, conflict management, group development, and personality typing determined from the Myers-Briggs personality test. The "total team building concept" also includes a discussion of managing change, and an explanation of why the changes in the plant are occurring. Although cross-training had not yet begun in the plant as of the summer 1991, it was expected to commence in the months which followed. When an employee is cross-trained he or she will learn both coloring and buffering sides of the business. The management at Plant 1 have devised eleven steps an associate must learn in order to be a "full fledged tube associate". Likewise, there are eleven steps leading to the attainment of comprehensive training in the cable area. Tube and cable areas are the primary production categories for associates in the plant. Management is in the process of developing skills checklists for the training.

A consultant works with the plant training supervisor in the development of new training programs. Some training is done by the corporate office, some externally, and the majority of the training

is done at the plant. On-the-job training is done by peers who have taken a "train the trainer" program. The teams decide which members of their group will go to training, and in which order. In the past, training assignments had been the supervisor's role. According to one associate in Plant 1, they receive more than adequate training and this employee adds "it is continuous, it never stops. We never stop learning".

Plant 2 is behind Plant 1 in the area of training. The plant manager describes "our training program here from a formal standpoint is less than two years old. And prior to that if there was any training, it was kind of a buddy system on-the-job. You learned it as you go. But now we have a formal training program." As in Plant 1, there is an orientation for new employees and safety training. Employees receive team training; and recently technical training is provided on-the-job by associates who have taken the "train the trainer" courses. On Saturdays, four-hour training sessions are given to teams on handling conflict. Everyone receives quality training and there was a "quality refresher" during which the plant was shut down for a day to attend the training. Employees also go outside the plant to attend training seminars.

A cross-functional group of associates is beginning to develop a new system for training in Plant 2. Under the system, on-the-job training performance of an individual is evaluated by peers. Points are assigned for level of skill accomplishment. As an associate earns points, he or she will progress through various training stages, until the maximal number of skills is learned. Eventually the number of skills an associate possesses will

determine salary levels.

Apart from the associates, supervisors in the plants receive 25 modules of team training. The Training Director at the corporate office describes the shift in company philosophy toward greater employee involvement has created some difficulties for both associates and for supervisors. Associates need to take more responsibility. Correspondingly, supervisors need to relinquish some of the power they have traditionally retained. Referring to the dilemma of supervisors, the Training Director remarks "they [supervisors] are the ones that really get hit in the crunch...it can be very devastating. [We need] to let them know that they're going to win by being leaders instead of bosses." Part of the team training for supervisors addresses power shifts in the workplace.

8. Performance Appraisal

a) Performance Appraisal for Salaried Employees

A personnel manager at the corporate office describes performance appraisal is given in order to have a record of an individual's performance over the year and as a reference for future job fits. There is a developmental component which considers which additional skills an employee may require in order to move into another job. The personnel manager adds although this is his perspective, others in the organization view the review process differently. One of the executives remarks the purpose of appraisals is to "try and find the stars" and to create opportunities for them in the long-term plan of the company. Alternately, appraisals are a way to separate out the "dead wood" and the executive adds there is an emphasis at Optima on

repositioning or downgrading employees when necessary. For some managers, the most important reason for performance reviews is to determine if established objectives have been met, and subsequently the magnitude of salary increases. Although Optima has tried to separate compensation from performance, the linkage remains.

Performance appraisal is done once a year by the immediate supervisor, and according to the personnel manager, supervisors actually complete the reviews. Managers are given training in how to complete appraisals. The personnel manager mentions performance appraisal is done much more than four or five years previously. The personnel department ensures this, and "no merit increase will be processed unless there was a performance review submitted". Late submissions of reviews are tracked by the personnel group. The president of Optima endorses the importance of the performance appraisal process and consequently the personnel manager notes "it's a rarity when someone gets their performance appraisal late".

Appraisals for exempt employees (i.e. managers, supervisors and administrative/technical staff), are based on a "Management-by-Objective" system in which an employee and manager jointly set goals for the employee to accomplish in the next year. Performance for the year is matched to the previously set goals. Major accomplishments, strengths, developmental needs, training objectives and career interests or plans of the employee are ideally considered. The final page of the performance appraisal form is a summary form which is completed by the supervisor and used in the "people review process". The same system for review of exempt employees is used at both the corporate office and in the plants.

To accompany the performance review a "Managerial/Individual Behavior Inventory" exists which lists various work-related behaviors. This form serves as a behavioral checklist for the supervisor and the employee during the performance review process, and can also be used as a guide to setting future performance goals. The form is completed separately by both the manager and employee, and then ratings on various items are jointly compared during the performance review. Items for consideration include commitment to quality (i.e. meeting customer requirements, product improvement, and problem-solving); commitment to people (i.e. communication skills, the ability to take initiative); and commitment to leadership (i.e. goal setting, creating a team atmosphere, and managing for results). Also, a guide is available to employees which explains how to prepare for the review and suggests questions they might want to ask of the manager. It is recommended the review take two and a half hours.

In addition to the formal annual performance appraisal, one manager mentions every six months he has his supervisors do a "forced ranking" of how employees in his department are performing. The objective of this is to determine which employees are falling behind and to provide remedial help when necessary. This also serves as a vehicle for the identification of employees who are no longer desirable to the company, according to the departmental manager.

b) Performance Appraisal for Associates

Hourly employees in both Plant 1 and Plant 2 also receive a performance evaluation. There is a performance review form which considers both work performance and personal traits. A portion of the form allows an employee and supervisor to list objectives which need to be accomplished, if the employee is to advance at the next review. Currently in the plants a new employee begins at a base salary rate. Employees are reviewed every two months for the first year related to a pay increase. After this there is typically a six month and then a one year review. According to managers in both plants, the progression is automatic as long as the employee demonstrates adequate performance.

The personnel manager in Plant 1 notes employee performance is tied to the pay scale, but "there are no measures, it's totally subjective". Some supervisors have developed their own performance measures for employees, although there is not consistency from one supervisor to another. Reviews are done by supervisors, and as with the exempt staff, the personnel department does not process salary adjustments until the employee performance review is received. For the plants, the aim to move toward a peer review process for teams in the future. In one of the experimental teams operating in Plant 1 there has already been some application of peer reviews. One associate describes performance review in their group is done by all the other team members, while the team leader sits in on the review. Referring to the team leader role, the associate continues, "they [the team leaders] usually don't have any input, they just kind of sit back and listen to what we have to say. If something really gets out of hand that they may agree or

disagree with, they'll put their two cents worth in". Otherwise, the review is left to the team members. The associate considers this to be a fair process, and adds the team members are in the best position to observe how an employee performs.

D. Results of the Employee Questionnaires

Forty five people responded on the inventories. The demographics of the group include 12 females, 31 males and 2 unknown. The average age of the respondents was 36.3 years, with a standard deviation of 9.15 years. Of the employees who responded, 1 had not completed high school, 19 had a high school education, and 21 had a BA or BS degree or some college. Employees had worked at Optima an average of 7.15 years, with a standard deviation of 6.54 years. Twelve respondents had not been absent from work in the previous year.

1. Minnesota Satisfaction Questionnaire

Mean scores and standard deviations for each item of the Minnesota Satisfaction Questionnaire (MSQ) are aggregated across all respondents and appear in Table 7. Overall job satisfaction and scores for intrinsic and extrinsic job satisfaction are likewise represented as aggregated mean scores. Employees at Optima demonstrate a high level of job satisfaction. The percentile score for overall satisfaction is 76.53 and is above the 75th percentile identified in the MSQ manual as the relative cut-off point for high levels of job satisfaction. Standard deviation of responses for the overall score is 11.57 which indicates

considerable variation of employee responses around the mean. Percentile scores are high (81.7) for intrinsic satisfaction and moderate (65.9) for extrinsic satisfaction. Referring to Table 7 these scores are represented as aggregated mean scores out of a maximum score of 5 for a single test item. Respondents indicate they gain intrinsic satisfaction from the chance to work alone (4.42) and to do things differently (4.24). Respondents feel there is freedom to use one's own judgement (4.04) and the opportunity to make use of personal abilities (3.89). Likewise, respondents indicate there is a chance to do things for others on the job (4.20), and to tell people what to do (3.56). Optima is considered as a source of steady employment (4.53). Working conditions are indicated as good (4.07) and employees gain a feeling of accomplishment from the job (4.07). Scores for extrinsic satisfaction are generally lower. Respondents do not favor the way company policies are put in place (2.80), chances for advancement (2.98), or the pay policies related to the amount of work which they do (3.29). Of interest, scores are relatively high concerning how supervisors handle employees. Respondents score 3.57 for the manner in which their boss handles people, and 3.82 related to the competence of his or her supervisor's decisions.

2. The Culture Inventory

Results of the Culture Questionnaire are displayed in Table 8. In a similar format to the MSQ, scores appear as aggregated mean scores for each item of the questionnaire. Mean scores are also listed for each of the four organizational culture categories represented in the inventory: group, developmental, hierarchical

and rational cultures. As well, an overall score for the questionnaire is listed. Employees at Optima score highest on the rational culture category (10.64). This indicates employees perceive the organizational environment to focus on production, achievement and task accomplishment. There is some evidence of a developmental culture (10.08), suggesting to a degree Optima encourages innovation and creativity within the company. The score for the hierarchical category (9.24) suggests there is some attention at Optima to order, rules and documentation. The score for group culture (8.48) while the lowest score, still indicates employees feel a degree of loyalty and tradition in the company, and there is some attention paid to human resource practices.

3. Guide to Human Resource Management Practices

The Guide to Human Resource Management Practices was completed by the Manager of Employee Relations at the corporate office, as well as by the personnel managers in Plant 1 and Plant 2. In general, there is consistency between the three managers, although some differences are indicated in certain areas. In many instances dualities in HR philosophy or practices is indicated. For example, in the plants as well as at corporate office elements of both a group and an individual philosophy operate simultaneously.

HR planning is indicated as fairly informal and flexible. Although there are elements of both a long-term and short-term planning philosophy, the emphasis is more on short-term initiatives. As already noted, planning is focused on both an individual and group philosophy, with Plant 1 tending more toward a group orientation. Planning is integrated with the plans of

other departments and tends to involve low risk-taking. However, the management staff at Plant 1 is taking more planning risks as the plant incorporates a philosophy of high employee participation. Although the plant managers view HR planning as having a fairly high level of employee involvement, this was not indicated as the case at the corporate office.

In the staffing area, hiring tends to be based on a policy of internal recruitment. Orientation sessions are provided to new employees. There are few career paths available at Plant 2 or at the corporate office, although in the latter case promotions to lateral positions are becoming more prevalent. Plant 1 has several career paths open. Career path information is generally unavailable and hiring and promotion criteria are ambiguous and unstated. Discrimination based on gender or social class is low. There is fairly extensive use of overtime.

Performance appraisal is based on results criteria, especially for managerial, supervisory and administrative/technical staff who are evaluated using an MBO system. Reviews of hourly employees emphasizes behavioral criteria. The tendency at Optima is to evaluate the total person, rather than to consider only performance. Employee performance goals are short-term. The performance evaluation relies mostly on individual criteria, although there is a tendency to move toward group criteria in the plants. Employee participation in the review is high, and in most

Table 7

Results from the Minnesota Job Satisfaction
Questionnaire at Optima
As Aggregated Scores Across All Respondents

Item	Mean	SD
1. Able to keep busy	4.38	.65
2. Chance to work alone	4.42	.62
3. Chance to do different things	4.24	.77
4. Chance to be somebody in the community	3.73	.69
5. Way my boss handles people	3.57	1.23
6. Competence of supervisor's decisions	3.82	1.11
7. Able to do things that don't go against my conscience	4.29	.66
8. Job provides steady employment	4.53	.62
9. Chance to do things for others	4.20	.66
10. Chance to tell people what to do	3.56	.97
11. Job makes use of my ability	3.89	1.05
12. Way company policy is put into practice	2.80	1.32
13. Pay related to the amount of work	3.29	1.27
14. Chance for advancement	2.98	1.34
15. Freedom to use my judgement	4.04	.93
16. Able to try my own methods	3.69	1.12
17. The working conditions	4.07	.81
18. The way coworkers get along	3.71	1.06
19. Praise for doing a good job	3.31	1.02
20. Feeling of accomplishment from the job	4.07	.89

Aggregated Category Scores

	Mean	SD	Percentile
Intrinsic Job Satisfaction (items 1-4, 7-11, 15, 16, 20)	49.02	6.20	81.70
Extrinsic Job Satisfaction (items 5, 6, 12, 13, 14, 19)	19.77	5.26	65.90
Total Job Satisfaction (items 1-20)	76.53	11.57	76.53

Table 8

Results from the Culture Inventory
at Optima
As Aggregated Scores Across All Respondents

Item	Mean	SD
1. A personal place	2.93	1.16
2. Dynamic and entrepreneurial	2.44	1.08
3. Formal and structured	3.00	1.28
4. Production-oriented	3.60	1.14
5. Loyalty and tradition	2.82	1.19
6. Commitment to innovation and development	3.80	1.18
7. Formal rules and policies	2.86	1.31
8. Tasks and goal accomplishment	3.31	1.22
9. Emphasis on human resources	2.73	1.39
10. Growth through new ideas	3.84	1.04
11. Permanence and stability	3.38	1.15
12. Outcomes and achievement	3.73	1.01

Aggregated Means for the Culture Categories

Group Culture	8.48
Developmental Culture	10.08
Hierarchical Culture	9.24
Rational Culture	10.64
Total Score	38.44

instances implicit feedback is provided to employees. Promotion tends to be slow at higher levels in Optima, but there is a possibility to advance at lower levels of the organization.

Salaries are relatively high and relative to the industry are pegged at the 75th percentile for administrative/technical and hourly staff, and at the 60th percentile for supervisory and managerial groups. Employment packages are standard and fixed. Employment security is high and there have been no layoffs in five years. Many financial and social perks exist at both the corporate and plant levels. At the corporate office benefits include use of a company jet, theater or sporting event tickets, use of fitness centers, picnics, parties and golf tournaments. Rewards tend to be hierarchical and individually based. There is some focus on collectively shared rewards in the plants. Although some rewards are secret, there is greater openness developing around sharing information about rewards.

Training is generally short-term and specific in nature. Depending on the type of training, it may be provided to either groups or individuals. Training is given both internally and externally, and may be either on-the-job or in the classroom. There is currently minimal job rotation, although the plants aim to move in this direction in the future. Employee input to the training programs is generally high.

E. Summary of the Results

1. Formed in 1977, Optima is currently the largest independent manufacturer of fiber optic cable in the world. The company strives to be a quality supplier to the telecommunications industry.

2. The parent companies contribute complementary expertise to Optima. Bauer specializes in cable technology and provides technical support to the JV. Fiberop is an international leader in the development of optical fibers, and is the primary supplier of optical fiber to Optima. In addition, Fiberop has management control of the venture.

3. Optima has undergone various stages in its development. In 1980, the venture acquired a conservative copper cable manufacturing company. Subsequently, a reorganization of Optima occurred in 1985 and a "Total Quality" system was implemented. In this process, the management group at Optima was challenged to combine differing cultures of the original JV, the copper business and both of the parent firms.

4. Total quality at Optima is accomplished through education, communication and employee involvement. As part of the quality system, the plants are moving toward team-based manufacturing. Team associates will eventually perform tasks typically designated to management such as work scheduling, preliminary quality checks, training and peer reviews.

5. The HR function is linked to business planning through the Vice-President for Personnel, who is on the executive planning committee for the company. Personnel managers at the

corporate office and in the plants are actively involved in the creation and/or implementation of HR policy.

6. Communication linkages operate at multiple levels in Optima. Technical information is shared between the JV and the parent firms. Within Optima various formal and informal mechanisms exist for the exchange of information.

7. The management of Optima is expanding employee reward programs. Although salaries remain the primary form of reward, a new cash award based on performance has recently been introduced. In the plants, the future trend will be toward rewarding employees on a "pay for skills" basis.

8. Multiple forms of recognition exist. In the plants, associates have been involved in the development of recognition programs for their groups.

9. Staffing is primarily based on internal recruitment. Job postings exist for lower level positions. Upper-level management positions are staffed based on the recommendations of senior managers.

10. Employee transfers between Optima and the parent companies, particularly with Bauer, occur on a regular basis as a means to exchange technological information. Numerous transfer benefits are available for employees.

11. A wide variety of training courses exist for Optima employees, provided both within the company as well as externally. Recently, training in the plants has expanded and associates have been introduced to cross-training and team member training programs. Some in-house training in the plants is provided by the associates.

12. Performance reviews are completed for all staff at Optima. At present, salary increases are tied to the review. One of the plants is using peer review in an associate work team on an experimental basis.

13. Overall, Optima employees demonstrate a high level of job satisfaction related to their employment in the company. Employees consider the working conditions good, and feel there is an opportunity to operate in a fairly autonomous fashion on the job. They are less satisfied with pay policies or the chance for advancement.

14. Employees generally view Optima as oriented toward production and task achievement, as well as being innovative and creative. Employees perceive some emphasis on rules, documentation and HRM practices.

CHAPTER SEVEN

TRIAD MOTORS CORPORATION[4]

A. Joint Venture Background

1. History of the Venture

Triad Motors Corporation was formed in 1985 as a joint venture equally owned by Japan Motors Corporation (50%) of Japan, and Spartica Corporation (50%) of the United States.   Both parent companies are expansive, multinational organizations. Spartica is one the "Big Three" automobile manufacturers in the U.S.; Japan Motors is part of a highly integrated and industrialized network of companies located in both Japan and around the world. The decision to create a joint venture in the auto manufacturing industry was the result of approximately 20 years of cooperative relationships between the two parent firms. Triad manufactures a line of sporty coupes and sedans which are marketed in Japan and in the U.S. The manufacturing site includes a two million square foot building and a one and a half mile oval test track. The manufacturing and assembly facility has a stamping shop, a plastics moulding operation, a body shop, a paint shop and a trim and final assembly area. Triad is one of the most technically advanced auto assembly plants in the world, with more than 470 robots in operation. At full production, Triad has the capacity to produce 240,000 vehicles annually or 63 cars per hour. The joint venture has approximately

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[4] As with "Optima Corporation", the joint venture management prefer the joint venture name, parent company names and the names of individual respondents remain anonymous. Subsequently, the joint venture name and the parent company names are fictitious. The joint venture is located in the United States.

3,000 employees who are unionized members of the UAW.

Although the joint venture was announced in 1985, it took two years to finish the construction of the plant. The plant site was chosen due to its close proximity to various transportation systems, and because Japan Motors had been offered an attractive state grant to build in the area. From the initial JV formation in 1985, each parent firm had a planning task force in operation. One task force was located in Detroit, the other in Japan. Following the official ground breaking for the plant in 1986, Japan Motors sent a small task group to the U.S. to begin work with the Spartica task team. The first cars rolled off the assembly line in 1988, two months ahead of the estimated schedule. Success has come early to Triad. In 1989, Triad was named one of the Top Ten Outstanding Engineering Achievements for 1988 by the National Society of Professional Engineers. Triad's models have ranked as one of the "Ten Best Cars" in 1989 and 1990 by Car and Driver magazine. They have also been included on the "All-Star List" for Automobile magazine (1990) and as "Import Car of the Year" by Automundo magazine (1990). Triad's coupes were selected as part of AutoWeek magazine's "Magnificent Seven" automobiles (1990).

2. Parent Roles

Both parent firms contribute manufacturing expertise to the venture. More specifically, Japan Motors brings advanced technology and its manufacturing style to Triad, and is responsible for the design of the plant facility. Spartica contributes some design capability and testing. In addition, Spartica has experience with government contracting and labor relations in a

U.S. setting. In terms of benefits to the parent companies, Japan Motors is able to use Spartica's distribution networks to promote exports to the U.S. In a period, when American automakers are beginning to fall behind in market share to Japanese competitors, the JV provides Spartica with an open window through which to view Japanese manufacturing styles and processes. The vehicle models to be manufactured at the Triad plant are intended to be sportier than either of the parent firms has previously produced. Spartica had originally planned to drop a sports car model which had been on line before Triad began production, but ultimately decided to keep their sports version.

In the early stage of the joint venture formation, both parent firms agreed Japan Motors would take the lead in the management of the plant. According to an employee on the Spartica task team, their group had been told to "assist Japan Motors, but not to run the plant". In line with this decision, many of the manufacturing processes at Triad mirror those typically associated with Japanese production and management systems. For example, Triad has a "just-in-time" production system and operates using "kaizen" to facilitate the continuous improvement of work processes. Employees are cross-trained in various jobs and rotate to different manufacturing tasks. Senior management at the plant have instituted a no layoff policy for staff and have adhered to this decision. There are morning exercises for employees. Office areas provide employees with an open work environment separated by low partitions. Only the Vice-Presidents of the company have closed-in office space. Uniforms are mandatory on the shop floor and optional for office staff, although most office personnel wear the

uniforms, as do the executive officers at Triad.

The joint venture has a Board of Directors which consists of eight members, four from each parent company. The Chairman of the Board; the Executive Vice-President of Finance; the Executive Vice-President and Senior Manufacturing Advisor; and the Vice-President and General Manager for Procurement and Supply are employees of Spartica. Alternately, the President and Chief Executive Officer; the Executive Vice-President of Manufacturing, Procurement and Supply and Quality Control; the Executive Vice-President, Human Resources and Administration and Secretary; and the Vice-President, Assistant to the President are employees of Japan Motors. All executive officers are actively involved in the management of Triad. Also of interest, these and other key positions at Triad are counterbalanced between Japanese and American staff. For instance, if a general manager is from Japan Motors, then the assistant general manager will typically come from Spartica. Similarly, if the general manager is from Spartica, then the assistant general manager will be an employee of Japan Motors. In some cases there may be two assistant general managers reporting to a general manager; one from each of the parent companies. Originally about 25 managers from Spartica and 50 managers from Japan Motors had been sent to Triad. In 1991, about half the Spartica dispatchees remained in the plant, while most of the group of 50 from Japan Motors are still active in the operations at Triad.

The Board of Directors meets on a daily basis and according to one of the Japanese Vice-Presidents, operates on a "unanimous consensus basis" in which there is "agreement through discussion".

The consensus management style was established early on in these meetings by the JV President. The Japanese VP continues,

> There is not a single case where we couldn't come to agreement. Very fortunate. Maybe because except one person out of the four Spartica guys...Spartica has been associated with Japan Motors for about 20 years. So there is some inclination to understand the Japanese business, or the Japan Motors business in relation to Spartica. So it's not the combination of two strange parties, and this might have helped consensus.

If serious differences of opinion between the two parent firms arise, they are not handled through a process of third party arbitration, common in large North American corporations. Instead, issues are settled by the President of Triad who represents Japan Motors, and the Chairman of Board representing Spartica.

In addition to the Board of Directors, there is an operating committee which meets to help chart a course for the joint venture. The operating committee consists of the President plus four Executive Vice-Presidents, two from each of the parent companies. As the President of Triad is an employee of Japan Motors, in total the Japanese parent has three votes to Spartica's two votes. One of the Japanese Vice-Presidents describes the purpose of this split vote is to avoid "deadlocks". Although formal mechanisms exist for joint decision-making between members of the two parent companies, another Japanese executive notes implicitly the authority to make substantial decisions is not at the JV level. This power rests with executives at the headquarters office of Japan Motors located in Japan. However, at the operational level, many decisions are made at Triad. A member of the Spartica task force mentions in the engineering area, they "try to let the parents do their own thing and to keep them out of any day to day operations of Triad. Triad

is like a separate autonomous child from the two parents. And it's tough, but it's very important not to let any parent matters get to the smaller [JV] company."

3. Employee Sentiments About the Venture

Although many of the upper level managers have been temporarily transferred to Triad from the parent firms, the majority of the employees were hired directly into the venture. This has created a body of staff who clearly have their primary allegiance to Triad, rather to either parent. The general manager for Human Resources, who himself was hired directly to Triad remarks,

> The strength of this joint venture is obviously that it's totally new, so you don't have any bad patterns that have been set that you have to follow; or any bad precedents. So you have an opportunity to create something entirely, totally new. You've got a new workforce, and a new facility...you've got maybe a higher level of dedication. It's our company, so I think most of our people realize that this is the only place that they have to work. Management is not going to say 'well, I'll be here five years and then I'll be transferred to another company'...Survival of this [JV] is very important to the Triad people.

Related to loyalty to the JV, one senior Triad manager who is a Spartica employee, mentioned originally, his "sole purpose" was to learn Japanese manufacturing methods, and to take new methods back to Spartica. His feelings have since altered. "Now it seems like you want to try and be part of the team and make Triad successful. And I hear very little from Spartica anymore, being honest about it. We're so tied up in what we're doing here to make Triad successful; and not Spartica or Japan Motors, but [to make] Triad successful. So I think we pretty well feel like we're on the Triad

team."

Another Spartica employee at Triad reinforces this theme. He comments "there was always an unwritten mission statement that our efforts would be to help Triad." It is necessary to put aside any agenda to make the parent companies stronger at the expense of the joint venture. Although this is not the case with all Triad employees, he thinks "your own hidden agendas, you've got to put aside. You can't go into a joint venture saying "I'm going to make one of the parents stronger'..." Those employees who did not share these sentiments of nurturing the JV have left Triad to return to the parent firm.

The relationship between Japan Motors and Spartica has not always been idyllic. One Japanese manager remarks the two parent firms sometimes have different targets, and what may be good for Japan Motors, is not always good for Spartica. For example, in some cases, the introduction of some of Triad's models into the American market has been in competition with some of Spartica's own models. Another Japanese executive observes successful joint ventures require a great deal of patience, an ability to communicate despite language differences, and especially a requirement by JV managers to attempt to "try and understand the other side". He adds a joint venture "is the natural outcome of the intentions of two companies...this is a kind of natural marriage...Of course, when it's a marriage there are good days and there are bad days".

In the case of Triad Motors, the parent firms ultimately decided to get a divorce. This occurred immediately following the completion of this research. Spartica was experiencing financial

woes and consequently, to gain capital sold its interest in the venture to Japan Motors. The Japanese parent became the sole owner of the company. One Japanese executive remarks he thinks it would be easier to operate Triad as a wholly owned company. He would no longer need to report to his "stepfather", to use his word. This executive explains if two companies have the same policy ideas, there is no problem, but this is never the case. "Two different companies, two different cultures...impossible."

In July 1991, of the few employees who knew of the future shift in company equity, most felt this would result in minor changes at Triad. One manager notes "most of us relate to being a Japan Motors company more than we do to [being] a joint venture company. The day to day visibility of Spartica is very low." Another manager explains "almost everything that goes on here [at Triad] has a Japanese influence to it...Triad is a 50/50, was a 50/50, still is a 50/50 venture. But I've always said only in as much as the economics are concerned. This has always been a Japanese run company, always will be." In light of the new ownership, an executive considers the impact of this development on employees in the plant generally. He surmises "I also believe that the majority, not all, but that the majority of employees would actually welcome a greater Japan Motors presence."

B. Strategic Orientation

1. The Mission

Triad aims to be innovative and is focused on the manufacture of high quality automobiles. The management group at the venture hope to achieve these goals through the effective involvement of

the workforce in processes which continually modify and improve the present products. The joint venture is not merely a technological amalgamation of the parent firms, but also represents the combination of Eastern and Western cultures. A Triad brochure outlines: "Triad represents more than an automotive venture. It is also the union of Eastern and Western cultures - a union that produced innovative methods of production and a motivated, quality-conscious work force."

The mission statement for Triad reinforces these underlying tenets. Specifically, as written in the company brochure, the philosophy for Triad encourages management and employees:

- To build high quality cars which will assure customer satisfaction.

- To make continuous improvements in the operation of the company.

- To work together to achieve company goals. ("Wa" or harmony among people.)

- To adapt quickly to changing conditions.

- To work in harmony with the community.

- To enhance the success and reputation of Japan Motors Corporation and Spartica Corporation.

In addition to this overarching corporate philosophy or mission statement, an annual company-wide mission or goal is set by the Board of Directors. For 1991 the goal for Triad was to be "totally competitive: cost, quality, productivity". Department managers within the plant decide on a specific goal for their units, which supports the company-wide mission. As one example, manufacturing had the reduction of defects as the work theme in the last cycle.

Further, employees pick a theme or topic to work on in their areas which is related to the departmental goal. In this case, employees might identify a particular defect to improve upon. Following this format, company goals begin broad and become more refined and specific at the production level.

2. The Requirements

The management of Triad consider employees integral to building quality into the manufacturing operation. One Japanese inspection manager remarks, "Triad's philosophy is that quality must be created in the process. Ongoing training within [the] Quality [division] and throughout the plant, in concert with the feedback provided by our associates [i.e. production employees] creates a fine mesh, a fine sieve which blocks out defects during assembly." The Quality Management concept is taken directly from the principles practiced in Japan Motors. In a handbook prepared by Japan Motors for employees of Triad, employees are advised products should be "perfect and there should be no defective products sold." Workers participate in Quality Circles in which the aim is to statistically monitor and control for substandard products or processes. Solutions are sought which address identified problem areas. Worker activities reflect the following:

1. "Quality is the first consideration."
2. "Quality is not made by inspection but is built into the car during production."
3. "No defective part should be sent to the next process."
4. "100% high-quality products should be made the first time."

Employees are encouraged constantly to improve the quality of the

work in each division. In a process of continuous improvement
called "kaizen", modifications are made to work processes which
either make the product better, or improve production methods in
order that employees can more easily perform jobs. In order to
maximize employee contributions, all workers are provided Quality
Circle training as well as other production-oriented training.
Approximately 350 Triad staff members have received training in
production methods at the Japan Motors facilities in Japan. At
Triad, rather than specialization in one production area, employees
are trained to have broad technical skills. Subsequently employees
are rotated to a variety of jobs and are provided with cross-
training.

As outlined in the company mission statement, cooperation and
working together in harmony ("wa") are important. In this spirit,
Triad management endorse personnel policies and labour relations
arrangements which attempt to positively link the worker and the
organization. Much of the policy orientation in this area has been
adapted from Japan Motors, as outlined in the handbook provided to
Triad employees describing the Japanese parent company. The book
summarizes "respect for human dignity" and "personnel development
and making use of capable workers" are policy goals. In this way
the company seeks "to encourage each employee to develop his own
capabilities through his work and let him exhibit the full scope of
his abilities; thereby helping him to achieve his self-fulfilment".
Following a format predominant in Japan, the company and the union
are "non-antagonistic entities". Further,

> Improvement of the union member's status and the
> company's achievement and development can be
> compatible...The labor-management relations of Japan

Motors are based on the belief of both the company and the labor union [in Japan] that all problems can be solved, however difficult they may be, if the management and the union fully and calmly discuss and understand the opinions of the other party with mutual trust and confidence.

The intent is to deal with labor issues through negotiation and discussion, rather than through strikes or lock-outs.

The strategic orientation at Triad has been systematic and planned, according to one Executive Vice-President in the venture. In the start-up phase of Triad, the President primarily emphasized establishing a foundation for quality. This meant attention to defect and scrap reduction, and an emphasis on Quality Circle processes. The next step was to build quality cars which met customer requirements and provided high customer satisfaction. The Executive Vice-President adds "when we rank all the plants that sell Spartica products, whether they are made in Japan, Canada, in Mexico, or in the United States, all 25 plants, Triad comes out on the top of the heap in terms of quality, in terms of customer satisfaction." According to this individual, the preceding comparison also holds compared to products made in Japan. Once the foundation for quality was formed, in 1990 the main goal was to achieve profitability. At this point, cost improvement measures were instituted, with a major focus on "lean production". By the end of 1991, the Vice-president observes Triad started to make a profit and has done so every month since, despite a lagging American economy. In this case, the Japanese management strategy is to ensure high quality, high customer satisfaction and low cost. Volume and profits are intended to follow.

C. Meshing the Cultures

1. The Cultural Challenge

Within the organizational framework of Triad, Japanese and American managers work together to create an efficient manufacturing operation staffed by primarily American workers. Implicitly, as well as explicitly, this arrangement brings together the national cultures of Japan and America. Different styles of operation, and philosophical variations prevail among the groups represented at Triad. There is a conscious attempt by Triad management to blend the cultures of the two nations into policies and processes which are appropriate for a company which seeks to manufacture automobiles in a way unfamiliar to most of the American auto industry. On a personal level, managers at the plant need to communicate to each other, despite language difficulties. The nuances of what each group wants to accomplish, and why, are not always easily comprehensible.

A Japanese executive in the Human Resource Management area points out the importance of being able to merge the Japanese and American cultures. He suggests this requires a great deal of trust and flexibility from all concerned. The management philosophies prevalent at Japan Motors can not be introduced to the North American plant without modification. However, creating suitable policy for Triad is a challenge. He continues it is "very difficult to find out what is adequate, what is not adequate. Still we are struggling." Another Japanese manager explains "if we can say that both cultures completely mixed is 100 percent, we are now 45 or 50 percent of the way" [at Triad]. He adds in every

meeting the managers at Triad face cultural issues. From an American manager's perspective, he notes when ideas are presented the Americans and the Japanese see things very differently. Both groups often become frustrated by approaches embedded in diverse operating styles. "It's not necessarily that either person is opposed to the other's idea. The objective that they're trying to accomplish is probably mutual. But the road that they want to take is totally different."

A Japanese executive points out differences between the American or Japanese point of view go beyond a comparison of "so-called Japanese management style" versus American practices. On a deeper level the executive remarks,

> The base culture [of the U.S. and Japan] is completely different, so we think it takes time to understand each other...It's very easy to simplify the different philosophies between the Japanese and the American companies such as no layoffs, or training within the company or promotion within the company, or so-called lifetime employment. But it is very superficial.

To elaborate, the Japanese executive observes many of the difficulties they experience at Triad are related to differences in expectations between American and Japanese employees. In the area of promotion, for example, career advancement is much slower in Japan because of longer time-lines for employment with the company. He adds American workers don't understand this arrangement, and are impatient for fast promotions. In another area, the Japanese executive notes most of the Japanese managers are frustrated because they are not able to hire manufacturing engineers in the U.S. with broad-based skills. He adds in the U.S., employees are too specialized in their job experience and knowledge, as opposed to Japan where a wide range of skills is valued. Consequently, how

to train and hire is different in Japan.

In the area of job rotation, a representative of Japan Motors comments generally people expect job rotation in Japanese companies, but from a practical point of view job rotation is desirable only when employees have extensive knowledge of a particular job. In Japan, a worker who has been in a job for five years is still considered "green". Therefore it may take five years or longer until a worker is rotated to another position in a Japanese factory. Time perspectives are longer related to a worker's expectation of being with a single company for an extended period of time. In contrast, employees at Triad may expect to be rotated to different positions after relatively short time-frames, after attaining only partial job skill knowledge. Some of the Japanese managers find these expectations unrealistic.

The meaning of work and the form of work relations differs in some important aspects between American and Japanese workers. One Japanese manager points out that contrary to popular opinion, Japanese managers have "business fights" with each other and do not necessarily strive to avoid conflicts. This is the case in the relationship he shares with his boss; although he adds this does not imply a lack of respect. Citing an example, the Japanese manager remarks he will usually ask permission of his boss whether he can leave the office in the evening, or if he might still be needed. He does this because he and his boss are "sharing the business" together. He suggests there is a difference between Japanese and Americans related to mutual work relationships. To Japanese employees they are "sharing life" with their coworkers. "[The] job is a part of the life to Japanese...but to

Americans...it's kind of an assignment maybe, a contract with each other...There is a difference."

2. Bridging Cross-Cultural Differences

Based on this small sampling of philosophical differences described by various managers and executives at Triad, sensitivity to another individual's operating style is imperative. One manager described the biggest challenge for employees at Triad is to try and understand the cultural differences, and how these differences influence management styles and decisions. A manager sums this sentiment in the following way, "both sides of the culture in terms of management [i.e. Japanese and American], there has to be much more awareness of the counterpart in terms of cultural sensitivity; the understanding and also the willingness to change on both sides." Cross-cultural training can assist in the process. In addition, there need to be qualified staff who are able to operate in a "bicultural setting".

In the General Affairs Department at Triad, (the Japanese analogue to Administrative Services in the U.S.), there are two managers who have bicultural skills. In different ways these individuals are able to operate in the role of cultural interpreter or liaison between the Japanese and Americans at Triad. For example, one female manager is completely fluent in both Japanese and English, and has long-term experience living in both Japan and in the U.S. In the past she has been able to provide vital links related to language and cultural explanations. In this capacity, she was involved in the union-management negotiations at Triad. This individual remarks Japanese managers are more likely to come

to her for advice than are the American managers.

The other bicultural manager in the General Affairs Department has served as a liaison for the Japanese who are on temporary assignment at Triad. He describes himself as a "buffer" between Americans and Japanese. Related to the transfer of technical people from Japan Motors to Triad, this manager arranged for accommodation, schools and other services. He is a link to the community and gives presentations to local groups related to the new Japanese presence in the area. In addition, this individual arranges for visits to Triad, a large task considering in a year there can be as many as 2,000 visitors to the plant.

Clearly, it has been a difficult task for the management of Triad to create an integrated corporate culture. Each parent firm brings to the venture diverse philosophies and operating styles. These philosophies and styles tend to be influenced by the norms and values represented in the national society to which each of these parent firms belong. In the case of Japan and the United States, there are some operating similarities, but also many differences related to how work policies ought to be enacted. For example, in the Human Resources area, one American manager discusses the difficulty he has of creating HR policy which executives of both parent companies accept. He says this process is frustrating "because there are two different philosophies. The Americans are going to support their corporate culture that they have. And the Japanese want to support their corporate culture or their beliefs of how they think Triad should be run." He adds philosophical divergence between the parent firms has made it difficult for managers at Triad to determine a unique culture and

identity for the venture, a culture separate from each of the parent firms. This sentiment is also reflected by a Japanese manager at Triad. He explains for the first five years there has been a strong influence from Japan Motors, and now most employees at Triad understand "the Japanese way of business, Japanese thought, and the Japanese way of production. And in time, they have to realize and to decide to think their own way; the Triad way they have to create."

D. Human Resource Management at Triad

1. The HR Departmental Role

a) Plant Start-Up

Planning for the human resources component began early at Triad. The General Manager for HR was hired in June 1986. This was around the time when construction began on the plant, and twenty-one months prior to production start-up. The HR General Manager was the first "pure Triad employee" to be hired into the operation. He had worked neither for Spartica nor for Japan Motors previously. The Executive Vice-President for HR and the Assistant General Manager for HR are both from Japan Motors, and also were assigned to the venture in the very early stages. As with other upper level administrative positions at Triad, these positions are counterbalanced between Japanese and American managers. In this case, because the Executive Vice-President is from Japan Motors, the General Manager is a Triad manager with an Assistant General Manager from Japan Motors. In addition, there is a Personnel Administration Manager responsible for benefits, wage and salary

administration of salaried employees. The Employee Relations manager works with the associates and is the management link with the union. These managers were both hired directly to Triad.

The task laid out for the newly formed HR department was huge. There was a requirement to hire 3,000 new employees, which meant processing about 200 to 250 people per month. Triad received over 80,000 employment applications. Although the recruitment of associates was done through an assessment center operated by a consulting firm in the area, the HR department was responsible for input to the process. HR staff were actively involved in employee orientation, as well as in the recruitment of salaried employees and the development of benefit programs. Time was also spent in preparation for dealing with the union, which management correctly anticipated would try to unionize Triad. It was not until these issues had been dealt with that HR managers were able to turn their attention to policy formation. As one manager remarks, there was not a list of identified policy requirements, but rather HR policy was written as it was needed.

b) The Development of "Hybrid" HR Policy

HR policy is created for Triad which consciously draws from both American and Japanese management practice. One senior Japanese manager comments on the need to form a "hybrid" system of HR policy and practice. Consideration is given to the fact the majority of the associates in the plant are American. An HR manager notes,

> When you've got multinational involvement, whatever country you're going to have your plant in, where ever you're going to stock your plant, the customs, traditions, behavior patterns of that country have to be accepted...There is a lot of similarity actually between

> Japanese and American workers. There are probably more similarities than dissimilarities, but the dissimilarities are striking. And while you can shape your work environment, shape your corporate philosophy and your corporate culture a certain way, there are just limits on what you can do. So part of HR is to know what the limits are and to make sure that the management understands them.

Related to this, part of the task for HR managers involves the creation of policy appropriate for employees, while at the same time taking the goals and the norms of both parent companies into consideration. The individual cited above adds at the upper management level at Triad, all managers should be informed as to what is accepted policy in the United States. This may include legislation related to hiring and firing practices, or workman's compensation, among other things.

In order to create a blend of HR policy and practice, both American and Japanese managers in the HR area have worked together from the conception of Triad to try and understand each other's HR orientations. In the first years of the JV, both the HR General Manager and the HR Assistant General Manager would travel to Japan several times a year to allow the American manager to get better acquainted with HRM policy at Japan Motors. Many of the managers at Triad are Japanese and provide their insights into appropriate HR practice on an ongoing basis. In addition, the HR Assistant General Manager (who is Japanese) mentions to gain greater knowledge of American personnel practices, he had at one time worked with a colleague in the HR department at Spartica. Some policies were largely adapted from Spartica, such as the health insurance plan. One manager mentions creating linkages with the American parent firm was beneficial in order to have access to

certain HR policy information. Initially the Personnel Administration Manager at Triad had been a Spartica employee. When he left the company in 1989, the direct link from HR at Triad and HR at Spartica was severed.

To get broad managerial input to new HR policies, staff in the HR department typically draft a policy and then distribute it to Spartica, Japan Motors and Triad managers who work on the site for their review prior to implementation. According to one manager, this is done in order that all groups totally understand the policy, as well as to get additional comments. The HR Assistant General manager will often act in the role of cultural interpreter, in order to explain the rationale behind a particular policy to other Japanese managers. According to various HR managers a policy may be rewritten many times, making this a very time consuming process. In some instances, when major policy changes are involved, the Executive Vice-President for HR will take the policy to the Board of Directors for approval.

c) **Challenges for HRM**

Some difficulties were expressed by managers who are uncertain how to proceed in the absence of established HR policy. A manager mentions Triad did not have written policy in some areas for a long time after operations began, and subsequently managers "made up their own [policies]". This created problems in the plant because managers did not know how to consistently handle HR-related situations such as insubordination, pay, or travel allotments. One production manager remarks ideally policies, procedures and rules of conduct need to be set in advance of when they will be required. A manager in the HR area echos these sentiments,

> I think if there were two things I could say that were
> mistakes made, in terms of this particular joint venture,
> one of them was, and they kind of go hand in hand, one
> was not having a fully staffed human resources function
> on board before you brought anybody else in; and in
> conjunction with that was having your policies and
> procedures in place before you start hiring people.
> Because what was occurring in the absence of those
> policies, was well, kind of what you felt like doing that
> particular day, or with that particular person. So I may
> have done something differently for you than what I did
> for the person I hired next month. And those have been
> some problems we're still living with to this date.

However, as another manager explains, part of the reason HR policies could not easily be set up early in the life of the joint venture was because of the pending unionization of the plant. The general manager of manufacturing notes although certain policies should have been implemented earlier, with a new union there is "a gray area, and if you create those policies early on then you're locking yourself into a situation where you don't have a lot of flexibility." In this case, when management waited to jointly work out some of the HR policies in conjunction with the union, there was a lag phase of approximately two years from the plant start-up until the union became established at Triad.

Managers in the HR department acknowledge they have numerous ongoing challenges. One manager mentions the difficulty experienced by the HR group to be proactive, in a venture where they feel they are understaffed. He clarifies,

> We'd like to take more of a leadership role, but we've
> been hampered in doing that from the standpoint that we
> don't have the number of people to do anything. Right
> now all we can do is react to things that happen. We
> can't be as proactive as what we should be. We can't be
> preparing better training programs, we can't be
> interacting better with the people because we have so
> many responsibilities and so few people to handle the
> responsibilities, that all we can really do is just jump
> from one project to the next. We don't have any time to
> do new projects.

This same manager remarks not having additional staff is a "major, major problem for human resources". Apparently the HR budget is one-half to two-thirds the size it would be for the same size operation in Japan, and much less than Japanese transplant companies in the United States. Despite the shortage of staff, an associate mentions services in the HR department are readily available: "You can come up there any time for anything."

Other managers identify the major challenge for HR is to keep a "balance" between groups in the plant who operate with different priorities. In particular HR seeks to maintain equilibrium between 1. union and management; and 2. between a human resources orientation and a manufacturing focus. This is not to say each group's goals are mutually exclusive. However, one manager describes the importance for HR staff to understand the needs and desires of all associates on the shop floor, and not just respond to the requests of the union committee. He states in his view it is critical

> To keep the balance between the environment the Japanese have worked so hard to create on the floor with the associate people, and the environment the UAW would like to create for their own reasons. How to keep the balance..and walk that fine line. To be able to walk that line, I think you need to know a great deal more than what we're learning, because you're liable to fall off and not know you have.

Related to the goals of HR and manufacturing, a manager remarks the primary goal of manufacturing is to produce cars. HR is concerned mostly with "making sure people are treated as human beings", and sometimes practices which HR managers advocate for associates at Triad many interfere with maximal production output. There have been instances when managers in manufacturing would like

to keep associates on an overtime basis, and may inform employees of this only a short time before they are due to leave work for the day. An HR manager mentions this is part of a difference in opinion between manufacturing who want to get more time in on the line, and HR who feel it is their mandate to protect staff interests. He adds, "so HR, in many ways, sits in the middle of a company". It has a central position because HR deals with production, the union, the parents, and diverse cultures and as a result "you're tap dancing on bonfires all the time...Of all the myriad of problems you couldn't even imagine happening - they have happened."

2. Communication Systems

a) Communication Across Cultures

Repeatedly, managers emphasize communication is the most pervasive problem at Triad. The communication process is complicated by the predominance of two languages spoken by managers in the plant. Each group needs to understand the other in order to effectively contribute to the JV operation. In addition, managers often find it easier to communicate within their familiar cultural group, in a common language, rather than to integrate discussion or pass information to colleagues outside one's own culture. Cross-cultural communication is not the only difficult area. There are also problems in transmitting information to lower levels in the organization, regardless of language considerations. Often the miscommunication or absence of dialogue occurs between employees at Triad who speak the same language. One manager adds, "failure to communicate is by far one of the biggest problems we have here.

And it's not just Japanese to Americans, it's Japanese to Japanese. And also of course, American to American."

One Japanese Vice-President remarks when differences in opinion occur between Japanese and American managers it is often "based on the misunderstanding or lack of proper communications". He mentions the lack of English language skills as a problem and often "both sides get frustrated...Basically I think we [the Japanese] are trying, trying to understand, or trying to explain. It's a long process in any joint venture." One manager remarks it is interesting Americans come into Triad with the full knowledge the company has a different culture and there are language differences, and yet they show little patience related to communication with Japanese colleagues. Although many of the Japanese managers on site at Triad speak English quite well, there are essentially no Americans who are conversant in Japanese.

In some areas, such as the exchange of technical information, language is less problematic. According to a Japanese executive, technical exchanges have been "very successful". The fact engineers have a common language has facilitated this process. In addition, the physical exchange of American personnel to Japan to observe first-hand various production procedures has made the need for verbal communication less critical. At Triad, interpreters are used on the production floor to assist in the transmission of information between Japanese technical assistants or coordinators and American managers or associates. A manager in the engineering department comments that illustrations are helpful, and in meetings between both Japanese and Americans they tend to write down most content on a white board. "We did a lot of illustrating through

sketches and this was very helpful to overcome this language barrier." In written communication as well, one American manager mentions the Japanese prefer to see graphs and charts for the presentation of information.

However, beyond the physical competence required to speak a language, the ability to effectively communicate between cultural groups is embedded in an individual's desire to take the time and effort to initiate information exchanges. An appreciation of different communication styles is imperative. One manager who is equally skilled in both American and Japanese language and culture describes,

> Flexibility is very important, and the tolerance of ambiguity. Now ambiguity is something that stems from the Japanese language and culture. And the Japanese will never come out and say things very straight forwardly. The Japanese will go round and round the bush in ten different ways...but what he's telling you is I don't like that idea, it's not acceptable.

In contrast, a Japanese manager remarks "American people are very much outspoken and sometimes upset some Japanese because they are so straight or so outspoken."

In addition to obvious variations in communication style, in certain instances some American managers report a lack of willingness by their Japanese colleagues to openly share information. Considering information-sharing among the Japanese at Triad, there is a definite advantage to being a "born and bred Japan Motors employee". It is important to have come up through the ranks of Japan Motors to be considered an "insider" and therefore privy to certain strategic information. One manager recognized it may be trivial information which is withheld, but in the day to day operation of the plant this information becomes

important. American managers are involved in the plant management, but at a certain point this involvement is curtailed. This same individual suggested a need for "patient aggressiveness", indicating a requirement for both patience and persistence in communications.

According to a number of the American managers at Triad, their Japanese counterparts exchange information informally in settings in which they are not likely to be present. Meetings are often held among the Japanese managers in the evenings, with no American managers in attendance. This form of "socialization" can be a time to exchange strategic or technical information relevant at Triad, or to consider future directions. One American perceives this process as part of gaining "consensus" on issues before taking them to formalized meetings with both American and Japanese managers in attendance. By the time the meeting occurs, a decision for action may have already been made. The manager adds "this drives the Americans nuts because in many cases they haven't been involved in this socialization that's gone on, and they feel like they've been bypassed." Related to production, a manager in manufacturing observes information usually will reach Japanese managers or assistants before it reaches him. He mentions,

> The communication for example in terms of tasks, what
> needs to be done for the '92 model...it seems to come
> down through the Japan Motors side, and everyone on the
> Japan Motors side including our TAs [Technical
> Assistants] and coordinators...they seem to know what's
> going on. At all levels it [information] filters through
> the Japanese ranks, then we have official meetings to
> explain, to disseminate the information; to assign the
> responsibilities, or whatever. And what's always the
> case is that all the Japanese people are already dialed
> in.

A branch manager likewise explains even though an issue on the

floor arises which is his responsibility, a Japanese manager may consult directly with a Japanese coordinator related to the issue, therefore bypassing the branch manager. In this way, communication does not occur with the person who is theoretically in charge of the operation.

In the Human Resources area, several of the American HR managers comment communication with Japanese managers is difficult related to technical or legal issues, because the information content is foreign to the Japanese (i.e. severance packages). But the more pressing communication problem expressed by the Americans was how they can be better involved in the decision-making processes in the HR area. One HR manager provides an example of how he had been circumvented by a Japanese manager who wanted to have one of his staff promoted. The Japanese manager went directly to the Executive Vice-President of HR for an approval, rather than going through the regular channels operating in the HR department. The manager who is designated to handle promotions was not provided an opportunity for his input. He remarks, "these promotions, we should be involved in this before it comes to us and say 'this is who we want to promote'. We should be involved in discussing why this person should be promoted before that decision is made." In areas other than promotion, there have been problems for American managers who wish to contribute their opinions. The American manager observes that in an American setting he believes he is able to supply information related to worker expectations and attitudes, if given the opportunity to do so.

b) Networks for Information Exchange

At Triad a variety of mechanisms are in place for the

communication of information to managers and associates. The company newsletter is published monthly and includes for example, items on quality circles, department roles and activities, a calendar of community events of interest to employees, car model changes, awards given to vehicles produced at Triad, production/sales statistics, contributions the company makes to the community, and a list of those people who received promotions at Triad. In addition to this newsletter, there is a monthly publication specifically devoted to Quality Circle news. In particular, this publication focuses on participation in quality circles, with reference to projects which are either ongoing or completed. Details of ongoing QC projects are described. In 1991 closed circuit television monitors were added in the company cafeteria which carry world news, special programs and information pertinent to Triad. There are bulletin boards in various locations on the plant floor where information for associates can be posted. Meetings are held at multiple levels in the plant within the different departments in order to advise employees of new developments. Employees also convene their own meetings related to quality circle and kaizen processes. On occasion the President of Triad is seen walking in the plant talking to associates.

The initial intent at Triad was to create an open style of communication, with maximal information passed to employees in order that they can actively participate in the operation of the company. In the office area, an absence of walled offices allows staff to have easy access to one another, with no physical barriers to communication. Related to communication on the plant floor, a manager explains in orientation sessions for new associates,

emphasis was placed on high employee participation and open communication. However, this same manager adds in the day to day operation of the plant the level of communication which they had originally hoped for has not materialized. Regardless, he feels the level of communication at Triad is superior to the average auto assembly plant.

A manager mentions in his opinion, part of the communication breakdown occurs because some group leaders are not receiving information from upper level managers, in order that they can in turn pass it to associates. An associate agrees with this assessment. He describes "communication is a big factor. I've talked to several of my supervisors about it. It [information] just doesn't filter down. There's too much secrecy imposed...Usually when we want to know something we go to manufacturing." He continues in some cases, even when the group leader does obtain information, he will choose to withhold it from the group members. The associate volunteers it would be useful to have memos sent to each group from management so information could be posted on a bulletin board for everyone to read. Some group leaders do try and keep associate members updated. One group leader clarifies every day at the beginning of a shift there is a five minute meeting during which he tells associates about production levels for the previous day, production expectations for the shift, and other miscellaneous news. The group leader adds "but we aren't told much", although he does have daily meetings with his branch manager and the manager for his department. Apparently it is especially difficult for employees to get information if they work on the second shift, when branch managers

are infrequently available (i.e. except once every six weeks for one week).

At the upper management level, managers have mixed reaction as to how the communication systems operate. Some managers feel because of communication difficulties it is "impossible to get the job done at all". Other managers mention they are satisfied with the amount of information provided, and in turn share it with the managers who report to them. One manager who works in the manufacturing area said he began monthly department meetings two years ago because communication in his group was not adequate. At present there are 125-130 people who attend this meeting to receive a departmental update. In the HR area there are meetings which include some of the managerial staff, usually twice per week. The Executive Vice-President for HR does not typically attend these meetings, although he did in the past. Managers in HR comment they feel it would be valuable to have the Vice-President in attendance, especially related to setting goals and objectives for the HR department.

In general, an HR manager thinks a "top-down decision" is required which commits Triad to greater information sharing, and to the establishment of superior mechanisms for the distribution of information. Further, he mentions it would be an advantage if manufacturing would better inform the HR group of content to be passed to the floor, so HR could put this information into a format for distribution. According to this manager, time then needs to be set aside for meetings between group leaders and the associates. On the labour relations side, a member of the union bargaining committee comments if manufacturing would pass more information to

human resources, then HR would be better able to inform the union of potential problems in the plant. At present this flow of communication does not occur.

3. **Employee Involvement**

    a) **Quality Circles and Kaizen**

Employees at Triad are encouraged to be actively involved in the identification of problems in their respective work areas, and to create solutions to these problems through the complementary processes of Quality Circles and Kaizen. Quality Circle (QC) activity focuses on the specification of a problem for which there is no identified solution. An investigation is required to identify root causes to a problem, during which relevent statistical data is collected. Kaizen is part of the QC activity, and is a suggested improvement to a problem. Once an obvious solution to a problem is apparent and the benefits are defined, then the Kaizen solution can be implemented which will result in immediate improvements. In the spirit of continuous improvement, a series of Kaizen solutions can be incorporated into the QC solution. Refer to Appendix 12 for an elaboration of Quality Circles and Kaizen and their relationship to each other.

Through the complementary process of Quality Circles and Kaizen, associates are able to suggest improvements to the manufacturing process, (i.e. the reduction of defects), or introduce changes in their work environment which ultimately make their jobs easier, (i.e. the use of headsets for better communication on the floor). The Branch Manager for Quality Circles mentions the Quality Circle emphasis is more on teamwork

than on cost savings. However, the benefits to Triad from QC activities are not negligible. In one instance, a QC group in the plastics shop was able to cut 73 seconds off a procedure, resulting in a one million dollar saving per shift to the company. The Branch Manager for Quality Circles works full-time with the associates to provide Quality Circle training and advice. According to him, the QC training at Triad has been 100% adopted from the Japanese method in terms of theory, but modified to suit the American worker.

b) Employee Sentiments about Involvement Processes

A Spartica executive at Triad made an interesting observation that the concepts of Quality Circles and Kaizen can operate effectively only when there is an environment in which there is mutual trust between the associates and management. He mentions neither QCs nor Kaizen could exist in a traditional auto assembly plant. The executive elaborates in a Spartica factory if employees were to improve a manufacturing process, the result may be a requirement for fewer people on the line. If this were the case, the company would lay off some of its workers. At Triad, associates are told there will not be layoffs and the company is "living up to it". The Spartica executive continues, "there's a feeling here that there's some security being built, and there's some trust. And with that goes along contribution and willingness to compete; willingness to participate from our associates that I've never seen anywhere else." He adds he had talked to various vice-presidents at Spartica about the implementation of quality circles and kaizen in their factories and "could we ever get it in Spartica? Not in a million years could it ever happen...You would

have to take the Spartica mentality top down and change it."

Although there have been many demonstrated successes of QC and Kaizen processes at Triad, several employees and managers note there is less time for these activities than in the earlier years at the plant. In part, this has been the result of increased production schedules; and in part due to a lack of commitment on the part of all managers to a high employee involvement system. One manager remarks an ongoing focus on continuous improvement systems requires "continuous improvement. I think where we've failed somewhere along the line a little bit with that [QC and Kaizen philosophies] is we failed to get commitment from management on those concepts. People wanted to accept that, but not knowing how to accept it, and being forced with how do you meet your production needs?" He adds he hears associates saying they want to participate in QCs and Kaizen, but their group leaders don't endorse the processes. There is now more focus on production at Triad, and the company is "less people-oriented".

Related to these sentiments, another manager adds "when we started up all the philosophy, the Kaizen philosophy, the Japanese management approach to the actual workers, [it] was very highly publicized and you know it was to be implemented; it has been. But I think we stopped short in terms of training, in terms of ongoing understanding of what it's all about". This manager believes worker involvement at Triad is becoming less and less all the time. New workers receive less training in Japanese management philosophies; there is no longer Japanese cultural training offered in the orientation session, as received by the early recruits to Triad. Alternately, some senior managers have a different

perception of the success of QCs and Kaizen. A manager in manufacturing thinks the systems are operating "very effectively", and that there is "more QC participation this year than I think we've ever had since we started the plant".

From the associate perspective, the chairman of the bargaining committee comments "the Kaizen system doesn't work like they [management] told everybody it would". Originally associates were told if a Kaizen project were approved, the associate would be given the opportunity to work on the project and to implement the change. But "it doesn't work that way now...they [management] can't afford to leave you off the line because the manpower's so short." Related to QCs, this associate mentions they were supposed to have one meeting per month, but in certain manufacturing areas, this is not the case. Another associate concurs with this,

> Quality circles, in the beginning I thought it was fantastic. You had the time to do it. Now as production has increased and volume is up, more people are becoming injured or calling in sick. You don't have near the time that you actually need to do a good Quality Circle project. One thing we do need is more time to work on it [QCs] if that's considered really important. But most of the things in our area that should be done in a Quality Circle, we do them automatically. If we see a change that needs to be made, we just implement it at that point. So my group probably hasn't had a Quality Circle project in probably a year.

Consequently, the formal data collection and documentation which is part of the QC process is not being completed.

4. **Union-Management Relations**

   a) **Mutual Commitments**

The UAW was selected by the associates at Triad in December 1988. The union contract was ratified in August 1989. The Triad-UAW contract is unique from many other contracts in the auto industry, and has written into it guidelines which reflect some of the preferences of the Japanese partner in the joint venture. For example, there are only three job classifications and two pay scales for all associates. Kaizen principles and techniques are recognized as important to the process of continuous improvement in the plant. There is a no strike, no lockout clause. Written into the Triad-UAW contract the management of Triad pledge to,

> Maintain an environment which allows its employees to build the highest quality, most competitive priced vehicle available in the automobile industry and thereby to provide significant job security for its associates and prosperity and growth for the organization. The Company will provide a safe work place, equitable wages and benefits and will promote an environment based on the teamwork concept which establishes "Wa", or "harmony among people" in a non-adversarial environment that promotes mutual trust and respect.

In turn, the union commits to,

> Long term cooperation in the recognition and commitment to the principle of flexibility that the Company must have to maintain and improve quality and efficiency and to the implementation of work practices and flexible production systems similar to those used by Japan Motors in Japan. This flexibility includes, among other things, a minimal number of job classifications, flexibility in job assignments and job transfers, associate training, harmony among the associates, the use of Kaizen and the Team concept.

Associates are expected to support team participation and to be involved in the Quality Circle process.

The language in the contract has been described by several managers and associates as "loose", and therefore subject to

interpretation. According to the chairman of the bargaining committee it "gives the company very many options, very many outs". He adds the company has abused the flexibility written into the contract agreement, which may be cause for changes in the language when the contract comes up again in 1992. Issues for future consideration are likely to include the policy for paid time off (PTO), and supervisors who work on the line because of understaffing. A manager in the HR department agrees there is likely to be some refinement to the contract, and more definition added. In his opinion, the basic philosophy, including the influence of Japan Motors will remain. Another manager is not as confident the Japanese emphasis will be kept intact, and comments the union will "want to make this as standard a UAW type factory as possible".

b) The Unionization of Triad

There is some question as to whether Triad was required to be a unionized plant. One associate describes in the early days at the plant he was strongly opposed to a union. "Their tactics to come in were very, very bad. And they were threatening people [to sign up]." One employee mentions usually a card is signed if workers want to have a union election. At Triad, workers who signed the union card gave their automatic vote to bring in the union. Many associates did not understand they were voting in the union if they signed the union card. An associate adds more recently when there is a union vote at Triad, the union "only get a third to a half the people voting. And the other half could care less, they'd rather not see the union here." Apparently, this associate thinks there are a group of "radicals" in the plant "and

they're out to try to nail the company on anything. No matter how trivial...And our problem is right now we have a bunch of radicals who have gained control of the union. And so if they took a vote now out there I think the union would be kicked out because of that." In a recent election, the associates did vote out the entire union committee, except for one person. A group leader agrees with the summation the relationship between the associates and the union is "not strong". He explains there may be greater focus on union activities in the future, as more of the associates come from other unionized plants like those belonging to GM, Chrysler or Volkswagon.

From management's point of view, there "was never any attempt whatsoever to block the UAW". Triad managers had decided early they would leave it to the associates as to whether they would unionize or not. In the view of one manager, Triad is not a strong union plant. Most managers think union-management relations at Triad are positive. An American manager voices the relationship is "probably one of the best in the country". One Japanese manager concurs there are "no serious issues between the company and the union." Further, a senior manager at Triad who is a Spartica employee notes the union-management relationship in the plant is better than in any of the other plants in which he has worked. He mentions he has an open relationship with the union steward, and "the union steward came up the other day and said 'if there's anything I can do to help you, let me know, I'll do it'." He attributes the level of cooperation at Triad to the fact "everybody was pulling together right now, recognizing the fact that if you're going to stay in business you've got to be competitive. And the

way to be competitive you've got to drive the costs down and have the best quality vehicle." However, another manager adds not all Spartica employees echo the view union and management can share a harmonious relationship. He adds "the Spartica guys have carried in a lot of very traditional ideas, not only about auto manufacturing, but also about union-company relationships, about how people should be treated. They've carried that in. And of course, they don't want to change." Some of the Spartica managers at Triad have "very negative feelings" for the UAW. This adversarial attitude between some Spartica managers and the union is puzzling to the Japanese. In Japan, the "union and the company will work together to correct the behavior of an employee, whereas you'd never find the union admitting that the employee did anything wrong here."

c) Understanding Employee Preferences

Related to the ability of management to understand associate needs and preferences, one HR manager feels his department could have a better "reading" of associates. Currently he explains HR responds to the more vocal employees and subsequently "spend 90 percent of our time on 10 percent of the people". He adds 90 percent of the people are doing a good job and are dedicated to the company. These employees deserve more attention, but this is difficult to provide due to staff shortages in the HR department. In particular, one issue of concern to a number of associates and salaried staff is the Paid Time Off (PTO) policy. Similar to the time off policy at Japan Motors, Triad employees get a predetermined number of PTO days a year, (i.e. 13 days for new employees), to be used for all work absences including vacation or

sick days. In addition, each employee receives 32 hours of "spontaneous" time off, for use at the employee's discretion. This PTO replaces a more traditional policy of vacation days and sick days as time off.

According to one associate he does not like the current PTO policy at Triad, and adds American employees are used to having vacation time and sick days considered as separate. In his opinion, if an associate takes a sick day, it is as if he or she is loosing a vacation day. This associate notes many people are abusing the time off system as it currently exists. He thinks "if you had a set vacation schedule, like two weeks or three weeks as it builds up, plus some sick days, it'd be a lot better. And I think that's what we're going to see fought for in our next contract." Another associate complains it is difficult to get PTO days because of heavy production schedules. According to this individual, management had limited PTO days to one per day per crew and in this case, not everyone would be able to take off all their allotted PTO days in a year. Also, not all groups in the plant operate under the same time off guidelines, and this associate observes some crews are able to have two people off at a time. She is unsure where this policy distinction originates, (i.e. with upper management, branch managers, or group leaders), but feels the inconsistency in the policy is unfair.

5. Reward and Recognition

a) Rewards

The primary form of reward at Triad are salaries provided to hourly associates and the salaried staff. In the case of salaried personnel, the amount of pay is based on a merit increase linked to performance as determined by the annual performance appraisal. There is no bonus system related to individual performance for either associates or salaried staff, and no profit sharing plan. However, there is an across the board annual bonus paid to all staff. As part of the UAW contract, associates get a lump sum bonus adjustment. Triad management decided to give salaried staff a bonus in parity with that given to associates. Triad managers who are employees of either Spartica or Japan Motors do not get the bonuses. Managers who remain attached to either parent company are on the payroll of Triad, and the JV is reimbursed by the parent firm. In this regard, managers on the Triad site but who remain attached to the parent firm retain the salary and benefit plans of the parent company. Subsequently, three different salary and benefit systems operate at Triad, although apparently this has not created any problems for the joint venture.

One manager in the HR department reflects Triad needs a bonus program which is tied to productivity. Currently, HR management are considering the implementation of such a program, and think this will be an important step if Triad is to remain competitive in terms of compensation compared to other auto manufacturing plants. To some extent, incentive plans have not been introduced to Triad because as one American manager explains, "the whole idea of monetary rewards and things like that is definitely against the

Japanese way of doing things". He says through the use of the Kaizen concept people who know a job well are responsible for improvements which make the job easier, safer, and more interesting. The improvement to the job is the reward in itself. This manager adds most "kaizens" cost the company money, as opposed to QC projects which often save Triad money.

b) **Recognition**

In the area of nonmonetary recognition as well, the Japanese managers at Triad do not advocate the distribution of awards in recognition of specific employee contributions. A senior Japanese manager explains employees should be proud of their work and the products which they make. This becomes the most important intrinsic reward available to employees. He does not feel it is necessary to have special recognition systems for individual performance, but was more enthusiastic regarding the possibility of team recognition. One American concurs, and adds some recognition programs "almost take away from the teamwork aspect you know, when you single out him or her as doing the super job. That is not team building". He adds he would not like to see recognition in the form of "Engineer of the Month", for example.

Other American managers tend to think there should be an infusion of recognition programs to Triad, especially for minor achievements. A manager suggests there should be pins and other small gifts given to employees for no lost time or project accomplishments. He points out Americans are different from the Japanese and appreciate some "public acknowledgement" for effort. Currently, the main source of recognition at Triad is related to performance in Quality Circle projects. Plaques or certificates

are given to employees who participate in Quality Circles, and a certificate from the general manager is distributed to the person who wins the Quality poster contest. There is a trip to Japan awarded to the group who have the best QC presentation, in order that they may participate in the Japan Motors QC competition. The QC groups which perform well in the plant-wide presentations receive a gift such as a watch or gym bag, which in this case created a "lot of strain" because the Japanese managers at Triad are opposed to giving out gifts for performance. An associate remarks he would like to see more recognition of employees at Triad. He elaborates, "I think it [recognition programs] would work...in really all types of areas. In safety as well as work performance on the floor. It's just a type of recognition, and that's what you need basically on the floor - to know that the work that you're doing is appreciated, and that they [management] are looking at you."

6. Staffing and Promotion

a) An Influence from the Japanese

In 1989 Triad reached full employment with approximately 3,000 employees. In addition to Triad staff, there were fifty Japan Motors employees initially assigned to the JV in the upper managerial ranks (who mostly have remained), as well as a number of coordinators who assist in the manufacturing operation on an ongoing basis. During the plant launch, Japan Motors also dispatched about 200 technical assistants to Triad. In general, staff from Japan Motors are assigned for a period of three to five years; and senior managers remain at Triad for a five year term.

Originally, there were 25 Spartica employees assigned to Triad as upper level managers for a five year period. In 1991, 12 Spartica employees remained at Triad and represent the only Spartica employees in the plant.

The staff selection philosophy at Triad focuses primarily on hiring people with the potential to work as good team members, as well as having other personal skills. Technical skills are of secondary importance. One Japanese Vice-President explains in the "hiring process, we call it Wa, you know the harmony is important...not how good you are, not how good your abilities or skills may be..." Senior Japanese managers who were involved in the establishment of selection procedures at Triad note the importance of a "manager's subjective judgement" in choosing a job candidate. For both associate and staff groups, the Japanese managers preferred to introduce implicit evaluation criteria, (i.e. the ability to have harmonious relationships with others), to the selection process, rather than to rely on objective point ratings. One Japanese manager said it is impossible for him to judge people based on standardized criteria because "everything should be a thousand cases", and therefore each case needs to be evaluated differently. Based on these considerations, there are two main formats for hiring staff to Triad. All associates go through an assessment center operated by a local consulting firm. Salaried employees apply to the HR department at Triad, and applications are screened in-house to determine which candidates will be interviewed.

b) Associate Selection

Turning attention firstly to the selection of associates, the assessment center procedures were developed by the consulting company, with input from the Japanese. In the early stages of setting up the assessment format, members of the consulting company went to Japan to observe Japanese methods, and to talk with workers and managers in the Japan Motors plant. Interviews were held with Japanese managers already transferred to Triad. The consultants also spoke to Americans about what it is like to build a car and work in an auto manufacturing facility. Following the completion of this preliminary ground work, the assessment criteria and hiring procedures were determined. Individuals who are to be considered as prospective employees for Triad are initially prescreened by the local employment office, and are given the General Aptitude Test Battery (GATB). An individual generally needs to score in the 70th percentile or higher to remain in the screening process. Successful candidates are then referred to the assessment center for further testing. They undergo the Bennett Mechanical Aptitude Test and a group exercise. For the exercise, applicants would perform a group activity, and assessors would observe the process to determine how well individuals were able to function as part of the group. Triad candidates undergo a physical examination and a drug screen. The final step in the assessment process is a standardized interview. Candidates who proceed to the interview stage have a 95% chance of being hired.

Although the majority of employees have already been hired to Triad, the assessment center is still in operation. Now hiring usually is done twice per year. Triad management prefer to have

about 100 people in a "ready to hire pool" in order that additional staff can be quickly recruited when required. Generally, staffing at Triad has been "lean", and employees are working more overtime and double shifts than they did in the early days at the plant. There are no temporary workers at Triad. A group of 56 permanent employees fill in when needed, although the chairman of the bargaining committee feels this should be a larger group. As with other Japanese-influenced plants, there is a no layoff policy which operates in practice. One HR manager mentions they had hired a number of new employees who were still in a probationary period when the company experienced a downturn in schedule. Rather than terminate staff, which he comments would have been typical in an American style factory, all new staff remained with Triad.

Based on the selection procedure, the associates at Triad are relatively young and well educated. The average level of education is fourteen years and reflects the requirement for a highly skilled workforce which can rotate to various positions in the plant. There are only two job classifications, (as opposed to 60 or 70 in some plants), so associates are needed with "interchangeable qualifications". As one manager notes, the associates have high expectations for advancement, and some have become frustrated due to an inability to move to supervisory positions. This is the case despite considerable upward movement of plant employees. Another manager notes in retrospect it may have been a good idea to hire some people who would be satisfied with more routine activities. He also adds the physical demands of the manufacturing operation are considerable, and currently employees undergo a complex physical examination. In the early stages of the assessment

process a routine physical was given, and as a result there have been too great a number of employees who suffer from injuries.

c) Salaried Recruitment

Hiring to the salaried ranks is done by resume submission, preliminary screening, followed by an interview with the manager from the department into which the candidate is to be hired. Managers receive training in interview protocol and use a standardized set of interview questions. Preference is given to suitable internal applicants. As with the associates, staffing is not based on technical skills but on potential to learn new skills and function well with others. One engineer describes the people hired to his group did not necessarily have automotive skills, but rather were people who "were open, a willingness to learn, had an inquisitive mind, were not necessarily at the top of their class - were down a little bit - but had done hands on type work and had an automotive desire". The Branch Manager for Quality Circle agrees. When he was first hired to Triad in 1987, he and others were deliberately placed into jobs for which they had no previous experience. He mentions this was done so people would be open to new methods and not say "well we used to do it this way". This branch manager, along with many others, went to Japan in order to get first hand experience in the new assignment.

One manager in the manufacturing area explains the Japanese managers are heavily involved when hiring staff into upper level positions. He states the Japanese managers will likely hire someone based on a candidate's job history and the concept of "face" - the unspoken chemistry of how sincere and loyal the person is perceived to be. American managers are more likely to make

selections at the middle management level. When the first group of American senior managers were hired to Triad, many went to Japan to meet with executives at Japan Motors. In the case of the HR General Manager, he was in Japan for one week of interviews and met with managers from labor, HR and manufacturing. He remembers, "I met almost all the top level management who were involved with the Triad project". The HR General manager adds the Japan Motors executives were seeking to determine whether his

> Philosophies were set to the traditional automotive
> [factory] or was I going to be able to adapt to new
> concepts, new ideas, and try and build something new. Or
> was I going to just be what they figured was the
> traditional American management style, nonparticipative,
> 'you're going to do it my way, we're not going to listen
> to you'.

The question which the HR General Manager repeatedly addressed was his position on labor and whether he intended to fight with or cooperate with the union. One Japanese manager remarks he felt the HR General Manager should be an American who knew about hiring practices in the U.S., and who understood relevant legal and labor issues. Another Japanese manager who was directly involved in this hire, elaborates it was important to find someone who could help him combine the cultures of both the U.S. and Japan. An ability to be flexible was an important consideration. The emphasis on flexibility was echoed by American managers at Triad as well. Several said the most important qualities of JV managers are patience, flexibility, and the willingness to look at another's point of view.

Triad has a diversified employee population and 22% to 25% of the workers are women. Some of these woman hold managerial or supervisory positions. There are four woman at the branch manager

level or higher and five to ten women who are group leaders. One female branch manager remarks contrary to what she would have expected at a Japanese-influenced plant, she does not personally experience any discrimination and at Triad she "just simply did the work; that's the only thing the Japanese pay attention to". Another female branch manager feels although her skills are underutilized to some extent, she has advanced "fairly rapidly compared to other people". There is a point to which she will be involved by the Japanese, and after that point feels she will be "cut off".

d) Staff Transfers

The majority of staff transfers have been employees of Japan Motors who come on assignment to Triad. As mentioned earlier, transfers from Japan Motors include senior managers, coordinators who provide engineering and manufacturing expertise, and technical assistants. There are no transfers of Triad employees to Spartica.

Some employees of Triad have been sent to Japan Motors for training purposes. A manager in the HR department notes there are no carry-over policies for employees who transfer from the JV to the parent companies, or alternately for employees who transfer from the parents to the JV. For example, if an individual chooses to leave Spartica and transfer to Triad, he or she would sever ties with that company and begin again to accrue benefits and seniority at Triad. Another HR manager says this policy was intentional, and aims to create "allegiance all to the joint venture company, not to the parent company".

e) Promotions

In the area of promotion, both associate and salaried employees generally complain they are unaware of job vacancies in the plant when they arise. There is currently no job posting system in place, and only infrequently will a job vacancy within Triad be advertised in the company newsletter. A manager in the HR department had tried to initiate a job posting program, but according to him it was "killed by the Japanese general managers" who felt it would take selection decision-making out of their hands. The impetus for developing a posting program stemmed from an employee survey in which employees raised the absence of job information as a major problem. However not all managers in the HR department are in favor of job postings. Another manager remarks,

> I guess I'm a hardliner, an old traditionalist. I don't believe in job postings. I think management should have the right to select people and not be forced into taking people...Now from the standpoint of the employee having the opportunity of saying he wants to do that [apply for an available job], wants to be interested in the job, yeah, we should have some mechanism for those people to express what they would like to do.

In once case, the Vice-President of Finance felt there should be a job posting system, and initiated one in his own area.

From the employee viewpoint, one manager mentions for salaried staff there has not been a great deal of movement between departments, and employees would like to be able to know about jobs and to apply to other departments. Neither salaried employees nor associates think the current bidding system is fair. One group leader observes associates "don't know what's open, when it's open". On one occasion a production manager advertised for a position in the community newspaper and received a "flood" of

applications from employees already working at Triad. One associate explains, "when there's an opening they call down to the group leader and ask him to submit some names of who he would like to see promoted. That's it." This individual adds that associates "would like to have more information. But one thing we can not figure out is how they evaluate you to promote you. There's no set scale. One branch manager will make up a rule to get the person promoted he wants. Another one will have just the opposite point of view." Further, he adds "to move up there really aren't that many opportunities. Not as many as I would say we were led to believe in the beginning."

Related to this, there is no career path information available for employees at any level. Consequently, employees do not know how to develop in their careers in order to advance within Triad. The General Manager in HR states he would like to develop career pathing, but again a shortage of resources in his department makes this difficult.

7. Training and Development

a) The Context for Learning

As already discussed, employees were hired at Triad who had a potential for learning new skills, no preset notions of a single best way to accomplish a task, and the ability to work as team members. The intent by management was to train Triad staff in Japanese manufacturing technology and systems, as well as in a thorough comprehension of the management philosophy as it exists at Japan Motors. The Executive Vice-President for Human Resources explains the "biggest result of sending them [Triad employees] to

Japan is that they are aware that on-the-job training is much more effective that classroom-type training." His opinion is that only through experience on-the-job can people gain required knowledge. There is an emphasis on job rotation and learning multiple skills to create flexibility in the manufacturing operation. To accomplish these goals, many of the employees at Triad went to Japan for training in the formative months of the joint venture. In total about 300 Triad staff spent time training at the Japan Motors factory in Japan. Most of these staff were at the managerial level. In addition, 26 maintenance associates, who later assumed the responsibilities of group leaders and unit group leaders, spent 10 months in Japan receiving training. Once the philosophy and manufacturing practices were established in the JV, the number of employees who now go to Japan for training has all but stopped. However, several managers thought continued visits to the Japan Motors plant would be advantageous for keeping alive the commitment to the Japanese-influenced manufacturing and management philosophies which exists at Triad. Beside sending American staff to Japan, training was provided to people in the U.S. Triad plant by Japanese managers, coordinators, and technical assistants (TAs) who spent various amounts of time in the American-based operation. As the General Manager of Manufacturing elaborates, the TAs and coordinators are experts in their field and were sent to Triad to cross-train the hourly workers, group leaders and branch managers in technical knowledge related to the vehicles which they manufactured, as well as in process flow.

b) Multiskilled Capabilities

With reference to a multiskilled concept, associates are trained to perform jobs which extend beyond their usual areas of expertise. For example, a millwright is able to use electrical or mechanical skills and can therefore be exchanged from one job to another in the plant within the same job classification. Job rotation is one of the components of the Japan Motors philosophy used in order to give workers multiskilled training. One associate describes when she first began at Triad in the trim area, she learned about 22 jobs. Recently their group has been reorganized so currently associates each do eight jobs, and therefore rotate to each job every second day. Although some associates like the job rotation system and note it is operating in their group, another associate remarks the system is not in effect as originally intended. He describes,

> It's not like they promised everybody in the beginning.
> They [management] promised you equal training and full
> rotation of jobs, and they came to find out for some of
> these jobs that some people can't do or don't want to do
> [the job]. And there's other jobs that they won't let
> people do because they are preferred jobs and they hand
> pick who they want to put on those. And everybody [the
> associates] was under the impression that they would
> rotate through all aspects of the team concept here. And
> that just doesn't work. They [management] found out it's
> not practical for them to implement that because of the
> building of the cars and they have to have X number of
> cars built a day, and if they have to train everybody all
> the time they weren't getting their production out. So
> they pretty much stopped it.

This associate continued that in preferred jobs like those off-line or in robotics, some frontline supervisors would "hand pick who they want, and don't give everybody the opportunity. It's possible you might be just as good as the next guy, but if they [supervisors] don't care for you too much, or you're not one of

their favorites, you don't get that chance."

A manager at Triad corroborates to some extent job rotation does not always work as originally proposed. On more highly skilled jobs, supervisors want to retain employees in a task if they already have the necessary experience. A senior manager in manufacturing observes at certain times, (i.e. when model changes are initiated), job rotation may be limited in order to get the highest possible quality in the product. He also mentions job rotation may be reduced in "higher skill jobs", but that in the "normal, assembly-type operations there's very little reduction of rotation".

c) Other Training

In addition to on-the-job training, various classroom courses are provided for both salaried staff and associates. Associates have been offered in-house training in Quality Circles and safety. Otherwise most training is offered by outside contractors. The training department (which is part of the HR department), consists of one individual who primarily arranges for courses and schedules training. Triad has a contract with the local State university which supplies two courses for manufacturing associates. One course is in basic automotive theory (75 hours) which about 150 people have attended; the other course is basic welding which over 200 Triad employees have received. Considering this training, in addition to the extensive on-the-job training for associates, one manager mentions to some extent salaried staff feel they are treated "second class" by comparison.

Associates who are new to Triad receive an orientation session which consists of a plant tour and an explanation of employee

benefits. The current orientation is much less elaborate than the program which existed at Triad during the first two years the plant was in operation. At that time there was a 40 hour orientation during which employees were briefed on each department in the plant, and had 8 hours of cross-cultural training. The cultural training included Japanese customs and culture, Japanese business practices and some rudimentary Japanese language skills. The orientation program was scaled down once a huge state training grant given to the JV as part of the incentive to build in the area expired. In addition, production output increased, and subsequently less time was available for such an extensive orientation session.

The training coordinator recognizes the need for expanded training programs for the salaried groups at Triad. Beginning July 1991, additional training courses have been organized in the areas of the performance appraisal process, computer software, project management (for staff engineers), interview training, EEO/sexual harassment, and training for supervisors and middle managers. In particular, the training coordinator plans to broaden supervisory training. Subsequently, an HR manager describes that there had recently been an eight hour supervisory training seminar offered to the branch manager level or higher, and the response from employees who attended the training was enthusiastic. Further, training will be provided for group leaders and unit group leaders who have recently advanced from associate status and who do not have previous supervisory experience. One manager remarks this group needs training in basic skills, (i.e. how to fill out time cards and disciplinary forms), as well as in leadership. To meet this

demand, there is now a 32 hour supervisory course provided to group leaders and unit group leaders by an outside contractor.

To date, training has been readily available and there have been sufficient funds allotted to cover training costs. The training coordinator mentions related to his training budget "there's been more than adequate money allocated up to this point." A manager in the manufacturing area who is a Spartica employee, comments he often sends people on training courses. He cites one example when a system engineer was able to take a course in another state for three days which cost $1700. He adds at Triad "we normally approve those things". At Spartica he said he would not have even submitted the request, because there would have been no chance for approval.

8. Performance Appraisal

a) The Format

A performance appraisal (PA) system exists at Triad for salaried (i.e. managerial, supervisory, administrative) staff, but not for associates. Appraisals are completed annually from February to April and are used to determine salary increases for employees. The "Performance Planning and Review" form is short and contained on both sides of a single sheet of paper. One side of the form requires that performance goals are listed, and the accomplishment of those goals is recorded on a five-point scale. There is an additional section on this side of the page (which is optional) where an employee can state career interests and goals or developmental needs. The reverse side of the performance review form lists thirteen "methods/factors" which are also evaluated on

a 5-point scale. Items to be considered include quality, teamwork or "Wa", Kaizen, cost consciousness, planning, problem solving, leadership, communication, job knowledge, EEO/AAP support, interpersonal skills, safety awareness, and attendance. An information package accompanies the form in order to explain to managers the meaning of the various terms. In keeping with the management philosophy infused into Triad from Japan Motors, considerable emphasis is placed on interpersonal rather than technical skills. There is a focus on quality, effort dedicated to continuous improvement, and the maintenance of harmonious work relationships.

b) The Accommodation of Cultural Differences

The format for employee evaluation was made deliberately short and simple in order that Japanese managers would be able to complete the form with a minimal amount of difficulty. Japanese managers were consulted regarding the format and content of the performance review sheet. One of the HR managers explains originally the Japanese managers at Triad did not want to do appraisals, and that in Japan an appraisal process does not exist. One Japanese manager notes the Japanese at Triad had "severe difficulty" with the idea of a review in which explicit feedback is given to an employee. He said "most of the Japanese managers are not accustomed to negotiation, and sometimes they were emotional. But now they are accustomed to this [PA] system and they know the points."

The current system of performance review was implemented in 1988. Prior to this time salary increases for employees were based primarily on length of service. To assist the Japanese in the

completion of staff appraisals, a manager in the HR department

comments their group

> Developed a system, a program, that we thought was easy
> to understand. We spend some time in training. We
> answered their [Japanese managers] questions, and kind of
> forced them to do it. [We] told them this is the way it
> has to be done in the United States. So from that they
> were obviously very reluctant, didn't want to do it. We
> made some revisions to it [the review process]. We
> increased the training in the following year and now
> there doesn't seem to be much of a problem with it.

Despite the attempt to streamline the PA system, there remain

some difficulties with the process. Triad managers who remain

employees of either Spartica or Japan Motors are appraised by their

superior in the parent company, if they have no superior at Triad.

In the case of Japan Motors, the President or Executive Vice-

Presidents at Triad will provide parent company executives with

information related to the performance of Japanese dispatchees at

Triad. Under the current system, managers at Triad do the

performance reviews of Triad staff, (i.e. who are neither Japan

Motors nor Spartica employees), who report to them directly. There

is a distinction however: Japanese managers will only be appraised

by other Japanese, but Americans can be appraised by Japanese

managers. In the case of the Vice-President for Finance, for

example, he does not evaluate Japanese managers who report to him

directly. This is done by one of the Japanese Vice-Presidents.

Even given the responsibility to do appraisals, the Japanese

are hesitant to be involved in the process. One senior Japanese

manager mentions he prefers to have his American counterpart do his

appraisals on other American managers, although he does the PA for

Japanese managers who report to him. From an American manager's

perspective, he notes the Japanese do not want to be put in the

position of evaluating an American and telling them "how they should be as a person". One American manager who is appraised by a Japanese superior notes the Japanese "have a really rough time. They don't do that [PA] in Japan. And he hates it, he puts it off to the very last second. And they're [the appraisals] probably five minutes, if that. And he wants to get out as quick as he can." This branch manager adds his Japanese supervisor rates all the branch managers who reports to him the same. Another American who is appraised by a Japanese manager states, "I just received my first performance appraisal from my manager in April and it was extremely good. But I wonder if he would actually criticize me, if you know what I mean. Or if he knows how to do it."

Although there is no performance review system for associates, the Assistant General Manager in HR, who is Japanese, feels there should be one. He adds he would like to see pay tied to performance, but wasn't sure how this could be done under a union arrangement. This manager states there is a new agreement which exists between Spartica and the union in which there are three or four pay scales, and an employee moves to the next pay level following a review and based on performance. An associate agrees he would like to see a performance review system in operation in order that employees can have some idea of how they are doing on the job. Related to not having a PA system in place he says,

> That's a big problem, very big. Simply because you have people who are working hard, going the extra mile, doing their job and they're getting the same amount of money as a person here who is not doing their job, or just does enough to barely get by. So there's nothing that separates the two...even if you got some feedback from management on 'you've been doing a great job, thank you'. Compared to the person who does not do their job. Just anything would be great. But you hear nothing.

9. Employee Opinion

There are clearly demarcated views held by Triad employees about the two parent companies who each have a presence in the plant. Although not generalizable to all Triad staff (who are mostly American), there is a clear preference by most employees who participated in this study for the Japanese-influenced methods of management. There is less enamourment for the participation of Spartica at Triad. One manager at Triad who is a Spartica employee describes this situation in the following way,

> When I first came here [to Triad] there was a tremendous resentment for Spartica. The Japanese were the heros. They provided this plant. Spartica put up half of it, but the Japanese were given the authority to manage and run it in the agreement. So there was a tremendous resentment about American Spartica people being here...A lot [of Spartica managers] have left and a lot are guilty of not doing anything when they were here. They took it as a free ride. Some of us didn't, and we made an earnest effort to help and got involved. And those that did are appreciated more than they ever could have been back home, because they helped fill some of those cultural gaps.

Some of the difficulties experienced between the two parents has filtered well beyond the management ranks so associates are aware of some of the existing issues. One associate comments,

> The problem we're finding out, you have the Japanese management on one side, the Spartica management on the other, and they don't communicate and so what comes down to you are two different views of the same thing. I like the Japanese philosophy because I enjoy working hard and I get excited about being able to accomplish something. And the American management is, well, do what you can. It's not as, I want to say hardnosed, as the Japanese way of life. The Japanese expect you to do a good job. And you don't have that same expectation with the American managers. They seem to manage through threats. Where the Japanese seem to say 'this is your job. It needs to be done'.

This associate elaborates the Japanese on the floor are well liked

and respected. In contrast, he mentions the Spartica managers are

> Snobbish, arrogant, they won't come down and talk to
> anybody. If you say 'hi' to them, it's just, they keep
> on walking. Where the Japanese managers will stand and
> talk to you. Even the President when he was on the
> floor, he'll stop and talk to everybody. You don't have
> the same with the Spartica management.

He said in his view he sees Spartica managers who "tend to blame everything on the Japanese management...If you can't get a straight answer it's blamed on the people who weren't there, which is normally the Japanese management...One thing I would love to see is if the Japanese take completely over. Because I like their management style a lot better than the American or Spartica style of management."

Two American managers who have previously worked in automotive factories in the U.S. both remark there is greater respect for the individual in the Triad plant than at other plants where they have been employed. One manager notes,

> While I don't always know what's going on, I'd have to
> say that I've been treated better here in the last four
> years than I've ever been treated any other place I've
> worked, in terms of respect for the way you're treated...
> I would never have this opportunity any place else, I've
> learned more in four years than I did in all the other
> years I worked any place else. I probably learned twice
> as much.

This same manager mentions there have also been difficulties. In particular, these difficulties stem from working in a joint venture. Related to this he says,

> Probably the biggest thing in terms of joint ventures, or
> I should say working with the Japanese, or with any other
> culture, is the fear - the uncertainty of the other
> culture...there's more emotion involved in coming to work
> here everyday in a joint venture environment between
> foreign companies, and working for a foreign company in
> your own country....It's been difficult. I think it's
> harder if you're a person that likes direction and
> continuity and those kinds of things, and constancy or

whatever. If you like all those kinds of things, it's always changing here.

A second American manager with previous auto plant experience also likes to work at Triad. He observes "it's a good place to work", adding the Japanese and the American workers get along. There are "no yelling contests", where in other auto plants "it was how well you could demean somebody". He said at Triad people do not raise their voices. At other plants he remarks "everyday you'd wonder how many battles you were going to get into at the plant. Well, here you don't get into any."

One other element employees seem to like about Triad is the sense of equality derived from all staff wearing uniforms, from the president to associates. An American manager observes Triad is not a strong union plant and with respect to this he states,

> You know what I think makes a lot of difference to all of that [i.e. regarding union support] - this uniform, the breakdown in how you're perceived in the shop. The fact that my engineers are out there right now, and if we walked out on the floor you wouldn't be able to tell the manager of production from a guy on the floor. And in all my years of working with a tie and out on the floor, you might as well walk around with a sign on your head, 'I'm better than you. I'm management. You're nothing.' And you know, believe it or not I think the uniforms make a big, big difference. Everybody's the same.

An associate verifies this sentiment and does think the uniforms have an equalizing effect: "That's nice. Even the President has got the same thing on. You know they don't show any 'I'm better than you. I'm a manager. You're just an associate'."

E. Results of the Employee Questionnaires

A total of 38 employees responded on the questionnaires. This group includes 27 men and 11 woman.   The average age of the respondents was 34.68 years, with a standard deviation of 6.8 years. There were no employees in the group who had not completed high school, 15 had a high school education, 16 had some college, 6 had completed either a BA or BSc degree. One person did not indicate the educational level. The average years an employee had worked at Triad was 2.13 years, with a standard deviation of .93 years. Twenty two respondents had not been absent from work in the previous year.

1. Minnesota Satisfaction Questionnaire

Mean scores and standard deviations for each item of the Minnesota Satisfaction Questionnaire (MSQ) are displayed in Table 9 as aggregated scores across all respondents.   Overall job satisfaction and scores for intrinsic and extrinsic job satisfaction are also presented as aggregate mean scores. Triad employees who responded on the MSQ demonstrate a moderate level of overall job satisfaction.   The percentile score for overall satisfaction is 69.47 which is somewhat below the 75th percentile identified in the MSQ manual as the relative cut-off point for high levels of job satisfaction. Standard deviation of responses for the overall score is 13.34 which indicates considerable variation of employee responses around the mean. Percentile scores are quite high (74.33) for intrinsic job satisfaction and moderate (59.37) for extrinsic satisfaction. These scores are presented in Table ?? as aggregated mean scores out of a maximum score of 5 for a single

test item. Based on these results, respondents indicate they accrue intrinsic satisfaction from being able to keep busy (4.21), the chance to work alone (3.87), and the chance to try one's own methods on the job (3.71). In particular, employees think Triad provides steady employment (4.61), and to a lesser extent has good working conditions (3.81). In the area of extrinsic job satisfaction scores are considerably lower, indicating respondents are only moderately satisfied with Triad employment policies and practices. More specifically, related to extrinsic satisfaction, employees indicate they do not favor the way one's boss handles his people (2.68), the amount of praise received for doing a good job (2.74), or the competence of the supervisor's decisions (2.92). Scores related to chance for advancement (2.82) and the way company policies and practices are put into operation (2.47) are fairly low. However, in the extrinsic category, employees indicate they are satisfied with their pay and the amount of work which they do (4.18).

In July 1989 researchers from two local universities conducted a questionnaire study which focused on occupational preferences of Triad employees, as well as other economic, sociological and cultural factors. Responses were scored on a five-point scale as in the current research. Two hundred employees were randomly selected to participate in the 1989 study. Although this questionnaire was distributed two years prior to the questionnaires which were completed for this research, there is consistency in most areas concerning job-related items. For example, in the 1989 study, 48.10% of respondents scored 4 or 5 (out of five) indicating they were satisfied with their wages, 61.43% scored 4 or 5 related

to the work environment, and 53.34 scored 4 or 5 for work
satisfaction. On the lower end of the scale, and also consistent
with the results of the MSQ questionnaire, 50.48% of respondents
scored 1, 2, or 3 (again out of five) on their perceived chances
for promotion. Unlike the results of the MSQ, two years ago
employees scored quite highly as to how they felt about supervisors
and managers at Triad. Considering the performance of group
leaders or supervisors, 44.29% of employees scored 4 or 5; related
to the performance of branch managers and general managers, 37.62%
of the respondents scored 4 or 5. In contrast to these scores,
employees now indicate mean scores on the MSQ of 2.68 (out of five)
for "the way my boss handles his people", and 2.92 for the
"competence of my supervisor in making decisions". According to
this comparison, it would appear in 1991 employees are less
satisfied with their supervisors than they were in 1989.

2. The Culture Inventory

Results of the Culture Questionnaire appear in Table 10. As
with the results of the MSQ, scores are represented as aggregated
means for each item of the questionnaire. Mean scores are also
listed for each cultural category represented on the inventory:
group, developmental, hierarchical and rational cultures. In
addition, the overall score for the Culture Questionnaire is
listed. Triad employees scored highest on the rational culture
category (9.97) which indicates there is some focus at the plant on
achievement, production and task accomplishment. Respondents on
the Culture Questionnaire scored just slightly lower on the
hierarchical category (9.16) which means there is also some

emphasis on rules, order and documentation. There is not strong evidence for either a developmental culture (8.03) in which there is encouragement for innovation and creativity, or for a group culture (7.11) which would reflect the company is viewed as a personal place to work, with an emphasis on human resources.

3. Guide to Human Resource Management Practices

Both the HR Executive Vice-President (who is Japanese) and the General Manager for HR (who is American) completed the Human Resource Management Inventory. There is variable consistency as to how these two individuals perceive HRM practices operate at Triad. The areas where discrepancies occur are not surprisingly related to differences in perspective related to the national culture to which each of these managers belongs. For instance, differences occur regarding the length of time-frames which operate (i.e. long-term/short-term), whether there is a group or individual philosophy, the amount of employee involvement which exists, whether evaluation is based on the total person or on performance only, the speed of promotions, and finally, the extent to which job rotation and employee input occur.

In the area of HRM planning, both managers consider the system to be fairly informal and flexible, and integrated with the plans of other departments. There is a low amount of risk-taking. The Japanese manager thinks planning is more long-term than does his American counterpart. Related to employee involvement, the Japanese view is there is relatively high involvement because of

Table 9

Results from the Minnesota Job Satisfaction
Questionnaire at Triad Motors
As Aggregated Scores Across All Respondents

Item	Mean	SD
1. Able to keep busy	4.21	.74
2. Chance to work alone	3.87	1.09
3. Chance to do different things	3.68	1.34
4. Chance to be somebody in the community	3.45	.95
5. Way my boss handles people	2.68	1.44
6. Competence of supervisor's decisions	2.92	1.30
7. Able to do things that don't go against my conscience	3.89	.80
8. Job provides steady employment	4.61	.55
9. Chance to do things for others	3.58	.95
10. Chance to tell people what to do	3.32	.74
11. Job makes use of my ability	3.34	1.44
12. Way company policy is put into practice	2.47	1.16
13. Pay related to the amount of work	4.18	.95
14. Chance for advancement	2.82	1.23
15. Freedom to use my judgement	3.47	1.13
16. Able to try my own methods	3.71	1.06
17. The working conditions	3.81	1.06
18. The way coworkers get along	3.24	1.10
19. Praise for doing a good job	2.74	1.13
20. Feeling of accomplishment from the job	3.47	1.06

Aggregated Category Scores

	Mean	SD	Percentile
Intrinsic Job Satisfaction (items 1-4, 7-11, 15, 16, 20)	44.60	8.42	74.33
Extrinsic Job Satisfaction (items 5, 6, 12, 13, 14, 19)	17.81	5.04	59.37
Total Job Satisfaction (items 1-20)	69.47	13.34	74.33

Table 10

Results from the Culture Inventory
at Triad Motors
As Aggregated Scores Across All Respondents

Item	Mean	SD
1. A personal place	2.34	.97
2. Dynamic and entrepreneurial	2.00	.93
3. Formal and structured	2.50	1.06
4. Production-oriented	3.50	1.11
5. Loyalty and tradition	2.24	.97
6. Commitment to innovation and development	2.92	1.15
7. Formal rules and policies	3.03	1.17
8. Tasks and goal accomplishment	3.00	.90
9. Emphasis on human resources	2.53	1.25
10. Growth through new ideas	3.11	1.11
11. Permanence and stability	3.63	1.08
12. Outcomes and achievement	3.47	1.06

Aggregated Means for the Culture Categories

Group Culture	7.11
Developmental Culture	8.03
Hierarchical Culture	9.16
Rational Culture	9.97
Total Score	34.27

the kaizen process which operates at Triad. The American manager alternately thinks there is moderate employee involvement. Finally, HR planning is seen by both managers as based on an overall group philosophy, except in the area of training which is considered more individually focused.

Staffing is based on internal recruitment, and people can be hired to a position with minimal experience. Orientation sessions are used. There are many career paths for employees although career path information is generally unavailable. Hiring and promotion criteria tend to be ambiguous and unstated. Discrimination based on either gender or social class is low. There is extensive overtime.

With respect to Performance Appraisal, there is considerable variation in response between the two managers related to how the system operates. The American General Manager views PA as based on performance, with PA criteria and goals set for the long-term (i.e. more than one year). In contrast, the Japanese manager thinks PA is based more on the "total person" and goals are shorter-term. Both managers agree employee participation in the reviews is high. Also, both managers believe the PA is based on individual criteria. The Japanese VP adds the caveat the overall company philosophy is oriented to the group, but that in practice in a U.S. setting there is more of an individual emphasis. Both managers agree feedback to employees is implicit, but the Japanese manager adds there are also elements of explicit feedback. He says the perception of whether feedback is either explicit or implicit is tied to whether the individual involved is Japanese or American. Although the American manager indicates promotion is rapid, the Japanese manager

indicates differences in perception exist, again depending on whether the individual is Japanese or American. He notes Americans feel promotions are slow, while the Japanese think they are rapid.

Whereas variations exist between the two managers related to Performance Appraisal, their perception of how reward systems operate is very similar. Both managers agree there are fairly high base salaries at Triad, and that reward packages are standardized and fixed. Rewards which are primarily in the form of salaries are considered to be egalitarian and open. There is high employment security. Few "perks" are available to Triad staff.

Training is broad and general, and mostly provided in-house. Much of the training is on-the-job (especially for associates), but there is also some classroom training. In the case of supervisory training, outside consultants will be hired to provide training at Triad. There is a group orientation to training, but the Japanese VP notes in the case of on-the-job training there is an individual orientation. The Japanese manager thinks training tends to be based on a short-term focus, while the American manager believes it to be more long-term. Also at variance, the American manager thinks employee input to training is low, while the Japanese manager thinks it is relatively high. The American manager notes there is considerable job rotation in operation at Triad, while the Japanese manager perceives job rotation to be relatively low. He points out employees would prefer greater job rotation, but supervisors limit rotation because it reduces the skill levels required of employees in some areas.

F. Summary of the Results

1. At the time this research was conducted, Triad was a 50/50 joint venture between two large parent firms - one Japanese and the other American - in the automotive industry. Triad was formed in 1985 and began production in 1988, and is considered the most technologically advanced auto assembly plant in the world. In 1991 the Japanese parent became 100% owner of the company.

2. At the JV inception, Spartica involvement assured access to its distribution networks of Triad products which were to be sold in the U.S. In the early stage of the JV formation, both parents agreed Japan Motors would take the lead in the management of the plant. Japan Motors provided advanced technology and the manufacturing philosophy to the JV.

3. Based on the management influence by Japan Motors, Triad has a just-in-time production system, operates using "Kaizen" to facilitate continuous improvements in the plant, and aims to provide cross-training and job rotation to employees. There is a no layoff policy in operation. Uniforms are worn by all staff to promote an egalitarian orientation.

4. The JV Board of Directors are also the upper tier of executives in the plant. Key executive positions are counterbalanced between managers who are either Japanese or American. Although some decision-making occurs at the plant level at Triad, many of the upper level decisions are left to Japan Motors executives located in Japan.

5. The strategic orientation of Triad focuses on quality and

continuous improvement which is achieved in an environment where employees work together in a team effort to accomplish the JV goals. A cooperative relationship between the company and the union is encouraged.

6. One of the key challenges at Triad has been to establish production and personnel policies which take into account the needs and requirements of primarily American employees who work in a system highly influenced by the Japanese parent. Both American and Japanese managers seek to understand each other on a day to day basis in the plant. This task is made difficult by the various perspectives and styles each manager brings to the JV, which are rooted in the national culture to which each belongs.

7. HR had an early role at Triad. HR managers were responsible for the coordination of hiring 3,000 staff to the JV, and for creating HR policy appropriate for the company which drew from both Japanese and American management practices.

8. Managers emphasize communication is the most pervasive problem at Triad. Some of the difficulty in communication relates to culture and the predominance of both English and Japanese which is spoken by managers. In addition, information is not effectively passed to associates by supervisors or other managers.

9. Employees are encouraged to actively participate in the identification and correction of problems in their work areas. Both Quality Circles and "Kaizen" operate as part of this process, although employees recently identify they do not have as much involvement as they did in the early days at Triad.

10. Union-management relations at the plant are generally good. The union contract is flexible and allows the company to operate in a manner which reflects the manufacturing and personnel preferences of the Japanese partner in the JV.

11. The primary form of reward at Triad are salaries. Performance is not linked to employee productivity. Few recognition programs exist, although the management at Triad generally acknowledge the need for greater recognition of employee achievements in the future.

12. Staffing of associates is done through an assessment center. There is a focus on internal recruitment at Triad. Employees would like to see a system of job postings in place, especially for salaried positions, in order that they can be better informed of available positions.

13. In the early days of the venture, many managers went to Japan for training. In addition a large number of Japanese dispatchees came to Triad to provide training on-the-job for associates and supervisors.

14. Performance appraisal exists for salaried staff, but not for associates. Many of the Japanese managers are unaccustomed to a PA process, and have difficulty implementing the system.

15. Employees are generally enthusiastic regarding the involvement of the Japanese partner at Triad, and are less positive about Spartica involvement.

16. Overall, employees at Triad indicate moderate job satisfaction. Employees think there is considerable autonomy on the job, and high job security. They are less satisfied with company policies and practices, and the performance of

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supervisors.

17. Generally, Triad employees consider the JV to have some emphasis on production, task achievement, rules and documentation. They feel there is less emphasis on creativity and innovation or a human resources orientation.

PART THREE: CROSS-COMPANY COMPARISONS

Introduction

The results of the research for Mayo Forest Products, OCG Optima and Triad have been outlined in detail for each company in the preceding sections. In the pages which follow, cross-company contrasts and similarities will be considered. Collectively, the four JVs which are investigated in this research afford an opportunity to examine some of the central features and processes which operate related to HRM in international joint ventures.

As a summary of the previous sections, Table 11 outlines the key characteristics of the four joint ventures in this research. The strategic philosophy for the venture, HR policies and practices, special issues which exist in each JV, as well as the corporate culture for the ventures are noted. In addition, outcomes for the JVs and perceived levels of employee job satisfaction are included. These issues frame the following analysis of the four joint ventures in this investigation.

The analysis of the companies outlines a wide variety of commonalties and differences between the JVs in the investigation. In general, the topics parallel those in the preceding section in which the data from the research is elaborated. The analysis presents an integrated picture of how strategic HRM operates in these companies. More specifically, the following topics are considered:

- the joint venture form
- the strategic management orientation
- subgroups which operate in the ventures

- various HRM functions

- the employee questionnaires

Inferences and interpretations of the data are discussed in the section which follows the analysis of the JV cases.

TABLE 11

CENTRAL FEATURES OF THE JOINT VENTURES

	MAYO	OCG	OPTIMA	TRIAD
Strategic Philosophy	high quality low cost involvement QITs, CATs	innovative low cost involvement cross-functional teams	customer satisfaction; TQM involvement QITs, CITs, CATs	high quality TQM involvement Kaizen, QCs
HR Departmental Role	not strategic; supervisors implement HRM	high involvement; only one HR staff person	high involvement; adequate staff	creation of "hybrid" policy
Communication Systems	employee feedback statistical reporting	intercontinental links	employee feedback; technological links	problematic re national culture
Reward	pay not based on performance or teams	individual & team rewards;bonuses for technological accomplishments	pay for skills individuals, not teams	pay not based on performance or teams
Recognition	many forms; intended to be meaningful	some; under development	many forms; created by associates in plants; intended to be meaningful	generally limited, but available for Quality Circles

TABLE 11 continued

	MAYO	OCG	OPTIMA	TRIAD
Staffing	personal skills; team players; no job postings	technical/personal skills;team player; job postings: Olin; many upper level managers from Olin	technical/personal skills;team player; no job postings (upper management); many managers from Fiberop	broad skills team members; no job posts; balanced bet. Japanese and Americans
Training	strong; especially for production employees	wide-based:salaried some job rotation	cross-training some job rotation	job rotation multi-skilled QC emphasis
Performance Appraisal	not done	Performance Mgmt. Process	considers innovative contributions	special format for Japanese
Special Issues	union-management; shifting roles	integration of parent employees; R&D - manufacturing	transfers; self-managing work teams; shifting roles	national culture; union-mgmt
Outcomes	quality up costs down	#3 in industry ahead on sales	customer and service awards	high quality low costs
Job Satisfaction	moderately high	moderate	high	moderate
Corporate Culture	achievement production innovation	achievement production	achievement production innovation	achievement production rules/order

CHAPTER EIGHT

A CROSS-COMPANY ANALYSIS

A.   The Joint Venture Form

1.   Specialization or Value-Added Ventures

All joint ventures in this study are the product of a union between two large multinational corporations. OCG, Optima, and Triad are 50/50 joint ventures, while Mayo Forest Products is a 60/40 equity split between the partners. Both Mayo Forest Products and Triad are examples of a "specialization" international joint venture. According to Lei and Slocum (1991:52) "specialization ventures are those to which each partner brings and contributes a distinctive competency in a particular value-adding activity (e.g., one produces, the other markets)." This form of joint venture is most likely to be organized around defined functions or roles. In the case of Mayo Forest Products, the roles of each of the parent companies are well determined. Mitsubishi is responsible for marketing 85% of the lumber product to Japan. Canadian Pacific Forest Products (CPFP) handles marketing to other destinations, ensures a steady supply of raw resources in the form of logs, and has the management contract for the mill. The management groups of both parent companies perceive that they benefit from this arrangement, and that each are able to contribute complementary ability and competency to the success of Mayo. Primarily Mitsubishi provides the JV with market access and distribution networks in Japan; CPFP contributes raw lumber resources to the venture.

Likewise, at Triad the roles of each parent are defined specifically. The benefit to Japan Motors is clear. The Japanese multinational gains access to the American market, and has access to Spartica's distribution networks for the marketing and promotion of products in the U.S. In turn, Japan Motors brings advanced technology and the manufacturing and management style to the plant. Originally, an objective at Spartica was that several of their managers would transfer to Triad in order to have exposure to, and learn from the Japanese methods. In reality, this objective did not materialize to the degree that Spartica management had hoped, and within a couple of years into the venture, approximately half of the assigned Spartica managers returned to the parent firm. With the return of many managers from Triad to Spartica, (which was initiated from the American partner), the opportunity for Spartica staff to learn new procedures and techniques was automatically reduced. In addition, the financial benefits of the union to Spartica were less obvious, especially because some of Triad's automobile products were in competition with Spartica's own models. In this case, the joint venture was dissolved. At this time Spartica was suffering huge financial deficits. The sale of Spartica's equity in the JV was required as a way to offset other financial losses which had continued to plague the parent firm.

Alternately, OCG and Optima are examples of "value-added" international joint ventures. As Lei and Slocum (1991:52) describe: "in the shared value-adding ventures, partners participate and share in the value-adding activities together (e.g., both design and produce jointly)." The partners have independent expertise in related areas, and each feel that they can

benefit from the union which the joint venture provides. At OCG, the photoresist business of Olin Hunt is combined in a complementary way with the photoresist and polyimide businesses of CIBA-GEIGY. At Optima, the cable development technology of Bauer is combined with the optical fibre expertise of Fiberop. These ventures provide the partners with the opportunity to share both the risks and costs required to compete in high development-cost industries. Although the potential for valuable technology of one parent firm to be lost to the other parent exists, this concern must be balanced with the possibility of gains in the international marketplace. In this case, at both OCG and Optima, the parent and JV managers feel the union is worthwhile. These venture partnerships have already attained greater product excellence in the particular JV market sector than either parent could attain alone.

2. Dominant versus Shared Management Ventures

Based on previous research on joint ventures, Killing (1983:16-22) categorizes JVs as operating under three different management styles: dominant parent JVs, shared management ventures, or independent ventures. Accordingly, in dominant ventures, the JVs are staffed entirely by one parent and "managed by their dominant parents virtually as if they were wholly owned subsidiaries". The "board of directors, although containing executives from each parent, plays a largely ceremonial role." Alternately, Killing describes a shared management venture as one in which "both parents play a meaningful managerial role." The board or executive committee is likely to have real influence, the

partners share technical or product expertise, and both parents have an active role in the decision-making required for the JV. In independent JVs the general manager has autonomy for making decisions which affect the JV, without need for recourse to a JV board.

With reference to the above designations, all of the joint ventures in this research are shared management ventures. OCG, Optima, and Triad have representatives from both parents in the JV. Mayo Forest Products, which has the least amount of involvement from one parent (Mitsubishi) in the plant operation, has considerable involvement from the Japanese partner in marketing and at the board level. Shared decision-making is evident at the JV board level in all the ventures.

To elaborate on the board structures in the joint ventures in this study, each company has in operation 1. a formal JV board composed of executives from each of the parent firms, as well as 2. an advisory committee which is largely responsible for the operational management of each venture. The JV boards primarily approve major capital expenditures and review budgets in order to safeguard the financial interests of the parents. At OCG, Optima and Triad there is equal representation from the two parents on the JV board. At Mayo Forest Products the board is comprised of three members from Mitsubishi and four members from CPFP.

In the operational management of each venture, the parent responsibilities are also generally shared. At OCG and Triad there is active involvement from both parents at the executive levels. Optima has less influence from Bauer at the executive level, however a key position related to the exchange of technical

information between the JV and the German parent (the Vice-President and Director of Cable Technology) is staffed by a Bauer representative. In addition, at OCG, Optima and Triad there are numerous exchanges of specialized personnel (especially in the R&D and technological areas). Mayo Forest Products is a shared joint venture because of the complementary, but separate, roles played by each parent. However, Mayo Forest Products is very close to the dominant form of joint venture. Canadian Pacific Forest Products, which is 60% owner, provides the majority of strategic leadership in the venture. In fact, as one CPFP executive remarks, Mayo is not managed "appreciably different than our other [CPFP] sawmills". This same executive perceives the JV board to be largely "ceremonial", to use his term. The advisory committee, which does have members from both of the parents as well from the mill management, is the working committee for the JV, and in this sense it is responsible for planning directives at Mayo.

3. The JV Management Contract

In the joint ventures in this research, the management contract for the ventures generally was assigned to one of the parent firms in the early stages of the JV formation. The exception is Mayo Forest Products. In this instance, the management for the mill was allocated to CPFP at the time of the reorganization in 1988, when a need for better defined roles for the parents was decided. With respect to the joint ventures in this study, the parent firm with the management contract has draw substantially on that parent's resources related to the strategic and HR orientations for the venture. Subsequently, the parent with

the management contract generally has had the greater degree of influence related to both HRM systems and the corporate culture which operate in the venture.

At Mayo Forest Products, although JV staff were independently hired to the JV, the strategic orientation for the mill is similar to other CPFP operations. In addition, the consulting company employed to refocus many of the HR-related policies at Mayo had been used by the Canadian parent in other mill reorganizations. HR policies for salaried staff at Mayo have been adapted from those at CPFP.

In part, the decision by OCG partners that Olin would have the management contract is related to the large percentage of Olin employees who are employed in the venture. Further, OCG is in the start-up phase of its operation, and related to a demand for multiple new HR policies to be quickly implemented in the venture, OCG management decided to initially adopted HR policies from Olin. The Quality program and related performance review process have been taken from the American parent. Training for OCG employees is done primarily in the extensive Olin training facility. The newsletter currently distributed to employees in the venture is a product created for all Olin operations.

At Optima, the parents have a counterbalanced arrangement; Fiberop manages the JV in the U.S. location, and Bauer has the management contract for a jointly shared JV in Germany. HR staff at Optima have many linkages with their counterparts at Fiberop. Training content and the reward systems for salaried staff at Optima are very similar to those HR practices found in the parent firm. In addition, the strategic focus at Optima is derived

largely from directives also employed by Fiberop. The upper ranks of the joint venture are staffed primarily by former Fiberop managers.

Finally, at Triad, both the managerial and the manufacturing focus for the plant have been taken from Japan Motors. Kaizen; Quality Circles; the union-management philosophy; staffing, reward, training initiatives; job rotation; and a no lay off policy have all been largely adapted from the Japanese parent. This decision was made in early JV contract negotiations, in order to bring Japanese methods into the American plant. In the HR area, staff have created modified policies which suit the styles and philosophies of an American workforce.

Although the management contract rests with one parent in the venture, in general each JV functions independently at the operational level. Employees in the ventures tend to identify that continued JV independence is related to the success of the venture. Further, the ability to effectively manage interorganizational relationships between the parents and the JV is considered important if JV managers are to sustain parent trust. Many of the characteristics identified by senior managers in the JVs as central to this process are remarkably similar. For example, at Mayo Forest Products patience, trust creation, and objectivity in dealing with multiple stakeholders, including the parents, are mentioned. In particular, the General Manager at Mayo Forest Products suggests that managers require "a good understanding of the politics of the business", and must avoid playing one partner against the other. At OCG, understanding both the JV and parent cultures, and openness to what the parents have to offer the JV is

considered important to the management of parent-JV relations. At Optima, an open mind, and an ability to retain credibility with JV and parent staff are noted. In addition, the establishment of personal contacts and the exchange of staff are thought to contribute to the development of favorable interorganizational relationships. At Triad, patience, flexibility, and the ability to consider another's point of view are key.

Related to personal qualities important to the management of parent-JV relations, executives at various JVs note that personal relationships between upper level staff, and "chemistry at the top" are critical for the maintenance of harmonious partnership relationships. As one manager at Optima elaborates, much of the success of the interactions between senior members of the parent firms and the joint venture are related to "the nature and the personality of the individual people involved." This same manager mentions the importance of establishing long-term contacts between individuals in the parent firms and managers in the venture.

B. The Strategic Management Orientation

1. The Joint Venture Objectives

In the determination of strategic initiatives, each of the JVs has an established model from which to draw insights and methods. At Mayo Forest Products managers were assisted by the consulting company employed to help with the reorganization plan in 1988. OCG adopted the Total Quality Management system which operates at Olin, and which was originally modeled after 3M (Minnesota Mining and Manufacturing Company). Optima uses Fiberop's Total Quality

Management program which is an adaptation from the program established at Milliken. At Triad, the orientation toward quality and continuous improvement derives from the philosophies and management styles which exist at Japan Motors.

There is much similarity in the strategic management goals and objectives which aim to facilitate the success of Mayo Forest Products, OCG, Optima and Triad. Staff in all four companies strive to implement a "Total Quality Management" system which will: enhance production creativity and innovation; consistently meet internal and external customer requirements on time, every time; and demonstrate cost efficiency. Employees are encouraged to be involved in decision-making in their work areas through systems which focus on teamwork, "ownership" of work responsibilities, and problem-solving oriented toward continuous product and process improvement.

To fulfil designated strategic objectives for the JV, managers and other staff are to be actively involved in processes which facilitate the realization of a Total Quality management system. In general, the cornerstones to the activation of high employee involvement systems in the JVs in this research encompass the following:

- Communication systems which provide multiple forms of information and feedback to employees. This occurred in all four JVs in the form of meetings, charts, telephone and written correspondence. Managers determined that if employees are well informed in the areas of product information, costs, and policies and procedures, then they are able to make better decisions, and to produce

higher quality products. Feedback to employees on a variety of dimensions is important in order that they may identify areas where improvements are required. In some instances (i.e. at Mayo and Triad) this takes the form of statistical reporting. At OCG, where operations span three continents, world-wide teleconferences and meetings are used as a way to communicate among employees.

- At all four JVs, **education and training for employees are central** to providing staff with better skills in order to participate in the work environment. To facilitate and maintain flexible manufacturing systems, employees receive wide-based training. At Optima and Triad, this training enhances employee ability to rotate to various work stations and responsibilities.

- **Teamwork and a small group approach** are encouraged. At Mayo and Optima this may take the form of Quality Improvement Teams, Continuous Improvement Teams, and Corrective Action Teams. Optima also functions with production work cells or minifactories. OCG operates with a number of cross-functional task teams. Quality Circle groups and Kaizen project teams exist at Triad.

- **Employees are to be rewarded and recognized** for their efforts and contributions to the company. At Mayo, OCG, and Optima, managers have created numerous incentives for employee excellence. These range from monetary rewards to T-shirts, mugs and verbal praise. At Triad, recognition is given to employees for Quality Circle performance. At OCG (and under consideration at Optima),

rewards are offered for team performance.

In all four companies in this study, a substantial commitment of time and resources has been made in the above areas. Generally, multiple communication systems operate in the JVs, some more efficiently than others. Significant amounts of energy and expense have been devoted to training programs for employees, and most staff in the ventures felt that they have sufficient training to accomplish their tasks. Systems which promote teamwork are operating in practice, although at OCG and Triad employees indicated there has been a reduction in time available to employees for team-related meetings due to increased production schedules. Selection procedures for new employees aim to hire individuals with broad skills, and the ability to operate as team players.

Most JV managers take the recognition of employees seriously, and provide many tangible incentives for JV staff. Triad is an exception, where recognition provided to employees is limited because of philosophical preferences on the part of the Japanese managers in the plant. In the two unionized plants, Triad and Mayo, the creation of positive union relations is thought to contribute to the effective accomplishment of company strategic objectives. Both unionized plants have taken steps to encourage a constructive union-management environment. In addition, the management at Mayo Forest Products, OCG, Optima and Triad generally identify that the maintenance of a work environment in which employees are treated with respect and consideration is important. The mission statement for Plant 1 at Optima outlines that employees will be "treated with dignity and respect". At Triad, the employee handbook similarly describes that the company focuses on "respect

for human dignity", and is interested in the creation of an environment for employees which will result in achievement and self-fulfilment.

Although in all the JVs there has been ongoing experimentation with increased levels of employee involvement, the managers in Plant 1 at Optima are taking the boldest strides to involve workers. Noteworthy, in the near future associates at Plant 1 will perform many of the tasks currently assigned to management; this includes both product and self-management responsibilities. Within five years, on-the-job training in the plants will be done by peers. Associates will develop their own training schedules and do job evaluations; they will hire and fire peers based on associate committee recommendations. Already associates are developing their own recognition programs. In addition, production workers will do preliminary quality checks, and they will be responsible for product and process innovations using a small team approach, (i.e. Corrective Action teams, Continuous Improvement teams), which is already operational in the plant. The number of job categories for production associates is being reduced to increase flexibility of movement between jobs, and to allow cross-training. Promotions will be based on broad experience.

2. Operational Inconsistencies with Stated Strategic Objectives

Although the stated cornerstones of the strategic management philosophy in the four joint ventures focuses on communication, education and training, teamwork, and reward and recognition of employee performance, as employees in each all four JVs admit, stated strategic objectives are not always implemented in practice.

More specifically:

- supervisors may selectively share information with production employees in an effort to retain power (Mayo, Optima, Triad)

- communication may be less open between subgroups in the organization (i.e. between Americans and Japanese (Triad); union-management (Triad, Mayo); HR-manufacturing (Triad); or R&D-production (OCG)

- an absence of job postings and career information limits the employee's knowledge regarding possibilities for future career development (unavailable for all staff at Triad and for managers at Mayo and Optima)

- limited use of performance appraisal or other forms of employee review curtails performance feedback (no PA for all staff at Mayo, or for production associates at Triad)

- heavy production schedules may interfere with training (Mayo, OCG, Triad)

- although all JVs focus on teamwork, only at OCG are rewards offered for team (versus individual) performance

- all JVs are struggling with the creation of recognition programs which are meaningful and tied to performance

- salaries for production employees are not based on performance or skills (all four JVs)

3. Organizational Outcomes

Despite some inconsistency between stated corporate objectives and the actual implementation of practices, overall, each joint venture in this investigation has achieved many of its goals

related to the integration of HRM and strategic planning. **Each joint venture excels in the areas of cost, quality and product innovation.** In all four ventures there exists optimism on the part of employees that the company will do well. At Mayo, despite the heavy work load created by the high performance management system, managers feel the additional efforts were worthwhile. Based on job satisfaction questionnaires distributed in each venture, employees indicate a relatively high level of job satisfaction. Employees are more satisfied with aspects of the job related to autonomy and personal fulfilment, than with actual work conditions (i.e. the implementation of company policy or supervisor competence). All four joint ventures are viewed by employees to focus on achievement and production demands. At Mayo and Optima, innovation and creativity likewise are seen to be priorities in the venture.

4. Reinforcing the JV Mission

The strategic philosophies and objectives for the ventures have been disseminated to employees in a variety of ways. At Mayo, the JV mission statement is frequently mentioned; it is presented regularly in the employee newsletter. Symbolism is used to used to indicate Mayo "is in the race to win" and "is going for the checkered flag" which appear throughout the newsletter as well. "Post it" notes have inscribed the "team effort" slogan. At OCG there is a mission statement unique to the JV, and employees know of and identify with the company objective to be "number one in the business". The vision for the company is communicated to employees through specific presentations on the company strategic orientation. At Optima, the overall company mission statement is

the TQM quality statement, and is therefore not unique to the venture. In this respect, employees do not have a specific, company-relevant slogan with which to identify. However, Plant 1 has created its own mission statement, and Plant 2 intends to do the same in the future. At Optima there is extensive training in employee involvement concepts and the quality philosophy. Finally, at Triad, mission statements are created at the company, departmental and unit levels. Training reinforces the concepts of QC and Kaizen, which are central to the accomplishment of strategic objectives of quality and low cost at Triad. All four joint ventures have orientation programs for new production employees; at Mayo, Optima and Triad there is some discussion of the company and its objectives; OCG focuses primarily on a safety orientation.

5. The Process of Strategic Renewal

In each of the joint ventures in this investigation, the strategic orientation is changing, rather than static. More specifically, at Mayo Forest Products a major reorganization of its systems occurred in 1988, eight years after the JV formation. Mayo is still in the process of implementing changes. In the case of OCG, the company is new - and it is the product of a merger between staff of the two parent companies. Barely one year old, staff in the JV are actively creating and changing policies and systems to meet novel demands in the venture. This process involves the participation of both JV and parent employees. Managers at Optima are taking strides to reshape the manufacturing plants to operate as work cells and minifactories. This change has occurred approximately fourteen years after the JV was initiated. At Triad,

although now five years into operation, JV staff still are developing new HR and managerial systems. As the management at Triad readily agree, the process of learning and adaptation has been greatly complicated by the active presence of two diverse cultural groups in the operation. Both American and Japanese managers actively participate in the ongoing policy creation process. With the recent change in ownership at Triad, employees may expect to experience continuing shifts in management style and philosophy. Although according to several staff members, they think few changes in the plant philosophy are likely to occur now that Japan Motors is the sole owner.

The impetus for reorganization in the ventures has been largely initiated and endorsed at the executive levels. However, at multiple levels in the JV, various groups and individuals have actively contributed to the modifications which have been undertaken. At Mayo Forest Products, the Vice-President of the Canadian parent and the JV General Manager were responsible for a new direction in the mill. The changes at Mayo were organized in part by the consulting company, with input from a wide range of managers as well as hourly employees. Most of the reorganization at OCG has been driven from the executive level of the venture, with considerable operational assistance from the HR Manager for the JV. At Optima, many recent changes related to employee involvement systems began at the "grass roots" level. The management staff in the plants identify the production manager and the plant manager in Plant 1 as largely responsible. In this case, it was not the executive group in the headquarters office who have initiated changes related to the employee involvement system,

although they have continuously endorsed the focus on Total Quality Management systems. At Triad, most of the systems which are in place have been organized at the Vice-President level of the venture, with considerable assistance from the HR department related to the creation of new HR policies for the company. Many of the modifications to policy and practice at Triad have their ideological base in Japanese management and production philosophies, modified to suit an American workforce.

6. The Creation of New Roles in the Venture

As a result of strategic reorientation in the venture, the roles of managers and supervisors, production employees, and the union require reconfiguration. As one manager in Optima describes, the only way in which the JV will be able to meet its operating goals is to "gradually change the culture of the people from one where we've not asked them to use their brains much, to do busy work, to one where they feel they own the business". In all four JVs, production staff who work in "high employee involvement" systems have been asked by management to accept more responsibility, to innovate, and offer improvements to the production process. Some employees are uncertain whether they actually want the new role. In addition, some hourly employees are suspicious that managers will prevent them <u>in practice</u> from accepting newly designated responsibilities.

This suspicion is supported by a manager at Triad who reports that the company had failed to get commitment from some managers related to the employee involvement systems. He also notes that enhancement of these concepts will require the support of upper

level managers, including those in the production areas. Despite the problem of commitment by some managers, managers and supervisors in the JVs have generally tried to prove their intentions related to employee involvement by overt demonstrations that "they mean what they say". For instance, at Mayo Forest Products, hourly workers have been taken to Japan to better observe customer needs and requirements. Employee initiative is given recognition by managers, and suggestions are taken seriously and often put into practice. At Optima, a manager remarked that employees are included in supervisory-level meetings, when they would not have been included previously. At Optima's plants there are no time clocks and managers say they want to send a deliberate message to employees that they are trusted.

In Mayo Forest Products and Triad, production employees who are part of a union are asked to cooperate with management. At Mayo Forest Products one example of how this is accomplished is through the inclusion of a union representative on the hiring panel for new employees. This step was unique for union-management relations in the mill, according to both union and management. At Triad, the relationship with the union is described by managers in the plant as good, and better than in most other automotive assembly plants. The implementation of selected Japanese practices at Triad is aimed to create "a nonadverserial environment which promotes mutual trust and respect" between managers and union employees.

Related to a new role for supervisors, there is evidence at Mayo Forest Products, Optima and Triad that supervisors have attempted to retain power through the control of information. For

example, a production worker at Mayo Forest Products observed that supervisors did not want to share their knowledge with employees. Further, supervisors were choosing the content of information which they distributed. To some extent, the "hoarding" of information by supervisors was a by-product of the history in the plant. In previous years the union had considerable power, and the front line supervisors had little. In the new and refocused system, supervisors are hesitant to relinquish their power gain to employees in production. At Triad and Optima also, problems persist with supervisors who were unwilling to share information with workers. A manager at Optima observes that "empowering people at lower levels in the organization to make decisions traditionally made by them [supervisors] is very threatening. Because there's an element of job security that seems to disappear in that." A department head at Optima advises that in order to give responsibility to associates, managers need a more "enabling" role. He further explains that this is a "radical" step for managers and supervisors. To address the issue of new roles for supervisors at Optima, team training considers power shifts which will occur as a result of the new orientation occurring in the plant, and a new role for supervisors in this process. Both associates and supervisors at Optima receive training in how to work effectively in teams.

C. Subgroups in the Joint Ventures

1. An Identification of the Subgroups

Within the joint ventures in this investigation, a variety of subgroups exist. These are related to:

- minority groups of parent employees who are permanently merged into the venture; such as the Ardsley employees who were absorbed into OCG from the parent, CIBA-GEIGY

- employees who are temporarily transferred to the venture but who will return to the parent company (i.e. employees transferred to Optima from Bauer, or to Triad from Japan Motors or Spartica).

- groups who differ in philosophical orientations or perspectives; for example, differences were evident between union-management at Mayo and Triad; R&D-manufacturing at OCG; and HR-manufacturing (especially at Triad)

2. The Ardsley Employees

The most serious concern for managers (especially for the HR manager) at OCG related to the successful integration of formerly CIBA-GEIGY employees into the venture. The largest group of CIBA-GEIGY employees to be merged into OCG were the group of employees in the R&D division at Ardsley. This group of employees is located at the parent headquarters offices of CIBA-GEIGY, and as various managers mention, Ardsley employees identify their membership more with the parent than with the new joint venture to which they now belong. The long-term plan is to relocate the Ardsley group to

East Providence, although this would not occur until a couple of years following the start-up of the venture due to insufficient space at the current facility. Ardsley employees who are reassigned to OCG experienced great uncertainty about leaving the security of the large multinational parent company, to join a start-up JV about which they initially know little. For Ardsley employees, moving to OCG means not only a physical relocation with their families, but also an adjustment to new organizational values and processes. Further, to create stability in the JV, the formerly CIBA-GEIGY employees are unable to bid back to the parent for a period of two years.

To best determine the concerns of Ardsley employees, the HR manager met with members of this group on an individual basis. Further, the HR manager provided information to employees with respect to changes they may expect as employees of OCG. A task force for relocation has been established. As part of the integration of employees into OCG, an objective for the HR department has been to create fair and consistent policy for all JV employees, and to implement these policies as quickly as possible. For example, Ardsley employees had considerable uncertainly surrounding the benefits they are to receive under a new system. In an attempt to remedy this concern, a task force in the JV endeavoured to combine elements of the parent policies which will have appeal for all JV employees.

3. Transferred Employees

Bauer employees who are transferred to Optima retain a separate status from JV employees, and continue to be retained on

the parent payroll and benefit systems. The parents treat transfers to Optima as if they never left the parent (i.e. seniority, benefits). Although the transfers are made with the intent of sharing technical information, one Bauer employee who is an R&D project staff member at Optima described that his access to information from Fiberop has been variable. This individual mentioned that he has not always been provided with information necessary to accomplish his task in the venture. Alternately, an engineer in product development transferred to Optima from Bauer feels that the level of trust and communication between the parent companies has improved during the six years he has been in the venture. Employees who transfer to Optima from Bauer for a lengthy period of time operate under many of the personnel systems in the venture. Bauer employees at Optima receive an orientation to the JV and quality training, provided by Optima staff. Transferred employees have access to Optima's training programs generally; performance appraisals for Bauer employees are completed by their immediate superior at Optima.

At Triad, both American and Japanese managers note the different operating styles and philosophies which exist between the two groups. Communication difficulties at Triad have been described by various employees, and to some extent this has been the result of different languages spoken by the Americans and Japanese in the plant. Further, American managers describe that Japan Motor employees are privy to information which they are not always able to obtain. This is transferred from senior level Japanese managers in the plant to other Japanese managers and technical staff. To some extent, American managers feel excluded

from many of the processes which operate in the plant, during which decisions are made. In particular, one manager mentioned that the Japanese managers meet after work, and American managers are not present. In some cases, American managers with functional responsibility (i.e. in HR) have been bypassed by a Japanese manager or coordinator, who will instead deal with another Japanese manager. Similar to Optima, employees transferred from Japan Motors to Triad remain on the parent company payroll and benefit systems. Japanese managers receive performance appraisals only from other Japanese managers, regardless of whether they report directly to an American manager.

4. Organizational Subunits

In unionized plants value orientations and work priorities may vary depending on whether group members belong to either **union or management**. Differences in perspectives between union and management existed at both Mayo Forest Products and at Triad. In each case, measures had been taken to bring the groups closer together. As already mentioned, at Mayo Forest Products, the union was included on a selection panel for new employees. At Triad, a cooperative relationship between union and management staff is gradually being built, which stems from each group committing in action to the requests of the other. The union at Triad agree to operate the plant based on a quality-oriented and flexible manufacturing system. In turn, the management at Triad have provided security to employees, and abide by a no layoff policy.

At OCG, the HR manager has attempted to bridge differences in perspective, and communication difficulties which exist between the

R&D and manufacturing groups. This "bridging" was to be accomplished through the formation of a cross-departmental teams and task groups. In addition, exchanges of staff (mostly technicians) between R&D and manufacturing was to be initiated. The aim of the exchanges is to share information and to create better understanding between the goals of the two groups.

Differences exist in operating philosophy between the HR and manufacturing departments. The first priority of manufacturing is to maintain a high level of production; in turn HR managers note that their mandate is to create and safeguard positive work conditions for employees. The goals of these two departments are therefore not necessarily in agreement. Further, as one HR manager in Triad remarks, communication between the HR and manufacturing groups has been described by various employees as not very open.

D. Strategic Human Resource Management

1. The Human Resource Management Departmental Role

Generally the HRM staff in the joint ventures in this research tried to operate strategically, linking HRM operations with the business plans of the company. However, the form and function of the HR role in each venture firm varied considerably. At Mayo Forest Products, supervisors had the primary responsibility for many of the HR-related activities, (i.e. training, recognition, employee involvement systems). Although the HR manager is functionally part of the management team at the mill, much of her role is related to maintaining a safe work environment, the application of the collective bargaining agreement, and ensuring

that "everything is documented and filed". As the HR administrator mentioned, her role is without power. Neither is it proactive. Policy and decision-making responsibility is not assigned to either the HR administrator on the mill site, or to the HR manager located in the regional headquarters office of the parent firm, who was identified to work with the salaried employees in the venture.

At OCG, the HR manager is strategically involved in the creation of HR policy for the start-up joint venture. Related to this, the HR manager plays a significant role in policy creation which links HR with the overarching goals for the company. However, somewhat in contrast with this initiative, the HR department is comprised of one individual (for the North American operation), who does not report directly to the President of OCG but rather to the Vice-President of Finance and Administration. Despite the lack of staff in the HR department, from the early stages of the venture the HR manager has been involved in policy creation, and has actively solicited ideas from other managers and employees in this process. For example, various interest groups, including the CIBA-GEIGY employees who are to be merged into the venture were interviewed related to their needs and requirements. The HR manager at OCG has also consulted with HR managers in each of the parent firms. As a result, HR policy at OCG either has been drawn substantially from the existing HR policies of the parent companies, or alternately has been created to suit the unique requirements of the JV. This is in contrast to JVs which draw exclusively from one parent; or as at Triad, where essentially all HR policy has been created to meet the unique needs of the JV.

The HR department at Optima is fairly large, with HR staff

located in both of the plants and at the headquarters office. The Vice-President for Personnel holds a central position as a member of the JV management team, and reports directly to the President of the JV. Theoretically, this should ensure a position of relative credibility for the HR department. However, some of the managers in the venture expressed that HR is not viewed as proactive, and that HR staff are perceived to function more as "personnel" specialists rather than as "strategic managers of human resources". In this sense, select managers felt that HR focused more on specific issues (i.e. benefits), and not enough on the development of staff in order to meet future, strategic needs within the company. HR managers, along with other managers in the plants are given responsibility for the creation HR policy in the plant which follows overall JV strategic initiatives.

From the earliest days at Triad the HR staff have had an active role in the creation of new HR policy which is in alignment with the business goals of the venture. The development of a large number of HR policies in a relatively short period of time has proven to be an onerous task for HR managers. In general, members in the HR department expressed that they would have been able to establish policies earlier, and be more proactive than reactive in this process, if there were greater numbers of HR staff. Further, early development of HR policy would have contributed to greater consistency in the application of HR policy by managers in the JV. As already elaborated, a major focus for HRM at Triad was to blend aspects of American and Japanese management philosophy into HR "hybrid" policy which is suitable for an American workforce. As part of a policy development process, HR staff built collaboration

with other managers by requesting their input on policies prior to implementation. Managers in the HR department sometimes found this process to be laborious, and in some instances, (i.e a policy for job postings), a newly developed policy was rejected after much preliminary work. In addition, an HR manager described that established HR procedure may be circumvented by managers in the plant. This has occurred related to promotions, and on occasion Japanese managers have gone directly to the Vice-President of HRM to obtain approvals for staff advancements, rather than to obtain the approval from the HR manager with responsibility for that area. In select circumstances, although functional authority might be allocated "in principle" to a specific HR manager, in reality a Japanese manager may have ultimate decision-making power. Added to the already complex HR role at Triad, HR managers recognize that their department is challenged to keep a "balance" between groups in the plant who operate with differing priorities. In particular, HR staff attempt to maintain an equilibrium between union and management, and between the sometimes divergent priorities of the HR and production departments.

2. Communication Systems

A large number and variety of communication systems exist in all the joint ventures in this research. The upper management group in each of the international joint ventures has made a commitment to share information with managers and other employees, and as a result many formal channels for information exchange operate. Mayo Forest Products, the smallest JV in the study, probably has the most intensive communication systems, in order to

provide all levels of staff with information on a consistent basis. OCG, with operations on three continents, has special requirements related to the creation of integrated communication networks. Mechanisms for information exchange at OCG are in place, not only within a single location of the JV, but also between the North American, European, and Japanese locations. With various sites in the U.S., the management at Optima have been challenged to integrate communication systems between the separate plant and branch locations of the JV. Optima also has many interrelationships with Bauer related to the sharing of product information. Triad has multiple forms of communication but as managers and other employees in the venture note, there have been ongoing difficulties with systems for information exchange. In part, this is related to the presence of two distinct cultures and languages in the plant.

The forms of communication which operate in each JV are summarized in Appendix 13. An overview of the communications mechanisms present in the four JVs in this research highlights a primary emphasis on face-to-face meetings. In most of the JVs, meetings are scheduled on a regular basis. This included meetings related to: JV boards, the JV advisory committee, daily production, maintenance, departments, crews, safety, QIT, CAT, CIT, task teams, executive planning, focus groups, quality, Quality Circles, Kaizen, and "world-wide" meetings in the case of OCG. The exchange of technical information occurrs between members (especially in R&D) of the parent companies and the JV. The active sharing of information is viewed by most managers as central to their operations. In addition to meetings, information is exchanged

between personnel through the use of fact sheets, memos, bulletin boards and suggestion boxes. Some form of company newsletter and an Employee Handbook was available to staff in all of the JVs. The two largest joint ventures, Triad and Optima, have closed circuit television. In all JVs there is extensive use of the telephone. At OCG, every two weeks international teleconferences are held as a way to link managers across three continents. Unique to Optima, much importance is attached to a voice mail system, (for both managers and for the experimental work teams in Plant 1), as a way to exchange information among busy managers, or across shifts. To facilitate communication when multiple languages are in use, Triad uses slides and visual aids (i.e. white boards).

3. Reward and Recognition

a) Reward Systems

In the JVs investigated in this research, salaries are generally competitive, compared to other companies in the same industry. **In all four ventures, employee salaries are the primary form of compensation, although to a limited extent other reward incentives are also available.** For example, OCG provides awards to individuals or teams for technological and commercial accomplishments. In addition, at OCG, financial bonuses are provided for mid-level managers or higher, although there exist no incentives for hourly workers. OCG is somewhat unique, in that some of the employees now designated as JV staff (who were formerly CIBA-GEIGY employees) are leased to the venture. Salaries and benefits are paid to these employees by the parent, CIBA-GEIGY, which are then billed back to OCG. At Optima, unit cash awards are

available to salaried staff, primarily on an individual basis. Triad staff, (both salaried and associates), receive an across the board bonus, which is not tied to performance. As already noted, Japanese management philosophy generally does not support a monetary incentive system. Instead, Kaizen improvements are a source of reward for employees. Under a Kaizen system, process improvements which often cost the company money, are meant to directly benefit workers. Despite this, HR staff at Triad are considering a revised reward system which ties bonuses and productivity, and is more likely to meet the expectations of American workers. In Mayo and OCG salaries for production employees are not tied to performance or skills; at Optima pay for skills is under implementation.

b) Recognition

Mayo Forest Products, OCG and Optima all have multiple forms of recognition available to employees. Recognition may range from verbal praise, to jackets, shirts, mugs, dinner certificates, luncheons, and "Employee of Month", among other forms. In addition, in these three ventures recognition is given to employees for safety performance, although there is some indication that this policy is resulting in no-report of injuries. Related to the preferences of the Japanese managers at Triad, recognition programs are more limited, although recognition does exist for employees related to achievements in Quality Circles. At Triad, Japanese managers especially discourage recognition which focuses on individual, rather than group accomplishments. In the other JVs in the study, there is a growing emphasis on team recognition, although to date most recognition tends to be provided on an

individual basis. Some managers at Mayo Forest Products and at Optima suggest that the creation of meaningful recognition programs is one of the most significant challenges of employee involvement systems.

4. Staffing and Promotion

a) Hiring Practices in the Ventures

At Mayo Forest Products, a new General Manager was hired by the Vice-President of the dominant Canadian parent firm, at the time of the mill reorganization in 1988. The General Manager had been chosen not only for his mill management skills, but also because he was perceived by the Vice-President as able to handle the politics of balancing the demands of the JV and the parent companies. In the months following his appointment, the General Manager hired a new team of managers for the mill. Hiring was informal, with a focus on bringing in people who were aggressive, self-starters, with diverse skills. The previous background of candidates was considered less important than their personal suitability to match with and support the strategic orientation of the mill operation. Staffing requisitions for management staff go through the Canadian parent regional office, and then headquarters offices prior to approval - a system which the General Manager found cumbersome. Hourly staff are hired by a selection panel, based on union seniority. The ability of production staff to operate as team players is considered.

OCG had minimal requirements for hiring new staff. Ninety percent of OCG staff were formerly Olin employees; the remainder were mostly from CIBA-GEIGY. The President of OCG had been an

executive at Olin, and when he joined the venture, members of his management team came with him. Vice-President positions were split between the parents, and were assigned early, before the actual start-up of the venture. Similar to Mayo Forest Products, **interpersonal skills and the ability to work as a team member are important** characteristics of OCG staff. Managers in the joint venture were considered to have special requirements beyond those of managers in wholly owned companies. In particular, JV managers need an understanding of the JV culture, the parent cultures, and the interface between them. The importance of "personal chemistry at the top" was acknowledged by managers as essential to the maintenance of smooth operations between the JV and parents. Good communication skills, interpersonal relationship skills, and openness by JV managers to the ideas of the parents was considered an asset. The HR manager in the JV was perceived to ideally have international, multidisciplinary experience, be adaptable, and preferably to possess multiple language skills. As new management and technical staff are required in the venture, hiring will be done based on a policy of internal recruitment from the parent companies. For hourly staff hired in production areas, temporary staff are recruited to permanent positions.

At Optima, the majority of senior managers came from Fiberop. Hiring of new managerial talent is done in a team interview by managers with training in behavioral interview techniques. Many new managers are hired externally, and as one executive remarks, he thinks this contributes to the cultivation of management talent suited specifically to the company's business needs. In the recruitment process, personal skills, (i.e. communication,

interpersonal, and decision-making skills), are considered more essential than technical abilities. It is important for managers to gain credibility, not only in the JV, but also in the parent company. Openness to new ideas is required. At the same time, JV managers must be able to resist pressures placed upon the venture by the parent firms. Generally, a capable team of managers was thought to operate in the JV, although as one executive mentioned this had not always been the case. In earlier times, the JV had been staffed by some overpaid, underutilized staff from Fiberop. This resulted in a policy which still exists, under which transfers to Optima are first approved by the parents. In addition, Bauer has sent some technical staff to the JV to gain work experience in the U.S., even if the transfer was not necessary to the operation of the venture. Recruitment of new employees to the plants is done through pre-screening by the local employment office, testing on the GATB, and hiring by a committee of associates who use a standardized interview format. Personal qualities, including the ability to work as a team member, are important considerations for prospective associate recruits.

Upper management positions at Triad are filled by representatives from the parent companies, as well as by staff who were hired directly to the venture. Upper level hiring was primarily done by Japanese managers, and often included recruitment interviews which were held in Japan. Key managerial positions are counterbalanced between American and Japanese staff. In addition, Triad has a large number of Japanese technical staff transferred from Japan Motors, as well as a large production workforce, (i.e. managers, supervisors, and associates). The Japanese managers had

input to the recruitment procedures, and they advocated the use of implicit evaluation criteria, rather than objective point ratings. Salaried staff are hired in an interview process by managers who have received training in interview protocol. Preference is given to Triad internal candidates, and hiring is based more on personal and team skills, than technical background. Managers mentioned that patience, flexibility, and a willingness of consider other points of view were valued qualities. One manager emphasized the importance of hiring individuals with bicultural skills in order that they may act as "cultural interpreters" between the two major cultural groups in the plant. Women have been able to advance to upper level management positions, although their numbers are few. Associates are hired through an assessment centre; the recruitment process involves standardized testing, a group exercise, and an interview. Again, personal and team skills are more important than technical abilities. The level of education of associates is high, relative to similar production operations. Staffing in the associate area is generally considered to be "lean", and there is a no layoff policy which operates.

b)   Staff Transfers

Both Optima and Triad make extensive use of employee transfers. In both JVs, transferred employees remain on the payroll and benefit systems of the parent companies, the costs of which are billed back to the venture. Transfers enable managerial or technological expertise to be brought into the venture from the parent firms. More specifically, at Optima transfers are used as a means to exchange technical information between the JV and the parents. Most transfers occur between the JV and the German

parent, and generally staff are on assignment for three to five years. Optima staff who are sent to Bauer to learn about new equipment have shorter assignments. Alternately, some Bauer employees in the R&D department at Optima have been on assignment in the venture for up to six years. Employees transferred from Bauer for a lengthy period of time operate under the personnel systems established in the venture (i.e. performance appraisal, training). There are no written policies related to employee transfers at Optima, but despite this, transfer procedures are well established. Employees who are transferred from the parents to the JV are treated as though they have never left the parent, (i.e. benefits and length of service are uninterrupted). In addition, employees who are on assignment in the JV are eligible for many "perks", (i.e. Bauer employees receive doubled retirement benefits for each year they are on assignment in a foreign country, and they are reimbursed for a wide variety of relocation expenses). The parents guarantee a position for transferred employees upon their return. Employees who permanently transfer from the parents to Optima are able to carry over to the JV seniority and benefits accrued in the parent company.

Basically most transfers to Triad are managers, coordinators, and technical assistants who were sent to the JV by Japan Motors to implement management and manufacturing practices in the plant. In addition, some of the management staff from Spartica had also been assigned to Triad, but their numbers were relatively few. Assignments are usually three to five years in length. Senior managers were designated by the Japanese parent to remain in the JV for five years. In order to assist transferred Japanese employees

adjust to a new cultural environment, the General Affairs Department in the JV arranged for housing, food, schools and other domestic details. Transferred Japanese employees to Triad receive performance appraisals in the venture, but only from Japanese managers. As already mentioned, employees transferred to the JV remain on the payroll and benefit systems of the parent. In contrast to Optima, however, there are no carry-over policies in place for Triad employees who wish to permanently transfer to the parent firms, or for employees who want a permanent transfer from the parents to the venture. For example, if an employee chooses to leave Triad to move to Spartica, he or she severs ties with the JV and begins again to accrue benefits and seniority in the parent company. This policy was intentionally established in order to create allegiance to Triad. Similar to the policy at Triad, OCG also established a policy under which employees could not bid back to the parents for a two year period. This was done in order to ensure stability in the newly formed joint venture.

At OCG, staff transfers are minimal. In large part this is because the necessary technological or managerial expertise required for the venture was provided by parent staff who are permanently reassigned to OCG. In particular, management talent was largely allocated to the venture by former Olin staff, who are now OCG employees, rather than from employees on temporary transfer from the parent firms. In a similar way, R&D talent was added to the venture from the group at Ardsley, who complement the existing R&D group at the East Providence facility. All the expertise required for the new venture was therefore transplanted directly into the newly formed JV, making staff transfers of managerial or

technical assistance less necessary. Alternately, at Mayo the mill operation is well established. Very few transfers from the parents existed, although the production and sales coordinator is a CPFP employee. There had been greater involvement by Mitsubishi in the start-up phase of the mill, but Japanese involvement diminished over time as the operation stabalized.

c) Career Pathing and Promotions

The absence of job postings to inform employees of future available positions, and lack of other career-related information, are contentious issues for employees in this investigation. Generally, despite strategic goals in the JVs to develop staff for future requirements, this was done poorly, if at all. As a result, many employees are frustrated by not having the opportunity to apply for jobs for which they felt qualified. A large number of employees think promotional systems in the JV are unfair. To summarize the systems related to career advancement as they operated in this research, Mayo Forest Products has mandatory job postings and promotions based on seniority for union employees based on the collective agreement. No job postings exist for salaried staff; and career path information is not readily available. At OCG there are job postings for hourly and salaried staff in Olin, but not in CIBA-GEIGY, related to hiring new people to the venture. This arrangement reflects a perception that there is a greater likelihood of hiring people with the required expertise to the JV from Olin. However, a CIBA-GEIGY executive felt job postings should be circulated in both parent firms. Career path information and job postings exist at Optima, but mostly for administrative and technical staff, and lower level

supervisory positions. Staff in the HR department have considered an expansion of the career planning program for managers and senior supervisory employees. Job postings do not exist for upper level management positions; instead a "people review" is done by senior managers and promotions are made accordingly. At Triad, there are no job postings or career path information available for employees at any level. Subsequently, employees complain that they don't know which positions are available, or how promotions occur within the company.

5. Training and Development

a) Variety in Training Programs

At **Mayo Forest Products, OCG, Optima and Triad there is a strong commitment to training employees at all levels in the organization.** Training for salaried staff (i.e. supervisors, managers) in all the JVs is wide-based and generally available. To summarize, at Mayo Forest Products salaried employees receive training in technical, supervisory and interpersonal skills. OCG provides TQM training, teamwork, interpersonal skills, and supervisory training. Optima provides training in interpersonal skills, communications, technical areas and quality management to salaried staff. At Triad, staff have received training in Japanese management and production methods, performance appraisal, computers, project management, as well as supervisory training. This is not an exhaustive list of all training provided in each venture, but rather highlights the variety of training which is offered to supervisory and management staff.

Managers in all JVs stressed the importance of training to

Japanese manufacturing methods. Job rotation and cross-training have been implemented to create flexibility in the manufacturing operation.

b) Sources for Training

Much of the training which occurs in the ventures is offered internally (i.e. by parent or JV staff), especially for production employees. Salaried staff are more likely to receive off-site training provided by external sources. At Mayo and Optima, managers and supervisors have attended training programs provided by consultants. OCG employees receive training primarily through the Olin training facility.

At Triad, in order to teach American production workers about Japanese management philosophy and production methods, large numbers of coordinators and technical assistants were transferred from Japan Motors to provide training. In addition, upper level staff at Triad who are American, went to Japan to receive relevant training. Quality circle training, which is an important component of training for production associates, is provided by an American who spent considerable time in Japan learning QC methods. Although training is also provided at Triad from external sources, at present this is fairly limited. The training department consists of one individual who is responsible for the coordination of outside training programs.

c) Cultural Training

Related to cultural training, at Mayo Forest Products, a five-year training plan is under development, and may include courses in the Japanese market, culture, and Japanese certification standards, in order that employees can better understand the requirements of

their Japanese customers. OCG does not offer cultural training. At Optima, a course in German language was offered, although few employees attended. For employees who are transferred from Optima to Germany for a period of several years, they are eligible for a course which provides information about German culture, history, and politics. Eight hours of cultural training, (i.e. Japanese customs, culture, business practices, language), originally was offered to Triad employees, although this program no longer operates.

d) Job Rotation in Production Facilities

Job rotation is a system in which employees rotate to various jobs in order to gain broad skills. The benefit to the employee is greater job variety and less potential for boredom as the result of repetitive job assignments; the benefit to the company is greater flexibility in the manufacturing process. In the JVs in this study, job rotation does not operate at Mayo Forest Products, is used minimally at OCG, operates primarily in the experimental work teams in the plants at Optima, (although this was to be expanded in 1992), and is used extensively at Triad. Although as some associates at Triad point out, job rotation did not always operate as designated, and some associates are given preferential treatment by supervisors.

6. Performance Appraisal

Of all HRM activities, the area of performance review generally receives the least attention by JV managers in this study. At Mayo Forest Products, essentially no performance appraisal (PA) process operates for either hourly or salaried

staff. OCG has a "Performance Management Process" in operation which is a system adopted from Olin. The purpose of this system is to link employee performance with the total quality program. Employee progress is monitored related to meeting customer expectations, and is based on both team and individual goals. Employees have input to the reviews, and technical as well as interpersonal skills are considered. There is a developmental component which focuses on career objectives or training requirements for employees. All employees at OCG receive a performance review, although the implementation of this process is not consistent within the company. At Optima, performance reviews for salaried employees are based on an MBO-type system in which the employee and immediate supervisor jointly set performance goals. There is a developmental component, under which employee performance is reviewed related to requirements for future job fits in the company. Managers are given training in how to conduct appraisals, and guidelines exist for both managers and employees in order that the process is completed successfully. Hourly employees in the plants also receive performance reviews based on both work performance and personal traits; at the time of the review, employee objectives are set for the coming year. In the future, peer reviews for production associates are expected to operate in the plants. To ensure the completion of performance reviews for all staff, merit increases are only processed once the PA has been received by the personnel department. A PA system exists at Triad for salaried staff, but not for associates. The process focuses on both the accomplishment of performance goals and personal skills, and the PA is used primarily to determine salary increases.

Considerable thought and preparation was devoted by HR staff to create a PA system which was compatible to the requirements of Japanese managers in the plant. To facilitate the implementation of the performance reviews, training was provided to Japanese managers as to how to complete the process. Despite this, there are ongoing difficulties for the Japanese in the use of a system with which they are neither entirely comfortable nor familiar.

E. The Questionnaires

Data accumulated from the questionnaires distributed as part of this project broadens the scope of information collected from employee interviews and documents. The questionnaire data indicate how employees in each venture perceive the company to operate. In general, the results from the questionnaires are consistent with other sources of data, and lend numerical support to some of the findings. Although the questionnaire results are not meant to generalize to other companies, there are implications that can be drawn from this data.

1. Guide to Human Resource Management Practices

Information gathered on the Guide to HRM Practices was generally consistent with other data related to HR policy and procedures as they operated in the JVs. There was considerable evidence of dual values operating in the HR systems. For example, at OCG the HR manager indicates that planning is both formal and ordered, as well as informal and flexible. Planning considers both individual and group components; incentives are both short-term and long-term. In ventures where more than one HR staff member

completed the inventory, there was internal consistency among the respondents. The exception was at Triad, where differences in cultural perspectives between Japanese and American HR managers figured prominently in how HR policy and practice was seen to operate. For the American and Japanese managers who completed the HRM inventory, operating differences were perceived to exist related to the length of time frames which operated in the plant, (i.e. long-term or short-term), whether a group or individual philosophy existed, the amount of employee involvement, and whether evaluation is based on the total person or on performance only.

2. Minnesota Satisfaction Questionnaire

Overall scores on the Minnesota Satisfaction Questionnaire (MSQ) in all four JVs in this research are relatively high for employee job satisfaction. **Job satisfaction related to intrinsic sources of satisfaction is higher than scores for extrinsic satisfaction in all companies.** Generally, intrinsic job satisfaction resulted when employees experienced autonomy and variety on the job. This relates more specifically to employees who are able to keep busy, to use their ability and judgment, and who have the chance to work independently. Employees in all JVs indicated strong agreement that their jobs provide steady employment.

Scores for extrinsic satisfaction were consistently quite low in all companies. For example, this relates to the way company policies are put into practice, and the low availability of praise for high standards of work performance. This finding is consistent with some interviews in which employees state they rarely receive

feedback from supervisors on how they are doing. It is contradictory, however, to the stated emphasis in all four JVs related to reward and recognition for employee accomplishments. Also related to extrinsic satisfaction, employees perceived the competence of supervisors to be quite low, except at Optima where employees scored relatively high on how the "boss handles people". At Triad, there is consistency on a wide range of items between the results of the MSQ and an earlier survey on occupational preferences completed by researchers from two local universities in 1989. The only exception is in the area of employee satisfaction with supervisors' performance, which is lower now than in the 1989 survey. Related to extrinsic satisfaction, employees at Mayo Forest Products, OCG, and Optima indicate that they are moderately satisfied with salaries with respect to work demands; employees at Triad were highly satisfied with this feature of the company. nI all four JVs, the chance for advancement was not perceived by employees as especially high, except at Mayo Forest Products.

3. The Culture Inventory

Based on the questionnaire scores, employees in all four joint ventures view the organizations as having a predominantly rational culture in which there is a focus on achievement, goal and task accomplishment, and production. At both Mayo and Optima, a rational culture is considered most predominant, but employees also indicate there exists a developmental culture in the JV as well. In this regard, the production focus is coupled with an emphasis on innovation, creativity, growth and dynamism. At OCG, employees likewise view the company as having a rational-developmental

culture, although the developmental component is weaker than at Mayo and Optima. Triad employees indicate that a rational culture exists in the JV, with a secondary influence of a hierarchical culture. In this instance, a focus on achievement and production is coupled with some emphasis on rules, order, and formality. In all the joint ventures in this investigation, evidence of a group culture was weakest. This indicates that employees feel there is minimal emphasis on people, loyalty, tradition and human resources.

<u>**PART FOUR: THE ISSUES - A DISCUSSION**</u>

Introduction

The preceding sections have outlined strategic HRM practices and processes as they operate in the four joint venture firms in this investigation. Based on this information, the following sections consider the implications for the research based on the data and the analyses of the data. Issues related to strategic HRM emerge as a result of the project, and these are elaborated. Further, strategic HRM is considered related to corporate culture, organizational learning, and national culture in international joint ventures. Bolded text at the beginning of each subsection serves to frame key issues related to the JV cases and relevant literature. These statements or propositions underlie comparisons across the four joint ventures in this study.

<u>**CHAPTER NINE**</u>

STRATEGIC HUMAN RESOURCE MANAGEMENT

A. **Management of the JV-Parent Relationship**

1. Parent Goals and Strategic HRM

In the value-added JVs, both parents tend to actively contribute to technological outcomes in the venture; in the specialization JVs, parent input is more one-sided, with minimal involvement from the nondominant parent firm. Depending on the strategic goals of the parents, HRM policy and practice differs, especially as it relates to the transfer of technology.

In the four joint ventures in this project, Mayo and Triad are specialization JVs; OCG and Optima are value-added. Related to this, in the value-added ventures there tends to be a more shared role between the parents. Although one parent was assigned the management contract at OCG and Optima, both parents are involved in transferring technological expertise to the ventures. In contrast, Mayo and Triad are shared JVs, but more dominant in character. The parent with the management contract in each case takes the lead in providing administrative <u>and</u> technological expertise to the venture. This is the case at Mayo Forest Products. At Triad, there is some involvement by Spartica, but this is very minimal. Alternately, Japan Motors provides influence and expertise to the JV through numerous staff assignments to the venture, and transfers of Triad staff to Japan, in order that information and technology related to Japan Motors management and manufacturing style can be transferred to the venture.

Depending on the parent goals for the venture as identified above, the way in which HRM is structured to complement the parent objectives differs in each case. For example, at Mayo the "subsidiary" type operation has no specific requirements for the transfer of staff between the JV and the parents. Although in fact, if job rotation were to be implemented in the mill as one production employee described as desirable, there may be benefit in JV managers and other employees visiting the Mitsubishi operations in Japan in order to view this process first hand. Likewise, there are no particular requirements to link other HRM activities such as training or staffing with those of either parent in order to transfer technical or other expertise to the JV. Communication

networks with either parent are relatively limited, however communication is retained with the CPFP parent, and with both parents through the JV board and advisory committee.

At Triad, where the Japanese parent is dominant, a network of HRM-related processes operates in order to accomplish parent goals and objectives. This takes many forms. For example, in the area of staffing, the placement of transferred Japanese executives in the JV is counterbalanced with senior-level American managers. Although the Japan Motors executives have primary influence in the operation, one might consider this arrangement to provide a semblance of shared power in the American-based operation. This is likely to be important if Spartica managers on the site, and Triad managers, are to feel they have a role to play in the venture. Alternately, the result might be an abdication of responsibility by American managers who feel Japan Motors executives make the decisions. To some extent, American managers at Triad did perceive the Japan Motors executives to dominate in the operation, regardless of the effort to balance executive staffing. This is demonstrated by one manager who mentions that all the Japanese managers and technical assistants are "dialed in" before the American managers. Japanese employees in the plant get information ahead of their American counterparts, and are more likely to share information from the Japanese parent with other Japanese managers. Although there is no evidence of exactly why many Spartica managers left the plant earlier than planned, this may relate to a sense of powerlessness to contribute, or a perceived redundancy of roles given the predominance of the Japanese in the plant. In future research, questions related to how the involvement of dominant

parent managers is perceived by managers of the less dominant venture partner, and how this affects the performance of the nondominant parent group, would be interesting to consider.

Further, staffing of both associates and managers at Triad focused on obtaining employees who could contribute to the environment Japan Motors hoped to create in the plant. This meant extensive selection procedures for associates, and a requirement of broad skills for all staff. On the production floor, well educated employees with multiple skills are selected to better participate in the flexible manufacturing operation, where cross-functional capabilities of employees are expected. The HR manager was selected by Japan Motors executives in Japan, because he was committed to the same goals as the Japanese parent, including a constructive union-management relationship. To meet the quality goals required by the Japan Motors, extensive training was necessary. As already described, this took the form of transfers of American staff to Japan, or of Japanese managers and technical assistants to Triad to provide direction, training and other expertise related to both management and manufacturing methods. Equally important, Japan Motors seeks to reduce costs. Subsequently, Kaizen and Quality Circles are both important employee activities related to continuous improvements to meet the goals of cost control and efficiency in the plant.

At both OCG and Optima, the primary goals of the parents and the venture are to achieve product innovation and quality based on complementary parent expertise. To accomplish these objectives, technology sharing between the parents is a priority for each venture. This is accomplished through strategic HRM initiatives.

At OCG, staffing of senior Vice-Presidents represents both parent firms. In addition, the biggest issue for the venture, the transfer of the Ardsley group into the JV, was initiated to acquire R&D expertise of the CIBA-GEIGY parent. This necessitated a variety of new HR policies related to relocation and benefits. The no-bid back to the parents was instituted to retain the technological talent in OCG until the JV had stabilized. Many of the goals of both parents related to innovation and quality were accomplished through the adoption of Olin's Total Quality Management program, and the Performance Management Process for employee performance evaluation. To provide greater incentives to employees to contribute technological accomplishments at OCG, the reward and recognition systems are under revision. Intercontinental communication systems were initiated to share information and technology among JV and parent groups.

At Optima, product innovation and quality are facilitated by numerous transfers and permanent staff relocations between the JV and the parents. Many of the senior executives in the production area at Optima were relocated from Fiberop, and brought knowledge related to optical fibres with them. Cable expertise is introduced to Optima through numerous transfers between the JV and the German parent. In the latter instance, technology is transferred by Bauer employees who are temporarily relocated to Optima in the R&D division. The HR department provides assistance in transfers. The parent goals of quality enhancement are encouraged in training programs, by the employee performance review process, and by reward and recognition programs for innovative technical accomplishments. In the plants, the redirection toward self-managing work teams is

not only likely to be more positive for employees, but there is the added benefit of cost reduction and product improvement related to a more flexible manufacturing operation where employees cross-train, have broader skills, and are more willing to volunteer product and system improvements.

2. Partner Compatibility

If the JV partners lack well aligned strategic intents, then long-term venture success may be more tenuous.

As Lorange and Roos (1991) suggest, the strategic match of the partners is critical. The parties to the venture not only must complement each other, but it is important that they don't infringe on each other's territory. It helps if there is cultural similarity. Related to these considerations, if the parents are to achieve optimal realization of their goals, then one might expect the parent goals to be in close alignment. At Mayo, OCG and Optima, the parents have basically the same direction and philosophy for how the JV can best achieve the strategic mandate as outlined by the parent firms. Managers in the joint venture contribute to this process, as do the JV management board.

At Triad, however, the corporate philosophy and strategic objectives of Japan Motors and Spartica are not in complete harmony. The parents operate their own automobile plants differently from one another. One Triad manager describes, "the Americans are going to support their corporate culture...and the Japanese want to support their corporate culture or their beliefs of how they think Triad should be run". Japan Motors has a similar orientation to the other parent companies in this investigation

related to quality and employee involvement; Spartica has traditionally not focused on either quality management or employee involvement to the same extent. Related to this, part of the reason for Spartica involvement at Triad was to gain exposure to the manufacturing methods and management style of the Japanese partner. As already described, this goal did not materialize to the degree Spartica management had originally hoped. Many of the Spartica managers returned early to the parent, limiting the amount of learning for the parent firm.

In addition, Spartica had a market conflict with Triad, in that one of its own models was in competition with a new model produced by the JV. Related to these concerns, Spartica decided to withdraw from the venture. The American parent experienced serious financial difficulties at this time, and one might speculate did not feel there were sufficient gains to be made by remaining in the JV. Although, the joint venture was dissolved, this does not indicate in any way that the Triad was unsuccessful. Triad continues to thrive under the leadership of the Japanese parent, and the many Triad managers who have helped realize the corporate vision of high quality and low costs.

3. Relationship Management

The effective management of relationships, both in the JV and between the JV and parents, appears to be an important factor to JV success. Exemplary personal skills are an asset in staff at all levels.

In all of the joint ventures, personal skills and an ability for managers to facilitate good relationships between the parents

and the JV, and within the JV were considered important. This implies that HR managers and other managers are aware of the priorities of various stakeholder groups. As already noted, there are a number of subgroups which operate in each venture. These groups include for example, union-management, R&D and production, transferred employees to the JV, or diverse cultural groups as at Triad. In addition, managers located in the parent firms, or members of the JV board may also have a stake in how the JV operates.

Managers are most likely to be successful in meeting the expectations of these various groups if they first know the group's requirements. Such information can be obtained, for example, through open communication channels, and in relationships where mutual support is built (Kanter, 1983). In each of the joint ventures in this investigation, these tasks were accomplished in different ways. For example, at Mayo Forest Products, the inclusion of a union representative on the selection committee was a beginning step to include the union in the mill operation. At OCG, the HR manager first determined the needs of the Ardsley group, and defined the differences which existed between R&D and production before the development of new HR-related policy to meet the respective concerns in each group. At Optima, managers were taking pains to demonstrate to production employees that they "meant what they said" about new norms of greater employee involvement at the plants. At Triad, some managers in the HR department saw themselves in a balancing role between various groups in the plant (i.e. union-management, Japanese-American). At Triad, new HR policy was created only after consultation with

American and Japanese managers. In all joint ventures, a focus on communication encouraged various groups to express concerns, or offer suggestions. In these ways managers both become more familiar with issues of importance to employees and to their peers, and are able to offer acceptable solutions to problems when they arise.

In the relationship between JV managers and members in the parent firms, the General Manager at Mayo Forest Products mentions the development of trust between the JV and the Japanese partner was important. He states,

> I would always wear the Mayo hat and was always very direct with them [the Mitsubishi representatives]. Always very up front with them and very consistent. I was never deceitful, never lied. Always went at them with the same story. And we [the JV staff] got the results.

At OCG, a manager notes that when you are working with people from different backgrounds and approaches in the parent firms, it is critical to understand different styles and motivations. He adds that in joint ventures, a manager needs "to maximize what you can do yourself and what you have your parents do for you. So your managers who will be successful, I think have to understand their own culture, both parent cultures, and where they can make use of them". To elaborate on this theme, managers need broad knowledge of all strategic players linked to the venture, as well as the dynamics of how tasks might be accomplished. Similarly, at Optima one manager notes that credibility is important, and having sufficient business knowledge to ask appropriate questions of members of both parents, as well as of the JV operations staff. Finally, at Triad many managers mentioned the importance of being

able to bridge cross-cultural differences through enhanced knowledge and communication. In all the ventures, the establishment of personal relationships between senior executives in the parents and in the JV contributed to development of informal channels of communication through which information might be exchanged and tasks accomplished.

In these descriptions by JV managers of how the venture-parent relationship might operate, the establishment of trust and credibility, as well as an understanding of the operating styles and motivations of various groups is mentioned. Despite this, in none of the joint ventures in this study did managers either request, or were provided with, training or information which focused on how interorganizational aspects of the JV-parent relationship might best be managed. Given the importance many managers attach to the development of personal relationships with managers in the partner companies, joint training sessions which include members of both the JV and the parents, are likely to facilitate not only relationship building, but also exchanges related to key issues, concerns, or new ideas. In JVs when parent groups are from diverse cultures, cross-cultural understanding might also feasibly be enhanced.

4. Implications of the Management Contract

The parent with the management contract can significantly infuse the JV operation with its own strategy and materials. The second parent may likewise have important offerings to the JV, and therefore careful planning consideration is warranted in the early stages of the JV

as to how both parents might contribute to the venture.

Three of the joint ventures in this investigation share 50/50 ownership between the parents, and have an equally shared JV board structure. Mayo is the exception, with a 60/40 equity split in favor of CPFP, and an extra CPFP member on the JV board. However, **in all four joint ventures, one parent was given responsibility for management in the venture by virtue of the assignment of the management contract.** This allocation of responsibility was decided early in the JV formation, except at Mayo where the management contract was assigned to CPFP at the time of the reorganization in 1988. In all instances, the parent with the management contract has drawn on its own resources in the management of the venture. For example, at Mayo Forest Products this has included use of the same consulting company as CPFP to set the pace for the reorganization plan in the mill. HR policies for salaried staff at Mayo are adopted from CPFP. At OCG, the HR manager who is from the parent, draws on Olin resources (including TQM, HR policies, and the Olin training facility). Optima uses Fiberop's TQM program and has adopted many HR policies from the American parent. At Triad, management practices are derived from Japan Motors adapted to suit Americans.

In these ways the JV may be either unintentionally or deliberately infused with the values and strategic initiatives of the managing parent firm. As Frayne and Geringer (1989) speculate, the extent of overall parent involvement in the venture related to the placement, quality and number of staff; training content; form of performance appraisal; or type of compensation and reward are expected to affect the JV corporate culture and identity. How this

occurs is elaborated in later sections. In addition, the content and type of communication systems which operate in the JV, and between the JV and the parents, are related to the degree to which employees of the joint venture form an affiliation to the venture company as opposed to either of the parent firms. In this sense, and related to strategic HRM objectives, the parents need to decide the level of JV autonomy versus dependence on parent policy which is desirable in order for the JV to flourish. For example, there is a trade-off between an infusion of readily available management services into the venture, and the creation of innovative HR policy unique to the special needs of the JV. At OCG which aims to be entrepreneurial, a simple adoption of policy from either larger parent firm is likely to be inappropriate to the demands of the much faster paced market in which OCG competes.

To elaborate on this point, the parents have ready-made, usually high-quality materials and programs to which JV management can have access. This is especially useful in the start-up phase of an operation when the creation of a multitude of new policies and processes is required. The development of new systems is likely to demand considerable staff time and energy. Further, there is a cost savings. HR departments in the JVs in this research were generally small, with a limited number of staff. It is less expensive if HR staff in the JV can draw on already created parent policies. The alternative is for a greater number of HR and administrative support staff to be employed in the venture, when large numbers of new HR policies are to be developed. However, if there is an overreliance of parent materials and systems in the JV, the possibility exists that the venture may inappropriately mirror

the parent culture, with little focus on unique JV requirements. Further, if the joint venture is structured to be qualitatively different from the parents, i.e. to be entrepreneurial (as at OCG) rather than large and bureaucratic (as tends to be the case in the parent corporations), then a simple adoption of the same strategies and HR policies as the parent, is unlikely to meet the specific demands of the venture.

Although to some extent, it is easier to coordinate the strategic and HR processes in the venture if one parent is the primary source of input, this assumes that the second parent has little to offer to the JV in terms of HRM or strategic policy. For example, in the early stages of the JV negotiations at OCG, management responsibility for the venture was clearly designated to Olin. In part this was done because the majority of staff assigned to the venture were former employees of the Olin operations. However, because the management contract was awarded to Olin, CIBA-GEIGY personnel had budgeted neither time nor resources to contribute HR expertise to the venture. This was problematic for at least one senior executive at CIBA-GEIGY, who felt that the Swiss parent had insufficient strategic and HR input to OCG. More specifically, the HR manager for OCG and the CIBA-GEIGY executives recognized that the Swiss parent excelled in recognition policies for employees. The contribution by CIBA-GEIGY in this and other HR areas might be enhanced in a situation where that parent's input was part of the JV mandate. If such exchanges of expertise do not occur as a result of unilateral assignment of the management contract, then opportunities for administrative learning in the venture are reduced.

Related to assignment of the management contract, it may therefore be advantageous to consider how the expertise of managers in the parent firm not assigned the management contract, might also contribute to the venture. If the second parent in fact chooses to be involved in the JV, then participation could be structured by the formation of joint task forces in the HR area (as is already done at OCG). In addition, allocation of funds to the second parent for its contributions, or temporary assignment of personnel from the second parent to the JV, may contribute long-term benefits to the venture. In this way, the parent who has not officially been assigned the management contract for the JV, neither abdicates responsibility related to providing expertise to the JV, nor feels uninvited if contributions are offered.

To date, research has not examined under which conditions joint venture partners decide who has the management contract for the venture, and why. Given the potential influence the managing parent has on the JV operations, the factors which underlie the assignment of the management contract to a parent firm deserve further attention. In three of the four JVs in this investigation, the contract was assigned to the parents with headquarters in the same country in which the JV is located. Alternately, at Triad, Japan Motors took the lead in the venture because both parents believed they could best provide relevant manufacturing and management capability.

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5. Parameters for Joint Venture Autonomy

Although at a strategic level, many JV goals and objectives are directed by the parent firms, at the operations level JV managers are generally given independence as to how to run the operation to meet those goals.

Joint venture managers in this investigation seemed to think that the level of autonomy given the JV was related to the success of the JV in meeting parent expectations. In support of this assumption, Killing (1983) notes that if the joint venture is operating in a manner considered successful by members of the parent firms, then JV managers are given relative independence. Killing concluded that autonomy in the venture both results from good performance, and leads to improved performance. In this research, it would appear that each of the joint ventures was judged successful by the parents related to established performance objectives, and was given relative autonomy as a consequence.

Managers in various departments of each JV did not take the fact of independence from the parents for granted. This is exemplified by a senior HR executive at Optima who remarked that one of the major challenges for the HR department was to maintain excellence in the department in order to avoid intervention from the parents. This manager states,

In the area of personnel and people, I want to keep our company as good as it can be. I feel that if I do not, that I could have some intervention from my parents. So if I think about that as a challenge, and I think if you talked to our financial people, they would tell you the same thing.

Further, a plant manager at Optima notes that despite welcomed

assistance provided by the parent companies, that the JV strives for autonomy. He adds, "I don't ever remember it being written down, but the sense you got being here was that it was the intention that we would strive to be autonomous. And that was the direction we headed". At Triad, where there has been considerable influence from the Japanese during the first five years of the operation of the venture, one Japanese manager hints that it may be time for Triad to create a more autonomous identity. This Japanese manager suggests that now most employees at Triad understand "the Japanese way of business, Japanese thought, and the Japanese way of production. And in time, they have to realize and to decide to think their own way; the Triad way they have to create". The General Manager at Mayo Forest Products was told by the CPFP executive most involved in the JV to manage his business unit and make changes as required at the operations level. At OCG, although the venture is new, the upper management team felt they were given relative independence directly linked to the successes of the JV to date. As mentioned in an earlier section, the ability of JV managers to effectively interface with the parents is important. The development of trust between the JV and the parents contributed to the independence of the ventures.

B.   Integration of HRM and Strategic Planning

1.   HRM Technique and Process

HR managers appear able to deal with the technical issues of creating new HR policy; the more difficult task is the implementation of process-related HRM.

HR managers as well as other managers and employees in the ventures contributed to the development and enactment of various HRM systems. In all joint ventures is it interesting that many of the difficulties related to the creation of appropriate HRM systems were not technical in nature. In each JV, various HRM policies were established with minimal difficulty, either drawing on parent resources, or newly created for the venture. Of course some difficulties were technical, such as a lack of job postings, or an absence of any performance appraisal system. However, even at Triad, where the development of "hybrid" policy presents a significant challenge for managers, HR policy related to staffing and training were readily created. The more difficult issues in all of the joint ventures instead were related to the successful implementation of strategic HRM <u>processes</u>. For example, this concerned how to create effective communication systems at Triad in the presence of diverse cultural groups; how to implement a performance appraisal system at Triad when Japanese managers resist the format; how to effectively deal with changing roles for managers and production workers in all four ventures; or how to best integrate parent employees into the ventures. Based on these considerations, one might expect managers to require diverse skills if they are to function as "process experts" in complex

organizations.

2. The HR Departmental Role

    a) The Process Experts

    HR staff are most effective as process facilitators if they possess personal, technical and political skills.

HR managers in this study required multiple skills if they were to function effectively in their roles, and gain the credibility and confidence of other staff. In general, managers mentioned the importance of personal skills such as openness and flexibility to new ideas or other perspectives, and tolerance and patience. Technical skills were likewise required. Senior HR managers at OCG, Optima and Triad all have many years of experience working in the HR area. In all of the ventures, HR managers have a thorough knowledge of HR-related policy. Further, HR managers mentioned that political skills related to the management of relationships with a variety of stakeholders in the JV and parent organizations are beneficial. More specifically, at Triad, HR managers noted the importance of balancing priorities between groups, and the benefits of advance knowledge and information about the groups' concerns and preferences. In another example, at OCG, the HR manager recognized the importance of gaining support from the parents and parent employees assigned to the JV as part of a process to develop new HR policy.

The role of HR managers as process experts suggests an expanded position for the HR department in the organization. To some extent, this is an idealized role, and not attainable in all companies. However, related to this expanded role, Cyr and Frost

(1992) outline a role for HRM which might include: a knowledge of company strategic goals and objectives in order that HRM policy and practices are in alignment with these goals; the creation and dissemination of a clear vision for HRM at the organizational and HR departmental level; and an appreciation of how cultural values and assumptions impact employees and the organization. Related to the above considerations, and with a focus on HRM in joint ventures, these and other issues are discussed in the following sections with respect to how HR managers operated, or might have operated to accomplish their objectives at Mayo Forest Products, OCG, Optima and Triad.

b) Early Involvement

Early involvement by HR managers in the JV operation tends to ensure a central and strategic position for HRM on the longer term.

At OCG, Optima and Triad, where the HR department has a significant role in the creation of HR policy for the venture, involvement by HR staff began in the early stages of planning for the JV, before the plants were operational. For example, at Triad the HR manager was one of the first staff members hired to the JV, and he spent considerable time in Japan determining HR objectives for the JV, in conjunction with Japan Motors executives. Along with other staff, the HR manager began to establish HR procedures well in advance of production start-up in the plant. The advantage of early involvement by the HR department helps to ensure that the HR group is aware of parent strategic initiatives and is able to translate JV objectives into appropriate HRM systems in the venture. Related to this, if the HR department is able to take the

lead in effective strategic HRM planning, and is successful in this task, then quite possibility it will be awarded greater decision-making power as a central player in the future of the company.

Further, if HR policy is established early, then managers in the venture have formalized guidelines to follow for the implementation of various HR practices. This is a special requirement in joint ventures, when formerly parent staff are relocated to the JV and want some assurance that benefits and other policies will not be substandard to those enjoyed in the parent company. In this investigation, for example, at OCG the HR manager immediately began to develop HR policy which she anticipated would be beneficial to the Ardsley group, in order that they know what to expect in the new venture. Alternately, the early development of some HR policies at Triad was curtailed due to both the large number of policies required, and a need to wait until the union contract was ratified. In this latter instance, specific HR policies were unknown to both employees and managers. In the absence of HR policy at Triad, one manager remarked that he and others "made up their own policies" as required. Based on these examples, the early establishment of HR policy and guidelines is likely to facilitate a more consistent application of policy in practice.

c) The Establishment of Credibility

Members of the HR department are more likely to be viewed as credible when a clearly defined set of HR values and priorities exists with which employees can identify and support.

An added benefit related to the early development of HR policy

is that the HR department is able to establish a valued and credible role for itself in the strategic functioning of the venture. The HR department can become an important source of information and provide resources to managers and employees in the joint venture. This is most likely to occur if the information provided is considered valued and timely by the recipients.

HR credibility is likely to be enhanced when within the HR department, members are able to define a clear set of HR values and priorities. If various departmental members are divided as to their role, and which HR values should predominate, then there is less likely to be a clear, consistent message transmitted to others in the JV as to what is important in the realm of human resources. To elaborate, one HR manager commented that it was inconsistency of the goals and values within the HR group which, to some extent, has resulted in diminished credibility for the department. Within his department, different opinions were expressed as to the amount of employee autonomy and responsibility which should operate in the JV. To some degree, the HR department can have a role is the creation of HR-related values in the organization, but this task is compromised until the group can first define a consolidated position for themselves.

Further, the support of other key players is important if the HR department is to have sufficient power to make policy changes or adjustments. If organizational members feel they have some input to new HR policies, then the job of "selling" policies or strategies to other managers and employees becomes an easier task for HR staff. At OCG and Triad, input from managers and others in the JV was requested by the HR department on HR policy prior to its

implementation. This process not only provides the HR department with policy feedback, but serves to build interrelationships and support between various groups in the organization (Kanter, 1988).

At Mayo Forest Products the Personnel Administrator and other managers had decided to bypass the union committee to provide performance information directly to production employees. The union responded with a flurry of grievances. The Personnel Administrator described this situation in the following way: "we've decided that bypassing the plant committee is not necessarily in our best interests in that they maintain a certain status out in the mill with the crew members...by bypassing them, we do ourselves some harm." In this case, if the HR manager and other managers are to gain organizational support for changes to policies or practices, then first they must secure the approval of key stakeholders in the JV.

d) Charting New Values and Policy

An awareness by HR staff of the unique requirements of the JV and the parent companies, as well as sensitivity to differences in national and corporate cultures as they exist within the venture, contributes to the formation of new HR systems which are appropriate for all groups.

In joint ventures when employees from the parents and new hires are merged together, operating assumptions and policies which were familiar to employees in the parent firms become changed. For example, at OCG, new HR policy was to be created with a goal of integration of the Ardsley group into the JV, in order that they are satisfied with the new policies and environment. At Triad, HR policy was formed based on a consolidation of values and

expectations from two diverse cultural groups. In each case, prior to the creation of appropriate policy, HR staff first attempted to define and understand the operating norms and values of the various groups in the venture. This was not an insignificant task. At OCG, the HR managers conducted interviews with all Ardsley employees to determine their needs and concerns. At Triad, both American and Japanese managers provided input to the HR policy formation process, which managers noted was very time-consuming.

Once an HR policy is formed, special requirements may exist to explain the rationale behind the policy to different sub-groups. For example, at Triad, the Japanese Assistant Manager in HR took on the role of explaining HR policy to other Japanese managers, who were otherwise unfamiliar with many new HR directives. This is an important task in multicultural environments, if HR policy is to be effectively applied. During the implementation of the new performance appraisal system at Triad, American managers provided information on the appraisal process to Japanese managers, asked for implementation feedback, and make assessments related to policy understanding. In the early stages, Japanese managers were not entirely comfortable with the performance review process, and training was provided to assist the Japanese to better understand and operate the system. In this way, values and assumptions of diverse cultural groups are incorporated into new policy, and monitoring is provided by the HR department to determine the effectiveness of policy applications.

Although a need for consistency in policy has been suggested already, this does not mean policy inflexibility which ignores unique situations and requirements. In this sense, the HR mandate

may be most successful if established policy or rules are balanced with flexibility to meet practical operating considerations. This was demonstrated at Triad in the creation of a new performance appraisal system. A PA system which HR managers felt was important for providing performance information to American workers was modified significantly to fit the operating values of Japanese, as well as American managers in the plant. In another example, at OCG although there is a policy in effect which prohibits employees to bid back to the parents for two years, this policy could be modified under certain circumstances if a transfer back to the parent was clearly beneficial for employee career development. If the HR department does not introduce flexibility into operating practice, then quite possibly resistance to new operating norms and values will be encountered from JV staff who feel their unique cultural assumptions or operating requirements are overlooked.

Further, as integrators of values and systems, HR managers might organize HR processes which provide information exchange across different divisional boundaries or groups. This occurred at OCG, when the HR manager set up a cross-divisional task team between the R&D and production departments. Although these two departments had previously viewed their roles and values as separate from one another, the establishment of task groups and cross-training between R&D and production was a conscious move by the HR manager to build greater cooperation and exchange between the units. In a similar way, the "counterbalancing" of managers at Triad served to integrate cultural and technological information between members of diverse groups. Transfers between staff at OCG, Optima, and Triad serve this function as well.

e) Resource Requirements

If the HR department has insufficient staff and financial resources, then its role as a "process expert" in the organization is severely hampered.

The quality of staff assigned to the HR department should be exemplary, and possess both technical and interpersonal skills if they are to deal with complex HR issues.

Two of the joint ventures in this investigation were understaffed - OCG, and Triad. Although the HR manager at OCG has a significant role in setting new policy for the venture, she is alone in the department, with administrative assistance. Further, OCG was the only venture in which an HR manager was not located on the production site. Managers and employees in the venture noted that locating a member from the HR department in the plant would assist staff to better understand and consistently apply HR policy and procedure.

At Triad, an HR manager mentioned that the department would "like to take more of a leadership role, but we've been hampered in doing that from the standpoint that we don't have the number of people to do anything. Right now all we can do is react to things that happen." If the role of HR in the organization is to be proactive in the creation of new HR policy and processes, sufficient numbers are staff are needed for the fulfilment of this mandate.

f) Constant Change

Fast paced organizational change requires HR managers to readily adapt HR policy to match altered JV strategic priorities. Failing this, the HR department loses its ability to participate as a central player in the organization.

Changes to HRM policy are one example of administrative learning which occurred in the joint ventures in this study. In all JVs there is evidence of ongoing change and revision in the way HRM operates. HRM priorities and functions are not static in the organization, but are variable and changing. Even in more established ventures such as Mayo Forest Products and Optima, the companies were in the midst of reorganization plans which necessitated the implementation of major changes to HR policy and process. These changes are not metered and linear in direction, but based on experimentation, and refocusing, until policy fits the needs of the organization.

3. Communication Systems

a) Multiple Forms of Communication

Communication systems which are open, and operate both horizontally and vertically contribute to the degree employees know about JV goals and objectives, and management's intentions regarding products, processes, and policies.

Communication is especially important in joint ventures, where requirements exist not only to keep information flowing within a single company, but between the JV and parents, and between

international locations of the venture as well. As already noted, management of the JV-parent relationship was facilitated by good interpersonal relations and informal communication among managers in the venture and the parent firms. Communication channels were also created through the transfer of employees. On an international level, teleconferences and world-wide meetings such as at OCG, served to link the various arms of the operation.

Within the venture, the most successful communication systems were open and operate between multiple hierarchical levels (i.e. between managers, supervisors, and production staff). For example at Mayo Forest Products, generally staff at all levels felt they have a good knowledge of the business, and of management's intentions. Production employees at Mayo said they received information through weekly meetings and from bulletin boards. As on employee commented, "everybody can see where we stand". Although some supervisors did withhold information from associates, production staff note they were generally well informed. Managers at Mayo describe that there are "no secrets". Communication was apparent between managers and production employees, and between managers and supervisors.

At Optima, an associate remarks that shift supervisors "are wonderful to keep us informed on administrative type things, manufacturing changes...they're great about communication". At the headquarters office and in the plants, focus groups operate as a deliberate way to provide employees with a face-to-face chance to ask questions of managers related to any aspect of the company. Management's challenge is to establish a norm of trust and sharing for the meetings. As these sessions currently operate, associates

are hesitant to discuss "real issues" for fear of appearing uncooperative. As in other areas of Optima, where supervisors are attempting to prove to production employees that they are sincere in what they do, the process of establishing trust will take consistent application of norms which reflect openness, and time.

In addition, horizontal communication across levels (i.e. between various units and employee teams) was considered important. At Optima, cross-team coordination was accomplished by a team project manager for production, who arranges weekly meetings for associate coordinators on each shift. These meetings were established to facilitate the integration and coordination of efforts and communication across teams. At OCG, cross-functional teams and task forces serve to likewise create communication links across organizational units. Further, at Mayo, Optima and Triad, the existence of a newsletter which focused on the JV, rather than on more general parent operations, helped to draw JV personnel together as a unit.

In general, active forms of communication which involve the direct interaction of employees in the JVs were more favored by employees than passive forms of information exchange such as memos, reports, or newsletters. One manager observes that although telephone and fax are adequate, "there is no substitute for face-to-face communication". Several managers mentioned the importance of establishing personal contacts with their counterparts, in meetings which involved face-to-face interactions. A manager at Optima notes that the development of personal relationships significantly enhanced his ability to discuss future issues with his contacts on a telephone basis. The temporary assignment of

personnel from the parents to the venture provides an opportunity for managers or other staff to work together over a period of time, and further to gain a better understanding of one another. This is likely to have added benefit when the participants are not all from the same national culture. Through direct interactions between members of diverse cultures are cultural appreciations more likely to be enhanced, and stereotypes dispelled.

Whether information is shared between groups within the JV, or interorganizationally (among geographically dispersed JV units, or between the JV and the parent firms) depends on several factors. Schein (1986) elaborates that the amount and content of information shared relates to: 1. a common language, 2. consensus on group boundaries (who is considered an insider or an outsider), and 3. how power and influence between individuals or in a group are stratified. Even in companies, such as the four joint ventures in this investigation, where numerous mechanisms for communication exist, information sharing may be constrained by language difficulties, lack of trust between groups, cultural boundaries, or a perceived requirement to retain "information as power". In turn, these elements affect the quality of information shared among employees in the JVs in this study, as elaborated in the following sections.

b) Communication Across Cultures

Across cultures, communication difficulties may be ameliorated by the use of illustrations, interpreters, cultural "liaisons", and some understanding of how informal norms related to information exchange operate between different cultural groups.

In joint ventures where there is a significant representation of managers and other staff from more that one national culture, communication systems are likely to be complicated by the presence of multiple languages, and diverse cultural norms and values. At Triad, for instance, communication difficulties were prevalent, and in part related to two different languages spoken in the plant. Employees at various levels at Triad mentioned they thought communication was probably the biggest problem in the plant. Although many of the Japanese at Triad speak English, subtle differences related to communication often resulted in frustration or miscommunication for employees. This finding is supported by other researchers who found language differences to be a fundamental problem in Japanese-American JVs. Specifically, Peterson and Schwind (1977) found that 86 percent of employees in JVs in Japan mentioned communication difficulties in the venture.

At Triad, the inability by Americans and Japanese to understand one another's language partially was bridged by the use of illustrations and interpreters. Interpreters were predominantly used on the plant floor to help Japanese technical assistants and coordinators (who were providing manufacturing expertise), to communicate with American managers and associates. Illustrations were also found to be helpful, and both Japanese and Americans wrote down content and diagrams on a white board. In other written communication, one American manager notes that the Japanese preferred to see graphs and charts.

The exchange of technical information was less problematic than other areas of communication. One Japanese executive at Triad considered technical exchanges to be "very successful". This may

be assisted by a common technical language shared by engineers in the plant, regardless of whether they spoke English or Japanese. This thought is given support by Lewis (1990:258), who suggests that around the world scientists and engineers in the same discipline are,

> Educated with the same principles, use the same texts, read the same journals, and share the same jargon...Thus, more than any other discipline, science and technology share many values that cut across other cultural boundaries.

Further, a Japanese employee at OCG who considered himself a "liaison" between various groups in the venture, describes the difficulty of conveying meaning across cultures. To assist with the communication process, not only did this individual translate reports, but he also tried to capture the underlying meaning and intent of the Japanese text. At Triad, where there were two managers with bicultural skills, they filled a similar role. To what extent individuals with bicultural skills exist in international organizations, and which specific roles they play are interesting questions for future research.

Alternately, few Americans have multiple language or cultural skills. As one Japanese manager at Triad remarked, there is much hesitancy on the part of Americans to learn a foreign language. Generally, Americans expect that members of another culture will be able to speak English. This tended to be the case at Optima, as well. One manager noted that the German technical staff who worked at Optima, or German managers with whom he communicated but who were located in Germany, were all conversant in English. American managers at Optima remarked that the ability on the part of the Germans to speak English had greatly enhanced the communication

process in the venture.

Beyond difficulties experienced by Triad staff due to multiple languages in the plant, communication also was influenced by the existence of different informal norms for information exchange related to national culture. Although differing communication norms existed in both the American and the Japanese cultural groups, the norms operating in the Japanese group had the greatest impact. In large part this occurred because the Japanese parent had the manufacturing and management responsibility for Triad, and in this role provided strategic information to the plant through Japanese managers on assignment from the parent company. Partly due to language ease, and partly due to style preferences and familiarity, Japanese managers at Triad meet in informal groups, often after work, to exchange information. This form of interaction has the automatic effect of partial exclusion of American managers from obtaining strategic or other technical information which Japanese managers might possess. Some of the American managers at Triad viewed this exclusion with concern, and felt "left out" of the main stream of information exchange. With respect to HR-related matters, in some instances Japanese managers directly interacted with the Vice-President of HRM, (who is a representative of Japan Motors), rather than to deal directly with the American HR manager with relevant functional responsibility. In other divisions, as well, American managers reported that a Japanese manager may consult with a Japanese coordinator, and bypass the branch manager in charge of the project.

Related to these examples, important information in the JVs often is passed through informal, nondesignated information

channels rather than through a more formal and institutionalized information system. Individuals who are "outsiders" can not expect to be privy to all levels of information as it exists in the company. This reality has implications for employees related to their ability to effectively accomplish tasks, and for the degree of job satisfaction which they experience.

The operation of informal communication systems existed within other JVs in this research, but less powerfully than the informal systems which existed at Triad. In shared management joint ventures between partners from widely diverse national cultures, one might expect the operation of informal communication systems to be more prevalent than in companies where more culturally similar groups are represented. This possibility may result when members from different national cultures gravitate toward operating styles and norms, and within group interactions, which are most familiar. This postulate, however, remains a question for future research. Further, how might the operation of informal norms and systems for communication influence the effective exchange of information between groups from different national cultures in the venture?

c)   **Sharing Technical Information**

Sharing of technical information between JV and parent employees may be hampered when the recipient is considered an "outsider", or under conditions when organizational commitment or trust are not yet established.

In international joint ventures, especially when the goal of the parents is to create value-added products, technology sharing from the parents to the venture is necessary. However, information

exchange among the JV-parent groups may be complicated when individuals feel that providing sensitive information compromises the parent's strategic position (i.e. related to product secrecy, or innovative technology). In addition, one might expect more open exchanges of information between parent employees in the headquarters office and that parent's staff who are transferred to the venture. In each case, they are "insiders" and belong to the same parent organization. Staff who are transferred to the JV from the parent firm are still considered members of the parent, and therefore more likely to receive privileged information. This is in contrast to information sharing which may occur at Optima, for example, between Bauer parent headquarters staff, and Fiberop employees in the venture. In this instance, managers or technical staff from the parent may be reluctant to share information with staff from the partner firm, even though they all are associated with the JV.

Related to this, a Bauer employee on assignment to the R&D division at Optima, remarked that he was more likely than an "outside" employee, (i.e. either from Optima or from the American parent Fiberop), to have access to information in the German parent company and its subsidiaries. Alternately, an engineer from Bauer mentioned that he had experienced difficulties trying to obtain technical information from Fiberop. In this sense, the extent to which members of the JV or the parent firms either screen or share information with one another has implications for the amount of technical learning which is possible in the venture. If the management of parent firms commit to a joint venture in which the intent is to create value-added products (as was the case in

Optima), then at the most senior levels of the venture, mechanisms and norms should to be established which support open information exchange as it affects the JV. At Optima, the placement of a Bauer employee in the position of Vice-President of Cable Technology significantly contributed to information transfer from Bauer to the JV. Further, information exchange may be enhanced if rewards for managers and other employees are based on joint product development; although this did not appear to happen in the joint ventures in this investigation. If norms for openness and collaboration do not exist, there is the possibility of information restriction between the parents and JV, which on the long-term may affect the ability of managers to realize technical, as well as interpersonal opportunities in the venture. Employees who feel they can not accomplish tasks due to a constricted flow of information may eventually feel demoralized, and question their continued participation in the venture.

Although in general, one might expect to see more frequent and open exchanges between headquarters and other employees who belong to the same parent firm, there are some conditions which may moderate how these communications operate. For instance, at Triad, some of the Spartica task force (those who remained in the venture and who were committed to the JV goals), began to feel more a part of the venture than the parent. In fact, as one Spartica manager observed, he has a more valued role at Triad than in the parent organization. Specifically, he remarks, "we made an earnest effort to help and got involved [at Triad]. And those [of us] who did are appreciated more than we ever could have been back home [at Spartica], because we helped fill some of those cultural gaps".

This Spartica manager expressed an allegiance to the venture, and a desire to focus his energies to help Triad succeed. As loyalty by parent employees to the JV increases, and if there is minimal appreciation of efforts by the parent firm, a gradual reduction in the amount of information exchanged between the parent transfer and his or her counterparts at the headquarters office might be expected. At Triad, this had implications for the accomplishment of parent goals. Originally, Spartica entered the venture to learn from the Japanese partner, and sent Spartica employees to Triad for this purpose. As Spartica transfers either returned to the parent, or gradually reduced parent ties, as described here, then the accomplishment of Spartica's original goals for learning from the venture involvement were reduced.

d)   Information Sharing Among Joint Venture Subgroups: Information sharing may be constricted among subgroups in the organization, especially under conditions of uncertainty and mistrust.

In all of the JVs in this investigation, some supervisors withheld information from production employees. Generally, this was related to a fear by supervisors that if information is shared, one gives up control, or perhaps makes his or her role in the organization redundant. Further, open information exchange did not always occur between other subgroups in the JVs. For example, in union-management relations an ideological tradition exists that the union expects management to take advantage of employees, and therefore needs to provide employee protection.

Operating assumptions form the framework through organizational members, either supervisors or union employees, as

in these examples, make sense of their organizational roles. As conditions in the joint venture environment begin to change, and supervisor's roles shift, or the union is asked to be more involved in the management process, member role reevaluations may be required. Role shifts such as those described here are predicated by uncertainly, often mistrust, and are uncomfortable in the interim stages until a new organizational position is solidified. In these interim stages, exchanges of information may be guarded, until proof is supplied that normative changes will actually occur.

Alternately, if members of each group are made to feel more secure in their roles, then possibly greater willingness to productively interact can be encouraged. For example, if supervisors receive training in role alignments (as they did at Optima), and develop a new role as "enablers" in relation to associates, then the risk of losing power to the associate group is less relevant. In a similar way, if union and management are able to develop some continuity, rather than separateness, of roles then a goal for working together might be nurtured (as was beginning at Mayo Forest Products). Consequently, less energy is expended by each group on a "them and us" position. In companies where the integration of subgroups, and the development on related communication channels to foster mutual goals and understanding is not encouraged, the possible result is employee dissatisfaction and a focus on "groupism" where joint contributions are hampered.

4. **Reward and Recognition**

   a) **Goals of Reward Systems**

   TQM, product innovation, and teamwork are important in all the ventures. However, only in a few instances were rewards offered to employees in alignment with their efforts in these areas.

   The purpose of monetary compensation is to attract, motivate and to retain employees. In competitive, joint venture companies, ideally compensation systems are structured to reward employees for product improvements and work performance which exceed normal work requirements. Reward incentives for employees which are linked to learning and innovation, are most likely to result in the creation of new solutions, or changes to products or processes which ultimately benefit the firm. In competitive companies when rewards are absent for high employee performance in these areas, inconsistency exists between stated policy and policy in action.

   Typically, in the JVs in this study, pay is not linked to performance, especially for hourly employees. This is in contrast to reward structures present in other progressive companies, where the compensation system "emphasizes the individuality and distinctive competencies of each person, with pay allocated for knowledge and performance" (Forward et al. 191:39). However, in the near future at Optima, managers in the plants plan to institute a system for associates which rewards employees for exemplary performance; and eventually, to adopt a "pay for skills" approach. If managers are to encourage employees to learn new skills, and perform to maximum capacity, then reward systems will be in alignment with these stated objectives.

For example, in companies where innovation and creativity are desired, reward systems will ideally reflect such goals. At both OCG and Optima some rewards exist for salaried employees related to technological accomplishments. In addition, organizational values and norms may support risk-taking as part of a process leading to new solutions. For example, at Mayo Forest Products, one manager said that making calculated mistakes is not considered unfavorable. He added "we make a bunch of mistakes and we make them quick". There is a quarterly award at Mayo for the person who has made the biggest mistake. This action sends a strong message to employees that mistakes are acceptable as part of a broader search for product improvement. Further, if a goal in manufacturing facilities is to develop team activities, then rewards should be provided to employees for team, rather than for individual performance, as some managers are quick to observe. Generally, in the JVs in this project, rewards were provided on an individual basis, rather than for teamwork.

At the executive level, compensation which is tied to JV success provides incentives for managers to concentrate on the viability of the venture (Frayne and Geringer, 1989). However, this form of executive compensation was not usually applied in the JVs in this research. Without incentives which are tied to venture performance, executives or other managers (who may experience divided loyalty to the JV and the parent anyway), may be tempted to spend more time making career connections back to the parent firm, than to stimulate financial success in the JV. Also related to JV success, financial rewards can be a powerful tool to encourage cooperation between technical staff, task force groups, or other

cross-functional teams between JV and parent staff. If various incentives for joint project success are available to employees, then technological sharing, innovation based on combined expertise from parent groups, and project successes may be more likely to flourish. Reward systems which are designed to suit the unique orientation of the venture, as opposed to those taken whole or piecemeal from the parent firms may be most effective.

b) Multiple Compensation Systems

The presence of multiple compensation systems in the JV is not problematic for employees if they view rewards as consistently applied <u>within</u> their own groups.

In international joint ventures, the possibility exists that more than one compensation system may operate simultaneously. Executives or other employees transferred to the venture may remain on the payroll of the parent firm. In addition, a separate compensation system might be developed for JV staff. For example, at OCG, Optima and Triad, more than one compensation system was in operation. More specifically, at OCG the Ardsley group who are designated as JV staff currently are leased to the venture; they remain on the CIBA-GEIGY payroll and benefit systems, and costs to the parent are billed back to OCG. At Triad, a large number of upper level executives who remain employees of either Spartica or Japan Motors, are paid by the parent. At both Optima and Triad, technical staff on temporary loan to the JV also continue to be paid by the parent firm.

According to Cascio and Serapio (1991:71) multiple compensation systems may have a negative impact on staff in international alliances. They write,

> Failure to establish a uniform compensation policy in an international alliance that requires high interaction among employees from different partners can lead to predictably adverse effects. Differences in compensation systems, especially for employees doing the same jobs, often lead to feelings of inequity among those receiving lower compensation and benefits. Morale and motivation therefore suffer among group members.

However, contrary to these predictions, multiple compensation arrangements did not seem problematic for JV staff in the ventures in this study. Generally, JV employees knew that different reward systems existed, but felt that as long as an individual remained under the parent umbrella, he or she was considered in a different category. Further, most staff were not aware of actual salary differences which existed. What appeared to be a more important factor for employees in their judgement of fairness related to compensation systems, is whether reward systems are <u>consistently</u> applied <u>within</u> the group of employees officially designated to the JV. This was more significant to employees than the manner in which staff on temporary assignment from the parent are rewarded. Related to this, if reward incentives appear inconsistent within a department in the JV, then staff are likely to be dissatisfied. For example, at Optima, different awards are available to sales versus marketing staff, and had been a source of discontent for marketing employees who perceive they are not able to make as much money as their counterparts in sales.

c) **The Creation of Meaningful Recognition Systems:**

Managers find recognition systems difficult to implement.

To be most meaningful, recognition is: linked to employee performance; individually valued by employees; and consistently applied.

As is the case with monetary reward systems, nonmonetary recognition systems in progressive companies are instituted to recognize excellence in employee performance. Recognition demonstrates to employees that their efforts are appreciated, and consequently encourages continued excellence. If recognition programs are to be consistent with a teamwork approach advocated by managers in the JVs in this investigation, then recognition will be provided for group effort and accomplishments. This does not preclude the existence of individual recognition as well. Generally, despite stated team objectives, recognition was given for individual, rather than team efforts.

The area of employee recognition is problematic to the JV managers in this research. In support of this idea, managers at Mayo Forest Products feel one of the biggest challenges they face is the creation of meaningful employee recognition systems. Employees were not always informed or aware of the reason for recognition, diluting its reinforcement value. At Optima, a manager remarks, "a lot of the employees are uncomfortable being recognized as the employee of the quarter because in a lot of cases they don't really understand why". This suggests that if recognition programs are to have maximal value, then employees need a clear concept of what the programs involve, and why recognition is offered.

Some employees stated that they like to be recognized; others felt the recognition was an embarrassment. Related to this, the effect of recognition programs will vary greatly depending on individual employee preferences. For this reason, managers must consider what is appropriate recognition for either an individual

or a group. Although considerable time was spent on the development of recognition programs in this research, there was little evidence that managers spent time tailoring reinforcements to be appropriate for specific individuals or groups. Further, if managers do not use sensitivity in the recognition of employees, these programs potentially may have a negative effect on performance. For example, one HR manager at Optima suggests that recognition programs can demotivate employees, if recognition does not also reward the average performer for improved performance.

At Triad, employee recognition programs did not operate, except for QC performance. Although in general, Japanese managers did not favor a recognition system, some American managers note that there should be small gifts and other forms of recognition available to employees for no lost time or project accomplishments. One American manager mentioned that Americans are different from the Japanese and appreciate "public acknowledgement" for achievements. An associate at Triad concurs that he would like to see more recognition of employees, "to know that the work that you're doing is appreciated, and that they [management] are looking at you". In view of these comments, there is some evidence that the influence of Japanese management preferences in the plant may require some revision in the area of recognition, in order to accommodate the expectations of American workers. The HR department can have a role in the creation of new recognition programs, but first they need endorsement from Japanese managers that the application of these programs will have plant-wide approval, including that of the Japanese managers.

One of the most successful recognition programs operating in

the JVs in this study was created by associates themselves. At Optima, a team in Plant 1 was responsible for the creation of an "Employee of the Month" program in which associates nominate their peers for recognition. A manager in the plant perceived that employees generally view this award as prestigious, where in other companies "Employee of the Month" is more likely to be viewed as a popularity contest. This manager mentions he had "heard the complaint that it's a popularity contest, but I've only heard that from a couple of people". It may be that recognition programs created and administered by employees are considered to be more meaningful, and less subject to favoritism by managers. This supposition requires further investigation. As numerous managers and production employees pointed out in the course of this project, often an employee's peers best know his or her level of performance.

In all JVs except Triad, recognition was provided to employees for safe work performance, and was withheld from employees who had on-the-job accidents. Although safety was a priority in all JVs, the merits of providing recognition and/or monetary reward in this area are not clear. In fact, according to traditional reinforcement theory, the withholding of reward is considered "negative reinforcement". In companies where recognition in the form of "safety bucks" is given for safe work performance, then the withholding of safety recognition and rewards is an incentive for employees to conceal injuries. In companies where safety recognition is for groups, rather than for individual on-the-job safety, employees who report injuries may feel as though they are contributing to the loss of recognition for their entire group.

Some of their peers may perceive this also. To illustrate, some employees did avoid reporting minor injuries in order to maintain a safe work record. At Mayo Forest Products, one production worker explains, "I got a little bonk on the head and I went to first aid and got it checked out there and then I didn't get my fifteen dollars. And that made me mad...I don't like that incentive...everybody is then hiding their little sprains and bruises." When recognition for safety is provided only if there are no accidents in a unit or group, then peer pressure is placed on individuals who have an accident, therefore blemishing the safety record of the entire group. One associate at Optima mentions that although members of a group should implicitly be concerned for one another's safety, reward or recognition for safety should only be based on individual performance.

If recognition programs are to be considered fair by employees, then managers must consistently apply the programs. In at least one of the JVs in this study, a few managers independently had decided that certain aspects of the company recognition program were of minimal value (i.e. Employee of the Month). Subsequently, one department had this form of recognition, while another did not. Not only does the nonapplication of certain forms of recognition deviate from company stated strategic policy, but it also provides an inconsistent message to employees as to what is valued behavior in the organization. Further, employees who see their peers recognized for performance, when they are not, may become either demoralized, or disillusioned with the way company policies are put into practice. Although there can be positive benefits from tailoring recognition to meet group needs, variation in recognition

programs within a company may have a negative impact on employees, who feel (despite what the manager thinks), that a particular form of recognition is worthwhile.

In sum, in the areas of employee reward and recognition, no easy solutions exist for the creation of an environment in which workers feel appreciated, and in turn desire to significantly contribute to the success of the venture. However, based on some of the evidence in this research, reward and recognition programs may be most effective if they are meaningful and consistently applied. To the extent that recognition programs are aligned with the strategic orientation of the venture, employees have a clear idea of what is important in order to contribute to the goals of the company. Ignoring these considerations, reward and recognition programs can have a demotivating effect on employees, and thus detract from the original intent of the programs.

5. **Staffing and Promotion**

a) **A Focus on High Calibre Staff**

Competent, high potential employees are hired at managerial, technical and production levels. Personal skills are important, and in some cases, are a more important consideration than technical competence.

Both hourly and salaried employees were hired based on their ability to communicate, learn new skills and operate as team members. In some cases, technical competency seemed to be of secondary importance. For example, at Triad, employees without previous experience in an automotive manufacturing setting were deliberately hired, in anticipation that they would be more open to

novel ideas, and new ways of operating on the job. The Manager for Quality Circles at Triad mentioned that when he and others went to Japan for training in the early days of the venture, they had expected to be placed in jobs similar to those in which they had previously worked. Instead, many placements were made based on potential, rather than specifically related past experience. Somewhat surprising, there is little emphasis on acquiring JV staff in any of the ventures who have cross-cultural skills and abilities, international management experience, or multiple language skills.

Although, traditionally, salaried staff undergo a more elaborate selection procedure than hourly employees, in the joint ventures in this study production workers were thoroughly screened as well. At Triad, associates were screened in the assessment centre. Although an assessment centre approach has typically been used to select executive talent, it has rarely been used for the selection of production employees. At Mayo Forest Products and Optima, hiring of associates or hourly workers was done by a selection team.

At Optima, the hiring committee which evaluates temporary employees for permanent positions is comprised of production associates. Associate selection is based on a "mentor review" completed by a prospective employee's peers who consider supervisor's ratings and attendance records. The system has been operating for three years and has been very successful. Although hiring of production employees by peer review is not prevalent in industry, this system worked well at Optima. Responsibility for staff selection is given to employees who know the job best, and

who will eventually interact with the prospective candidate. This system of peer selection is likely to have maximum benefit when training in selection procedures is first provided to employees responsible for this task.

The emphasis on staffing as seen in the JVs in this investigation is in contrast to previous research on international joint ventures. In a review of the literature on IJVs by Shenkar and Zeira (1987), they found that in twelve of nineteen studies on JV firms, a gap existed between actual and desired levels of staffing in the venture. Although there is no definitive answer why there is so much focus on high quality staffing in the four JVs in this study, one might speculate that this primarily is done in order to accomplish the JV strategic objectives. In each of the ventures, which has been very successful in product quality and innovation, quality staff with broad skills are required to both contribute new ideas, as well as to have wide-based abilities in order that they can rotate to various positions. High quality production staff are especially critical to this process. In the future, it may be that companies which hope to successfully compete on a global scale will need particular focus on how they staff their operations.

Further, if companies are to realize strategic objectives, sufficient numbers of staff are required to complete tasks effectively, while providing a minimal strain on employees in this process. Staffing which is too lean may have numerous detrimental effects on both employees and the operation of the venture. For example, excessive overtime and multiple shifts can result in deterioration of employee health. At Triad, where production

demands have escalated in recent years, there are more staff off work with injuries. In addition, because staffing is lean, there is less time which production staff can devote to Kaizen and Quality Circles, which ultimately contribute to the realization of JV objectives. Within the HR department at Triad, various managers note that they require more HR staff in order to be proactive, and to keep up with demands for timely new policy. Given these considerations, it seems that not only do competitive companies require high calibre staff, but they also need them in sufficient numbers.

b) Transfers to the Venture

Employee transfers potentially contribute to sharing of information and expertise between the JV and parents. Operational flexibility results from the temporary transfer of employees; while longer-term commitments may be fostered by more permanent staff assignments.

Transfers of staff between the JV and the parent firms can provide the mechanism for sharing information, learning from each other's abilities and expertise, and for the creation of synergies related to product development. Flexibility is built into the operation by the temporary transfer of staff to work on projects, who then return to the parent once they are no longer required in the JV. In joint ventures in which there is little or no transfer of employees, opportunities for the parent and JV staff to learn from each other may be lost. This is especially the case when technical exchanges have the potential to enhance products and systems in the JV. Related to this, Collins and Doorley (1991:114) suggest "the key to transferring detailed technical knowledge, and

applying it commercially, is people". The authors add that this might best be accomplished by medium-term to long-term assignment of parent personnel to the venture.

Except at Mayo Forest Products, the joint ventures in this study have large numbers of managerial and technical staff either permanently reassigned or on loan to the JV from the parent companies. At OCG most of the upper level staff come from Olin and were permanently transferred to the JV. Likewise, to gain additional R&D expertise, the Ardsley group were to be permanently relocated to OCG. At Optima, the executive staff are mostly on permanent relocation from Fiberop, and R&D talent is transferred to the JV by parent staff who are relocated on a temporary basis. At Triad, all parent staff are on temporary assignment. None are permanently reassigned to the JV. In the case of production employees, they were all hired directly to the ventures, except at OCG where former Olin employees in the manufacturing facility were reassigned as employees to the JV.

In the joint ventures in this investigation, transfers were for a significant period of time, usually for three to five years. Considering the benefits of staffing the JV with members from the parent firms, there is the advantage that linkages from the JV to the parent are already established. Communication may be facilitated when transferred employees already know who to contact in the parent organizations for information or assistance, and have already developed a working rapport with other parent employees.

Obviously, if the JV is to gain the maximum benefit from transferred parent staff, then reassigned personnel should be well qualified to contribute relevant expertise to the JV. In this

investigation, in at least one of the JVs, the quality of staff sent to the venture from the parents was a concern to some managers. If executives in the parent firms view the venture as a "dumping ground" for ineffectual managers, then they are likely to harm the long-term interests of the venture, as well as the relationship with their partner. Ultimately, if trust is to be established between the JV and the parents, then the interests of the JV should come first. Once managers in the parent firm loose confidence that their partner will effectively contribute staff to the JV, the consequence may be "policing action", so that senior staffing decisions by one parent require approval by the other prior to their implementation.

It is not uncommon that fairly large numbers of parent executives are transferred to the JV. Killing (1983) found that JV executives were drawn from each parent in the majority of shared management ventures (11 of 19) which he studied. As already mentioned, in this research OCG, Optima, and Triad have many managers who have been reassigned from the parent firms. This policy raises some interesting questions related to the establishment of a joint venture with its own unique characteristics, when there is a significant influence from the parents in the form of employee transfers. In particular, the parent with the JV management contract not only has managers and executives in the venture, but also tends to draw HR-related support from that parent.

To elaborate, one manager at Optima mentions "it's probably true to say that from a general standpoint the number of parent employees that are brought in [to the JV] probably has a big

influence on how, and how fast the joint venture grows, what it looks like, and what kind of culture it has". In support of this statement, Frayne and Geringer (1989) suggest that the control of JV operations by managers from the parent firm is related to the number of parent staff in the venture, and their particular assignments. Related to these comments, it is possible that if a large number of parent employees are present in the JV, the establishment of a unique and separate identity for the venture is more difficult. When parent managers enter the venture they bring the values and norms of the parent firm with them, which may not necessarily meet the requirements of the JV. Further, if an internal recruitment policy is in operation (either to hire from the parents or from within the JV), this may limit the ability to hire special talents which are only to be found externally. As one manager at Optima described, they probably have enough managers from Fiberop, and would be better to cultivate people who more specifically meet the unique needs of the venture.

Another issue concerning the transfer of parent employees to the JV relates to the advantages of permanent reassignment of employees (managers, technical personnel), versus temporary transfers. As already suggested, temporary transfers provide maximal operational flexibility. However, the other consideration is that permanently assigned employees (or employees hired directly to the JV), may have a greater commitment to the operation. For example, at Triad, managers hired directly to the venture seemed to take special pride in their status as "Triad employees", as opposed to being "dispatchees" from one of the parents. For employees who are permanently located in the venture, their livelihood depends on

the JV success. This is especially true if policies are not in place where JV staff can easily transfer to the parent organization, and take all their seniority and benefits with them. Further, the degree of loyalty which employees feel toward the venture may be negatively affected if better employment prospects are perceived to exist in the parent company.

Whether or not carry over policies should exist for employees who wish to permanently relocate between the parent firms and the JV is a complex issue. If no carry over policies exist, then employees may feel somewhat "trapped" in the venture, as they did at OCG. This has the longer term effect of reduced morale and contribution. Also, if it is difficult for employees to rejoin the parent firm once they have been on assignment to the JV, then this may discourage talent from leaving the parent which may be necessary for optimal growth in the venture. Alternately, if an abundance of tangible benefits exist for staff who transfer to the JV, (i.e. special retirement benefits, various financial perks), then implicitly this may send a signal to employees that it is more desirable to work in the parent firm; the incentives which are provided may have the appearance of "isolation pay" related to assignment to the venture.

Theoretically, JV assignments can provide great opportunities for employees to gain broader, often international expertise in a new environment. This potentially adds value to employee credentials. If managers in the parent strive to tie transferred employees' career advancement in the parent to high level performance in the venture, then parent employees may view the JV assignment as a chance to gain valuable experience which is

ultimately linked to their career advancement. Typically this coupling was not initiated in the JVs in this study.

c) **Career Pathing and Promotions**

When managers withhold information from employees regarding career opportunities (or make decisions independent of employee input), employee responsibility related to career self-development is greatly reduced.

A relative absence of job postings and other career related information is problematic for employees in the ventures in this investigation. Many employees express that they have limited information related to jobs for which they are qualified. If formal career mechanisms, meant to inform employees of how to develop their skills to match company needs in the future are unavailable, then not only does the employee miss personal opportunities for self-development, but the ability for employees to contribute to the organization is limited. Ideally, promotion criteria will be clearly stated and communicated to employees. This allows employees to understand the guidelines under which promotions are most likely to occur. Such action also prevents career blocking in certain groups (i.e. women, minorities). Further, there may be a demotivating effect on employee performance if the perception exists that there is no clearly defined avenue for advancement, despite accomplishments. Further, in companies such the ventures in this research, where there is a focus on employee responsibility, if career information or job postings do not exist, employee involvement is curtailed related to career development. This is counter to the stated strategic objectives of these companies to allow employees responsibility and involvement.

In particular, when no job postings exist, some employees viewed career or promotional systems as unfair. In the absence of employee input, managers decide the jobs for which their staff might best be suited. Implicitly this process assumes that managers or supervisors are both aware of employee interests and capabilities, and are equally aware of all relevant career opportunities in the organization. For managers with narrow functional experience this is unlikely to be the case. As one manager at Optima remarks, "what I think we fail to recognize is that there are a lot of managers in this company who have no cross-functional experience who would have a very difficult time explaining to people what other jobs are out there". In joint ventures, when career paths may extend beyond the boundaries of the venture to include the parent firms as well, the possibility that managers are unaware of employee career opportunities is heightened. One advantage in JVs is the possibility that JV employees can move to the parents, or that parent employees can move to the JV as part of their career progression. To provide employees with information about these possibilities, a job posting system which provides job information to all relevant groups (in the JV and the parents) would seem desirable. Generally, such a system did not operate in the JVs in this research. At OCG, job postings were only available in Olin for employees who wished to consider moving into the venture.

Although transfers of parent employees into the JV can have the effect of blocking career advancement for JV staff (Cascio and Serapio, 1991), this was generally not mentioned as a problem by employees in the current investigation. Hypothetically, in this

study employees may not have seen their careers as blocked for two reasons: 1. many of the parent managers transferred to the venture became JV employees (i.e. OCG, Optima), and 2. a large number of temporary transfers did not occupy positions which would otherwise go to JV employees (i.e the technical coordinators or assistants at Triad). Also, at Triad, both managers and technical staff were perceived by employees as central to the transfer of manufacturing and management expertise to the plant (and which most employees thought of as a favorable arrangement). Further, from the beginning days at Triad, JV managers (as opposed to parent managers on assignment), were aware that after the initial five year start-up period that many of the Japanese managers were designated to return to Japan Motors. Despite the presence of many Japanese managers, many promotions at Triad had already occurred. Related to these possibilities, future research might systematically focus on the conditions under which employees view their careers to be blocked in JVs when a relatively large number of parent employees are present in the venture.

6. **Training and Development**

   a) **A Training Emphasis in the Ventures**

   An emphasis on wide-based training for employees contributes to operational flexibility. A commitment of time and financial resources is required for training of employees at all levels.

   Training is a major emphasis in the joint ventures in this study. Training is wide-based and often involves cross-training of production staff in order to build flexibility into the

manufacturing operation. Training focuses on both personal and technical skills. The extensive amount of training provided to employees seemed to be worthwhile, and both associates and managers felt they were sufficiently qualified to perform their jobs. When problem-solving and teamwork are important, training might be expected to focus on these components, although this was not evident in all companies in this investigation. Associates at Optima and Triad did, however, receive training in these areas.

At Triad, training was provided to associates by Japanese technical assistants and coordinators, an arrangement which seemed to work well in order to transfer technical training to JV employees. As already noted, interpreters and the use of illustrations assisted in this process. In addition, associates received training in Quality Circles and Kaizen in formal programs created by the Manager for Quality Circles. The content for this training was largely adopted from Japan Motors, but modified somewhat for the American operation. For example, the original emphasis on statistical monitoring was decreased somewhat for American associates, although employees who desired could take an advanced version of the QC program.

Training programs is the JVs generally required long-term planning and a considerable investment of time and resources. Programs under which production employees are given responsibility for peer training (i.e. "train the trainer" programs), worked well at Optima. In this format, associates are given responsibility and autonomy in practice. This shift in training responsibility necessitated that supervisors receive training related to their new roles, and this was also implemented at Optima. In general, one

might expect that the most successful training programs are based on identified employee needs and linked to employee career development, although this was seldom done in the JVs in this investigation. Further, there is little evidence of job retraining. This would appear to limit opportunities for employees to develop new skills.

b) Cultural Training

Training programs related to national or corporate cultures have the potential to inform employees about the values, history, or other traditions related to their work environment. However, cultural training is generally neglected.

Cultural training in the ventures can encompass 1. the norms and values which operate in the company, and with which employees may eventually identify, and 2. language and other training related to the creation of a better understanding of the national culture of the parents or off-shore customers.

More specifically, in some of the ventures training was provided to employees about the company strategic mission, JV history and traditions, the business environment in which the JV operates, and how to manage and understand change. For example, at Optima a course is provided called "Optima Environment", related to how the company operates in the technological environment. Also at Optima, associates and supervisors receive training in how to manage changing roles in the plant, and why changes have occurred. Although this form of training is generally not offered in most companies, the information seemed valuable to employees in order that they make better sense of the work environment. Training

related to the corporate culture can be offered in orientation sessions provided to new employees (Cascio and Serapio, 1991). For example, at Mayo Forest Products the orientation includes safety, the quality emphasis is the company, and an identification of the people who work in the operation. The employee handbook which is given to new employees, provides a brief history of Mayo and mentions the joint venture arrangement of the company.

An important consideration for JV managers is which parent values and styles will predominate in the venture, or whether the intent is to create a unique corporate culture for the JV, separate from the parents. Based on who provides training, priorities and values will be passed to employees. If one parent provides the majority of training, then it is likely that certain operating norms and values will be transferred to JV employees by either trainers or training materials which are associated with the parent. In one case, training content and other "cultural information" given to JV employees may have on it the name of the parent firm. JV employees have indicated some resentment toward this practice, especially when they have been absorbed into the venture from the nondominant parent company.

When more than one national cultural is represented in the JV, there are advantages to training which is provided to employees of both cultural groups about the cultures and languages which operate in the venture. In IJVs, the importance of multiple language skills and international management skills can not be diminished. Although some language training was offered, many American managers did not attend the classes. Somewhat surprising, none of the ventures emphasized training related to the specific skills

required of international managers. It may be that employees would be more encouraged to attain these skills if they are linked to promotions and other career progressions. As mentioned in an earlier section, neither was training offered as to how best manage the JV-parent relationship.

In the instances when training related to national culture is offered, the material is not generally provided in a forum which allows for the active integration of cultural information. For example, training content is typically provided in a classroom setting, without an opportunity for participants to discuss differences and similarities between the national cultures represented in the venture. If JV members are to gain enhanced cultural understanding, then ideally an action learning model will operate in which employees explore cultural values, accepted processes or policies, and cultural interpretations. This form of cultural analysis is especially appropriate for managers in JVs and other multicultural settings, who seek knowledge related to the diverse processes which operate among cultural groups. However, as Jaeger (1986) notes, the format of interventions themselves are subject to the influence of cultural expectations of the participants.

A senior manager for training at Bauer GmbH at the headquarters office in Germany described that the creation of cross-cultural understanding is very important in the context of joint ventures and other forms of strategic alliances. This manager and others at Bauer headquarters, form a team which focuses specifically on the development of training programs to enhance cultural communication and understanding between different cultural

groups within a given venture. Training programs are provided to managers in the alliances which help to enhance an appreciation of the partner's culture, and alternately to avoid cultural misunderstanding. According to the Bauer manager, this form of training has been essential to the success of the companies with which he has been involved. Equally striking is the absence of a similar training function in other international companies. To his knowledge, this manager remarked that his division was the only one of its kind which existed. The success of this program indicates that in other companies, a focus on better cultural understanding among the partners, and training which specifically focuses on this topic have merit, and deserve consideration on a wider scale.

c) Job Rotation in Production Facilities

Although job rotation has positive benefits for employees and can alleviate boredom, it may be too expensive or inefficient for companies to implement.

For example, as one individual at Mayo Forest Products explained, job rotation may incur extra costs for the company. In sawmills where job rotation did operate, an employee may work three different jobs, (one week in each job), and is paid the top rate. This means an increase in payroll to the mill. In an economy where job turnover in the lumber industry is virtually nil, there exists little incentive for companies to increase costs to retain employees.

Further, at Triad, some associates noted that preferred jobs like those off-line or in robotics were selectively assigned by supervisors. In this way, not all employees had the opportunity to work at all jobs. If job rotation does not operate consistently,

then employees may come to quickly distrust the motives of managers. On the long-term, employee dissatisfaction and reduced motivation may be the result.

When production schedules are a pressing concern for managers, less emphasis may be placed on training employees in multiple job skills, and on job rotation. One manager mentioned that in more technical positions, there is an advantage to keeping employees in a single job because they gain more specialized experience. Several production employees in this study complained that they had received reduced training due to production demands. Further, less time was available for employees to meet and discuss quality improvements to the production process. In these instances, the strategic operating goals of the companies related to continuous improvement and employee involvement are not sustained. It may be that rigorous production schedules and systems which allow high employee involvement are mutually exclusive. If so, then manager need to determine their priorities related to maximum product output, versus other issues such as product quality or employee job satisfaction.

7. Performance Appraisal

Performance appraisal is one area which received inconsistent attention from managers. However, in companies where employees receive feedback from other sources (i.e. from supervisors on a regular basis), performance appraisal systems may not be essential.

The goal of the companies in this project is to create conditions under which JV staff are encouraged to excel to meet the competitive demands of a global market. Performance reviews are one way to sensitize employees to performance objectives, provide them with performance feedback, and allow managers to gain a better appreciation of employee skills, difficulties and career aspirations. Yet despite the possibility of obtaining critical information from the PA process, managers repeatedly said that employee reviews were a bother, inconsistently done, if done at all. To some extent this was a function of time, but in many cases managers seemed to think the reviews were not of essential value.

In all four JVs there is a strong emphasis on the value of production staff related to the creation of quality products in the venture. Consequently, tremendous effort is allocated to the training of hourly production employees. However, in only two of the four ventures was a performance review process provided to hourly workers. As one associate at Triad comments, he would like to see a PA system in place in the plant in order that employees are better informed about their job performance. He says "you have people who are working hard, going the extra mile, doing their job...but you hear nothing". In this context, a performance review system is viewed as a chance to have better interaction with

supervisors. In companies where feedback to employee about work performance is a regular occurrence, it is possible that an institutionalized system for performance review is less necessary. Otherwise, the PA may be the only way in which employees know how they are doing.

To meet strategic objectives, the PA system will ideally reinforce central operating requirements of the company such as quality, teamwork, or continuous improvement. Based on overall company objectives, employees are rewarded for the accomplishment of personal goals in each area. For example, at OCG, the Performance Management Process is a format where company objectives of meeting customer requirements are individualized for employees. Performance is judged against various customer expectations. As the HR manager points out, this system has the advantage of not relying on a single supervisor's evaluation and is based on multiple input. In addition, the PA considers both technical and personal skills, and has a developmental component. In a similar way, the PA system at Triad mirrors the strategic goals for the company. Quality, teamwork, Kaizen, cost consciousness, problem-solving and other personal and technical skills are considered. Further, if company goals focus on the increase of technology exchange, or executive contributions to the JV, then these items are important to the review process. Although performance reviews are traditionally for individuals, in companies where a team approach is predominant, managers may want to consider the application of "team reviews". In all of these cases, the PA system aims to match company strategic goals.

In order to meet the evolving needs of employees and the

company, ideally a developmental component is part of the appraisal. This may include the designation of longer-term and short-term career goals for employees, as well as related future training requirements. When performance goals are fixed and inflexible, then there is little opportunity for employees to respond to changing contingencies in the company. For example, in fast-moving entrepreneurial firms with global associations, a flexible PA process is more likely to fit employee and company requirements than one in which performance goals and expectations are static.

Further, performance appraisal may be more meaningful to employees if goals are not unilaterally determined by supervisors, but involve joint input from employees in which they can "buy into the process". This form of PA would be most consistent with the goals of the companies in this research which aim to provide high levels of responsibility and involvement to employees. As an extension of employee involvement in the area of PA, in the future at Optima associates will conduct "peer reviews", in which employees are responsible for the performance evaluations of each other.

PA may operate most effectively if it is consistently applied. At Optima and Triad, the HR departments offered training in the PA process to managers and others responsible for appraisals. In addition, written materials were made available to both managers and employees in order that they have a better understanding of the procedure. This helped to ensure that managers and supervisors understand the PA system, and know how it is to be applied.

In joint ventures, a further issue is whether the PA process

will be based on the PA systems operating in one of the parent firms, or developed to suit the specific needs of the venture. As in other HR policy areas, there may be a time and cost savings if PA is adapted from the parent firms. The trade-off is that the appraisal system may not exactly match the objectives of the venture.

When diverse national cultures are represented, the creation of a PA system appropriate to all groups is likely to pose unique challenges. For example, at Triad the HR staff took great pains to create a simple PA system, with input from Japanese managers. Values and operating preferences of each cultural group were considered related to the development of a culturally-sensitive PA format. To assist the Japanese in the application of PA procedures, the HR department assisted with the development of training programs related to appraisal implementation.

CHAPTER TEN

AN INTEGRATED VIEW OF INTERNATIONAL JOINT VENTURE FIRMS

Introduction

International joint ventures represent an exceedingly complex form of organization. The presence of diverse national cultures in the venture contributes to differences in employee values and expectations, which in turn influence interpretations of company policy and practices (Adler and Jelinek, 1986; Laurent, 1986; Schneider, 1988). Further, in joint ventures where parent firms are united under one umbrella, the corporate cultures of the parents may differ from one another. Even when parents are from the same national culture, distinctions in operating philosophies and norms exist. Variations in corporate practices may revolve around centralized versus decentralized decision-making; optimal levels of employee involvement; or appropriate forms of reward and recognition, for example. Corporate differences are likely to be compounded when parent firms are from different national cultures, when deep-rooted, often unconscious, national value systems form the context for organizational action. Further, HRM policy and practice are influenced by both national culture and corporate culture as they operate within a company (Atchison, 1989; Ishida, 1986; Peterson and Schwind, 1977).

In this investigation, the cascading effect of national culture on corporate culture and HRM practice was best demonstrated at Triad. For instance, a "traditional" Japanese value of harmony in work relations ("wa"), was integrated into the corporate value system at both Japan Motors, and then at Triad in the form of

cooperative, involved employee participation. Related to this goal, managers in the HR department at Triad developed a performance appraisal system which emphasizes employee contributions and cooperation. In the joint venture, the accommodation of values present in the Japan Motors system as reflected in HR policy required input by both Japanese and American managers. As was the case with the performance appraisal system, initial attempts to create a new system were modified a number of times before being suitable to both Japanese managers and to the largely American workforce.

As part of a process of organizational "sensemaking", a cyclical process is likely to exist where policy and practice are reshaped to suit continually reconstructed value realities and expectations in the organization. The HR department can possibly have an influential role in the value charting process, linked to specific HR policy and practice. This is most likely to occur when HR managers are considered central strategic players, and have the political and social skills necessary to gain the support of employees and managers at all levels in the venture.

In competitive organizations there are ongoing requirements for organizational renewal, change, and the creation of new knowledge. Mayo Forest Products and Optima are good examples of JVs which after reevaluation of past practices, instituted major reorganization plans which affected all levels of the company. This action was taken as a response to the external environment and a requirement to restyle the corporate culture in order to attain success on a tougher, more demanding global stage. Concerning these competitive goals, the corporate culture in each of the joint

ventures in this study was refocused to support a norm in which organizational learning is emphasized.

Related to the an understanding of how strategic HRM operates in the joint venture firms in this study, in the following sections consideration will be given to issues related to corporate culture, organizational learning, and national culture. These sections draw from the earlier discussion on HRM, and summarize some of the more subtle processes which operate at Mayo Forest Products, OCG, Optima, and at Triad, in order that these companies accomplish desired goals related to both products and people. In addition, this section concludes with an overview of the main issues from the investigation, some discussion of the strengths and limitations of the project, and some personal summary comments.

A. CORPORATE CULTURE

1. Parent-based Influence

Typically, JV partners consider how similar or complementary are their strategic objectives related to competitive product development or marketing prior to venture start-up. Much less often is the match of corporate values and philosophy related to HRM strategies between the partners evaluated.

According to a manager at OCG, this is a serious omission. He elaborates,

> The most important thing on the human resource side is to determine how similar or dissimilar the partner is that you're going to partner with. Clearly, as I feel the concerns of employees, the concerns are minimized when the partner that you're getting is very much like you.

> In areas where it's dissimilar, I think a lot of these
> issues bubble up around just uncertainty and are
> translated into problems of job security...

Particularly in joint ventures when groups of employees are merged into the venture from the parent firms as at OCG, one would expect employees to more readily adjust to the JV corporate culture when parents with similar norms and values join together. For example, both Olin and CIBA-GEIGY have a history of supporting employee contributions through well-developed reward and benefit programs. Not only did parent value similarity facilitate the creation of HR policy for the JV in this area, but it also reduced the adjustments required of employees in order to fit into the new system. In a broader sense, norms related to the level of employee involvement would operate in a similar fashion. For example, if employees from a high involvement environment are merged into a JV where employee participation is relatively limited, employee dissatisfaction is bound to be greater than if employees are reinstated into an environment with which they are more familiar.

Alternately, when the intents or corporate initiatives of the parents are dissimilar, employees may be confused regarding expected behaviors or values as they operate in the venture. Related to such corporate disparity, one associate at Triad describes,

> The problem we're finding out, you have the Japanese
> management on one side, the Spartica management on the
> other, and they don't communicate and so what comes down
> to you are two different views of the same thing...The
> Japanese expect you to do a good job. And you don't have
> that same expectation with the American managers. They
> [the American managers] seem to manage through threats.
> Where the Japanese seem to say 'this is your job. It
> needs to be done'.

Not only are employees uncertain regarding organizational

priorities, but a further consideration is how loyalty within the JV may be fractured as a result of obvious differences in parent norms or values. Although this was not the case at Triad, when the majority of employees in an international venture identify with the parent from the same national or corporate culture, managers from the second parent may be at a distinct disadvantage gaining commitment from the workforce.

Already summarized, and therefore only briefly mentioned again, the parent with primary responsibility for management in the JV is in a position to broadly influence the corporate culture and HRM practices which operate in the venture. This may occur in the form of adoption of parent newsletters in the venture, or training employees with parent materials in a parent training facility, for example. The arrangement of locating JV employees in a parent facility can contribute to divided loyalty between the parent and the JV for that group of employees (i.e. the Ardsley group in OCG). Further, the presence of a large number of parent executives unavoidably infused the JVs with norms and values of the parent from where the executives originate. Related to the development of the corporate values in the venture, and further, related to HRM policy and practice, in early JV negotiations consideration might be given to the implications of the assignment of the management contract on the development of corporate culture in the JV. Depending on the goals for the venture, there may be advantages if both parents contribute corporate values and expertise.

Based on the exploratory results from the current investigation, future research might address the following questions related to parent involvements in the venture:

- Under which conditions do parent firms and JV managers decide which parent receives the management contract for the venture and why? To what extent is the management contract simply given to the parent with headquarters in the same country in which the JV is located?

- Depending on the number of parent managers on site in the JV, how does this influence the development of a corporate culture which is unique to the JV, as opposed to a culture which closely mirrors that of the parent(s)?

2. JV-based Influences

Modifications to the corporate culture evolved from the implementation of proposed values and HRM policy in actual practice.

In conjunction with cultural influences from the parents, managers in the JVs contributed to the development of norms, values, and practices in the joint ventures. While taking into account parent goals and values, as well as employee requirements, select managers in the JVs in this study attempted to create a corporate culture to suit the ongoing needs in the JV. For example, at Mayo Forest Products and Optima, the JV corporate philosophy was revised to place greater emphasis on total quality, employee involvement, and meeting customer requirements. In turn, revisions of the corporate philosophy necessitated changes in HR policy and practice to match new organizational requirements.

Within the JV environment, the development of new corporate goals was accomplished in ways similar to those found in wholly owned companies. These strategies are well documented in the

literature on corporate culture change in organizations (Badaracco
and Ellsworth, 1989; Frost et al., 1985; Joiner, 1987; Kilmann and
Covin, 1988; Kouzes and Posner, 1987; Morgan, 1988; Schein, 1984,
1986; Walton and Lawrence, 1985). Related to how corporate values
were introduced in the joint ventures in the current investigation,
this included, for example:

- mission statements which are unique to the JV (at Mayo,
  OCG, and Triad; at Optima this occurred at the plant
  level)

- a vision statement which is repeated to employees through
  verbal and written communication (all four JVs)

- a company newsletter which focuses on JV issues and
  activities (Mayo, Optima, Triad)

- communication systems designed to link multiple JV
  locations (OCG, Optima)

- staffing which focuses on selection of employees to suit
  the requirements of the venture (all four JVs)

- training which is aligned to strategic objectives of the
  venture (all four JVs)

- recognition and reward for performance which exemplifies
  corporate values of quality and innovation (Mayo, OCG,
  Optima, and Triad for QC accomplishments)

- PA which recognizes quality, teamwork and employee
  involvement (OCG, Optima, Triad)

Alternately, certain features of the joint ventures in this
study make the consistent communication and application of
corporate values and norms problematic. For example, the many
locations of OCG both within the United States, as well as the

operations in Europe and Japan present some integration difficulties, despite specifically designed communication systems to alleviate this situation. Also at OCG, the location of Ardsley employees at the parent facility limits physical access of this group to the venture and its operating systems. Further, the presence of subgroups (i.e. union-management; supervisors-production employees; R&D-production) in the ventures, each group with its own distinct value systems, contributes to varied interpretations by employees of the company strategic goals. Multiple languages (especially Triad), the relatively large size of the company (Optima, Triad), and the level of commitment to information sharing and involvement (all four JVs) likewise determine the degree to which values and norms can be communicated throughout the venture.

In order to create an environment in which cultural changes may evolve, JV managers focused on instituting philosophical changes in practice. For example, at Mayo Forest Products and Optima plant managers mentioned they aim to "do what they say", and to use overt demonstrations that they desire employee involvement. Employee suggestions were used to modify operations, and some managers mentioned they specifically tried to reward and recognize employees for their contributions.

As norms for expected participation shift, managers, supervisors and production employees were implicitly required to formulate new roles for themselves. As already noted, this resulted in power shifts and some degree of personal uncertainty. However, if managers persist in the consistent reinforcement of the norms and values of a revised corporate system, then over time one

might expect employee concerns about realized changes to eventually be dispelled. Open communication, training in role shifts, and reward and recognition which reinforces revised corporate philosophies all assisted employees in the ventures to better understand new operating values and requirements.

3. A Role for HR Managers

HR managers can cultivate the development of the JV corporate culture through their contributions to the creation of revised values, facilitation of communication and other processes, and through specific alterations to HRM practice.

Based on the preceding, a role for the HR department may theoretically function in a variety of ways. HR managers can contribute to the development of:

- Values - This implies HR managers know and understand the goals and values of various stakeholders in the parent and JV organizations. A possible role for HR is in the development of the JV mission statement and a vision for the JV, in conjunction with others in the venture.

- Processes - HR managers might work as the "process experts" and develop and facilitate formal mechanisms for communication (i.e. meetings, a newsletter) and informal communication among subgroups (i.e. between national cultures, union-management groups).

- Technical HRM Policy - In a more traditional vein of HR activities, HR managers are responsible for the development of HR policies and practices in the areas of

training, reward and recognition, staffing, or performance appraisal.

As noted in an earlier section, HR managers were able to deal with the technical aspects of HRM policy development. The greatest challenges for HR managers in this investigation centred around process issues. For this reason, some of the process-related issues which are relevant in joint venture firms will be briefly elaborated. Specifically, the integration of the Ardsley employees into OCG, and the presence of diverse cultural groups at Triad will be considered as examples of how HR might facilitate processes which lead to employee commitment to the venture.

At OCG, the role of HRM related to the integration of parent subgroups generally involves two components: 1. the development of a positive identification by employees with the venture and, 2. the reduction of employee stress related to leaving the large multinational with which they already identify, to joint a start-up JV about which they know little. In many ways, the formation of JVs like OCG, which involve the combination of already formed parent groups, is very similar to company mergers. As at OCG, managers in mergers attempt to communicate relevant information to employees related to expected changes, reduce employee stress and create new corporate roles and values (Marks, 1990; Marks and Cutcliffe, 1988; Schweiger and Weber, 1989).

Related to these concerns, the HR Director at Olin states,

The key challenges are to facilitate the integration [into OCG] of these people coming in from other organizations. To build comraderie and team spirit. To make sure there is consistency in how people are treated. And I think that as rapidly as possible, to come up with programs in terms of the development and training of employees.

As already discussed, the HR manager for OCG quickly set out to accomplish these goals through interviews with Ardsley employees related to their concerns, the rapid development of new HR policy in order that the Ardsley group would have an appreciation of what they can expect in the venture (i.e. related to benefits), and the inclusion of Ardsley staff in training programs and other JV activities. The above practices were instituted in order to more quickly integrate the Ardsley group into the new venture. Alternately, some HR-related processes were problematic for employees, and perhaps deserve further attention by managers or researchers as to their merits. These processes include the no bid-back policy, temporary housing of JV employees in the parent facility to which they originally belonged, and the "no choice" assignment to the venture. Although these conditions may have been necessary to make the JV viable in the early stages of operation, in terms of the development of committed participation to the venture, the value of these actions is less certain. Related to these issues, future research might consider:

- What are the consequences for JV employees who are reassigned by the parent from the security of a large multinational corporation into a start-up joint venture? Research issues might include motivation, personal security, concerns related to physical relocation, and how allegiance to the JV for reassigned employees might be established.

- How do staffing policies between the JV and the parents influence the degree to which employees feel allegiance to the venture? More specifically, the merits of long-

term leasing to the JV versus permanent reassignment, a "no bid-back" policy to the parent, and forced assignments to the JV might be considered.

At Triad, part of a process-related role for HR managers revolves around the reconciliation of various subgroups in the JV. These groups included union-management, HR-production, and Japanese and American employees in the plant. As HR managers noted, part of their role is to "balance" concerns of the various groups. To some extent HR managers gained support by "selling" HR policy prior to its implementation, and through training managers in new HR policy. In these ways, managers and other employees in the JV have an opportunity to contribute to the creation of corporate values as reflected in HR policy, and to gain a fuller understanding of the implications of various practices in training sessions. Theoretically, mutual support between diverse groups might have been built through frequent formal meetings, and through informal contacts as part of a coalition-building process (Kanter, 1989). However, at Triad, a coalition strategy was complicated by differences in group priorities, and to some extent to an absence of trust. These differences are exemplified, for example, in how union and management view the "paid time off" policy, or the amount of overtime which the HR versus production departments feel is appropriate for employees.

Further, as already elaborated, American managers at Triad were not likely to be included in meetings with their Japanese counterparts, when vital information regarding the direction for the plant was shared. This form of "selective participation" occurred in all areas of plant activity, including the HR

department. In this latter instance, HR managers noted their role as active contributors had been limited in instances when exclusion from mainstream strategic operations occurred. Ideally, as part of a process role, the HR department might create communication systems in which both Japanese and American managers are active participants. However, a prerequisite consideration is how the norms underlying communication between the American and Japanese employees in the plant might first be explored. For example, are Japanese managers aware of the impact their informal meetings have on the constriction of information to American managers? To what degree are American managers dissatisfied with the process as it currently exists at Triad? Upper management support for new norms for communication may be a step toward building new communication networks in the venture. As process agents, the HRM department could feasibly have a role in initiating such action.

4. A Process Design for HRM

An important role for HRM in joint ventures concerns the facilitation of processes which link the JV and parents, multiple JV locations, and functional units and organizational subgroups within the venture.

As evident in the preceding discussion, a process role for HRM has many facets. HR systems which informed and linked employees both in the joint venture (horizontally and vertically), and between multiple locations (locally and internationally), appeared to be important to employee understanding of corporate, and more specifically, of HRM initiatives. By way of summary, a process design for HRM is described in Table 12. This format outlines

suggested levels of involvement for HRM, and provides some examples
of processes which operate at each level based on information
provided from the international joint ventures in this
investigation. More specifically, HRM practices are identified to
operate 1. between the JV-parent related to management
coordination, permanent reassignments of parent employees to the
JV, and temporary transfers; 2. at various JV locations; and 3.
within the JV. The processes which operate in international
joint ventures might further be considered related to
communication, training and staffing, in particular. At all
levels, the importance of developing communication networks and
strategies is central to HRM processes. In several instances,
communication is enhanced though training programs. Further,
selection of staff with exemplary personal and technical skills
contributed to effective organizational functioning. Figure 1
provides an outline of JV core process requirements as well as
international process requirements. JV core requirements are
important at all levels of the operation, and international
requirements are especially relevant in the JV-parent relationship
and in international JV operations. Given the importance of HRM
processes in joint venture firms as demonstrated in this design,
one might expect a process focus to be a fundamental component in
how HRM operates in successful joint venture firms.

TABLE 12

A PROCESS DESIGN FOR HRM IN JOINT VENTURES

Levels	Processes

1. JV-Parent

a) **management coordination**
- facilitation of contributions of both parents (if relevant) through communication networks or job postings in the parent companies
- adaptation of HR policy from the parent(s) for the JV, or the creation of new policy for the JV based on input from multiple sources in the JV and in the parents

a) **permanently reassigned employees**
- solicit feedback on needs and transfer concerns
- early establishment and clear communication of HR policy which balances employee security and JV requirements for stability (i.e. carry over of benefits, bid-back to parent policy)

c) **temporary transfers**
- development of an understanding of the JV environment for transferred employees through orientations and training
- creation of conditions of commitment and trust when information is readily shared between the JV and parents
- staffing to promote communication across languages and cultures (i.e. interpreters for the transfer of technical expertise; "liaisons" who possess bicultural skills)

TABLE 12 CONTINUED

430

2. **Multiple JV Locations**

    a) **locally**

          - development of mechanisms for information exchange (i.e. meetings, written correspondence)

    b) **internationally**

          - facilitation of interpersonal contacts via "worldwide" meetings and teleconferences
          - training in language skills and cross-cultural skills, and international management skills

3. **Within JV**

    a) **horizontal**

          - communication across various units (i.e. R&D/manufacturing; HR/production) through cross-team coordination (i.e. cross-departmental teams and task groups) and team training

    b) **vertical**

          - creation of open communication between managers, supervisors, and production staff in which there is trust and a willingness to deal with "real issues"; training in role shifts and interpersonal skills
          - development of a union-management contract which promotes mutual involvement in activities as well as reciprocal trust and respect

JV CORE REQUIREMENTS

Communication
- open and multiple forms of information exchange
- HR policy based on multiple stakeholder inputs
- cross-team coordination

Training
- team building and interpersonal skills

Staffing
- good personal and technical skills

INTERNATIONAL LOCATIONS (JV-PARENT; INTERNATIONAL JV OPERATIONS)

MULTIPLE LOCAL JV LOCATIONS

WITHIN JV

INTERNATIONAL REQUIREMENTS

Communication
- international tele-conferences & meetings
- staff exchanges
- interpreters
- dealing with transfer concerns

Training
- language, cross-cultural and international management skills

Staffing
- international experience
- cultural "liaisons"
- for transfer of technical and/or management skills

FIGURE 1

A MODEL FOR IJV COORDINATION
AND PROCESS DEVELOPMENT

5. Questionnaire Outcomes

a) Possible Incompatibility Between Policy and Practice:

A strong emphasis on production and innovation in organizations may be incompatible with corporate norms which focus on human resource considerations.

The scores on both the MSQ and the Culture Inventory provide information as to how employees view the JV corporate culture, and therefore the values and norms which they perceive to operate in the companies in which they work. Considering the MSQ, in all four JVs employees reported an overall high level of job satisfaction, and high scores for intrinsic satisfaction with respect to job variety and autonomy. Somewhat puzzling are the consistently lower scores for extrinsic job satisfaction. Related to extrinsic satisfaction, employees reported they did not like the way company policy was put into place, perceived supervisory performance to be inadequate, and were not praised for high work standards. In support of these results, on the Culture Inventory as well, employees in all four JVs reported that "group culture" was weakest, therefore indicating a minimal emphasis on human resources, loyalty and tradition. Of interest, these findings seem contrary to stated JV intentions related to a focus on employee involvement, and subsequent rewards and recognition for performance.

Considering this apparent contradiction, there are multiple possibilities which deserve speculation. First, information provided by respondents (mostly managers and supervisors) in interviews may tend to overstate the company position on employee involvement, and the importance paid to various HRM activities such

as reward or recognition. This is certainly not a generalizable finding however, and based on observation and on interviews with production workers, there was alternately some indication high employee involvement systems operated in reality, reward and recognition were actually given, and efforts were made by managers to create a positive work environment for employees.

Second, there is a clear indication in all joint ventures, the primary focus in the JV is dedicated to production and innovation demands. Related to this fact, it may be too much emphasis on production goals may have long-term detrimental effects on employees, and subsequently influence employee perceptions of how they are treated in the organization. For example, long shifts and heavy production schedules may result in physical and emotional stress for employees, or excessive time away from families. The potentially detrimental effects of a strong corporate focus on production were manifested in each JV in this study. More specifically, in all four JVs, some production employees worked multiple shifts when manufacturing operations were escalated. In addition, managerial or technical staff worked long hours to keep pace with the demands of reorganized product and employee systems. In all of these instances, one might expect employees to question the relative value placed on human resources in relation to production and customer requirements. Further, as work schedules become heavier, time available for supervisors to praise and offer other forms of recognition to employees became more limited. Finally, employee involvement in meetings and other activities related to the continuous improvement process was curtailed.

b) A Rational Culture Orientation

In successful, globally competitive joint ventures, there is evidence of a rational culture which emphasizes achievement, goal and task accomplishment, and production.

The results of the Culture Inventory indicate that in all four JVs in this investigation a rational culture, which focuses on production, achievement and task accomplishment, is predominant. In Mayo Forest Products, OCG and Optima there is likewise evidence of a developmental culture, indicating a secondary emphasis on innovation and creativity. These results might be considered to reflect how employees perceive the priorities of four successful, globally oriented firms to operate. The data from this questionnaire form an interesting contrast to earlier research by Yeung, Brockbank and Ulrich (1989), who also used the Culture Inventory to determine corporate culture orientations, but in a larger sample of companies.

To elaborate, Yeung, Brockbank and Ulrich (1989) investigated HR practices related to organizational culture in a sample of Fortune 300 companies in the late 1980's. Yeung et al. found hierarchical cultures were strongest in forty-four percent of the companies. Further, based on the theoretical model which underpins the Culture Inventory, (described in Appendix 9) the companies tended to be both <u>internally focused</u> and <u>control oriented</u>. Yeung et al. (1989:11-12) wrote,

> Businesses with rational cultures are not identifiable in this study. Businesses in every [culture] cluster have moderate scores on rational economic orientation. This may be due to the fact that rational cultures are essential for survival in a competitive economy.

In contrast to this earlier finding, all four JVs in this study operate with a predominantly rational culture; three of the JVs also have evidence of a developmental orientation. This implies, again based on the model, that in companies with rational-developmental cultures there is an <u>external focus</u> and an <u>orientation which has dual elements of flexibility and control</u>. This represents a significant difference from the hierarchical organizations which Yeung et al. (1989) found to be in the majority several years ago.

Given the small sample size of four in this investigation, generalizations about a new form of corporate culture in progressive organizations in the 1990's is not possible. However, the consistency of the evidence of a rational culture in all the JVs in this study suggests further research in this area may be warranted. For instance, has there been a systematic shift in competitive companies to focus more on external demands? In the JVs in this investigation, numerous pressures exist for the companies to extend beyond their own boundaries to deal with customers, outside sourcing of materials, or parental demands. To be competitive, these JVs, without exception, focus on quality, responsiveness, and cost requirements. These demands are directly related to the maintenance of rational control (i.e. goal accomplishment), coupled with flexibility (i.e. innovation and people/product responsiveness). To what extent these value couplings occur in a larger sample of companies would be interesting to discover.

B. Organizational Learning

1. The Context for Learning

Learning in joint ventures occurs at three levels: 1. related to the parent-parent or parent-JV goals and expectations for the venture, 2. in administrative areas which include policy changes, and 3. related to technology sharing and technical innovations. The keys to organizational learning are staffing, communication and training.

As part of the corporate culture, organizations may have established norms for learning at strategic or tactical levels. Learning may be considered to operate on three levels:

1. Partner learning - The parents and the JV are in a position to learn about each other in relation to strategic goals and requirements. Goals and expectations of managers in the parents and in the venture are likely to change as part of an evolutionary process. For example, as the JV demonstrates success, the parents may decide greater autonomy for the JV is warranted. In another example, one parent may decide its initial goals in the JV are not attainable, and may either readjust expectations, or reorganize its involvement in the venture.

2. Administrative learning - In quickly changing environments, and in response to altered strategic initiatives or changes in organizational values and norms, administrative and policy changes are inevitable in progressive organizations. In the joint ventures in this study, and specifically related to HRM,

policy was changed in response to employee and JV requirements. For example, a shift toward greater employee involvement necessitated the creation of HR policy in the areas of reward and recognition to encourage involved, committed employee participation.

3. Technological learning - Except at Mayo Forest Products, the JVs represent an opportunity for the parents and JV to learn from one another in technology-related areas. At OCG and Optima this takes the form of value-added technological accomplishments. At Triad, Japan Motors provides technical expertise to JV employees; in addition Spartica had hoped to learn from exposure to the methods and practices of the Japanese partner.

In each case, learning is more likely to be facilitated when there exists openness, trust, permission for reasonable risk-taking as a prerequisite for innovation, and when there is support and tolerance for multiple values and perspectives. As the strategic objectives or national cultures which are present in international joint venture firms become more widely divergent, a focus on learning and mutual support are likely to become even more critical.

Further, to summarize, the keys to organizational learning in the present investigation centre around the following:

- Staffing - High calibre, flexible staff were required with exemplary technical and personal skills. Staff transfers occurred as a means of exchanging technological or managerial expertise.

- Communication - An emphasis on communication in the JVs

and between the JV and the parents, facilitated the transfer information, and importantly built trust through the longer-term establishment of interpersonal networks.

- Training - For all staff, training and skill acquisition was a priority. In each JV training was wide-based and available.

Alternately, the absence of certain values or conditions curtailed the potential for learning to occur. These omissions include: a general absence of international experience in the executive suite; a lack of cross-cultural competencies (especially among American managers); limited training related to parent or JV corporate culture, cross-cultural skills, or negotiation and conflict-resolution; and heavy production schedules which restricted training time available for production employees.

2. **Partner Learning**

Goals and expectations between the parents and between the parents and JV are bound to change over time. This necessitates a process in which the partners build relationships and establish channels for communication in order that they may continue to learn about each other.

In international ventures, willingness by the partners in the venture to learn about one other is an important component of collaboration. This includes both learning between the parents, and learning between the parents and the venture related to tasks, goals and expectations. In early JV negotiations, specific partner goals are usually determined. For example, one partner may be given the marketing responsibility for the venture, the other

partner may supply raw resources. However, over time the original responsibilities or expectations of the partners may begin to shift. To elaborate, at Mayo Forest Products after ten years of partnership, the parents recognized a refocusing and separation of the parent roles was required. Both Canadian Pacific Forest Products and Mitsubishi set out to redefine their involvement in the JV, and to determine each partner's expectations as part of the reorganization plan for the mill. Alternately, without ongoing attention to changed requirements, and willingness to alter values and priorities as a consequence, JV partners may eventually find that initial strategic goals are no longer in alignment.

Doz and Schuen (1991: 14-15) suggested "the importance and necessity of developing, building and continuing learning about the partner's organization, culture and ways is underestimated as compared to other types of more explicit and measurable learning". Further, insufficient learning among the partners may be a hidden cause for venture failure. Related to this possibility, greater attention might be focused on the parent-parent or parent-JV relationships. The development of norms for information exchange, joint communication networks, and specific mechanisms for conflict resolution when normal communication channels falter may all be important to continued JV success. In the JVs in this study collaboration was nurtured through the JV board structure and advisory committees, other formalized meetings, and through informal contacts between executives.

3. **Administrative Learning**

To keep pace with strategic demands in the organization, ongoing change to HR policy is required.

As technical demands change, and as parent involvement or control in the venture is modified, original JV management systems are likely to become obsolete. As already explained, external demands which were largely market driven formed the impetus for change at Mayo Forest Products and Optima. Also at Mayo Forest Products, parameters for management involvement were revised as the parents redefined their roles and responsibilities in the venture. Related to the JV management contract, one might expect that as the joint venture matures, changes in parent involvement will lessen. In each of the above cases, policy changes are likely to be required to match new conditions in the organization. More specifically, and as already outlined, HRM policy did change to keep pace with revised strategic demands. Further, HR managers selectively contributed to the creation of HR policy which supports organizational learning through programs which include:

- Verbal feedback to employees for ideas or suggestions, and an effort by managers to implement employee suggestions in practice (all four JVs)

- Recognition programs for employee efforts and accomplishments (Mayo, OCG, Optima); Triad recognizes QC performance; Optima has an "Inventor of the Year"; Mayo has a quarterly award for the employee who makes the "biggest mistake" related to experimentation-based effort

- Financial awards (OCG and Optima have cash bonuses for technological and commercial accomplishments)

- **Hiring well educated personnel with broad-based abilities (all four JVs)**

- **Training which focuses on broad skills with an emphasis on quality and innovation (all four JVs)**

- **Transfers of employees between the parents and the JV is one way in which management and technological expertise is transferred to the venture (Optima, Triad)**

- **Performance appraisal which considers innovative contributions (Optima, Triad)**

In addition to the above characteristics which are apparent in several of the JVs in this investigation, other conditions which were thought to contribute to a "learning environment" were mentioned by managers or production staff. At Mayo Forest Products the placement of limited controls on managers seemed to be important. This permits managers to experiment and try new methods. At Mayo, OCG and Optima direct contacts between employees and customers to determine required product or service improvements facilitated innovation and learning.

4. Technological Learning

Staffing and training are vital to the creation of value-added technological achievements.

Although various HR-related strategies contribute to innovation and learning in joint ventures, in the JVs in this study staffing and training related to technological learning are of particular importance. In the area of staffing, transfers of personnel contribute to the introduction of necessary skills to the venture. Senior parent executives were transferred to the JV from

the parent, with the specific goal of bringing technical proficiencies with them. For example, at Optima, the VP of Cable Technology is from Bauer and was responsible for the introduction of essential cable expertise to the venture. In addition, large numbers of technical staff are transferred to the ventures in order to introduce new technical skills into the JV. At Triad, for example, Japanese technical assistants on temporary assignment from Japan Motors train production workers in Japanese manufacturing methods. Further, counterbalanced staffing between Japanese and American executives at Triad is another mechanism through which managers can exchange technical (and administrative or cultural) knowledge. In fact, this arrangement may be one way to foster learning between culturally diverse managers, especially when informal norms for communication (i.e. meetings among Japanese managers and technical assistants in the absence of Americans) may otherwise limit learning experiences in which both American and Japanese managers can participate.

Training is likewise a priority in the JVs and generally was considered to contribute to the level of technological learning. Related to this focus, training is readily available for all levels of staff. At Triad, JV staff received training in Japan, as well as from Japanese on assignment in the venture. In addition, cross-training occurs at Optima and Triad; job rotation operates at Triad. Staff placements into cross-functional teams and task groups as at OCG serve to create a broader technical learning base between the research and manufacturing arms of that operation.

C. National Culture

1. National Culture and HRM Policy and Practice

HRM policy and practice will more likely be acceptable to JV participants when it is sensitive to variations and preferences related to national culture.

At Mayo Forest Products, OCG and Optima, there is relatively little evidence HRM policy was adapted to suit the national culture of the off-shore participants in the venture. In each of these ventures, HRM policy either paralleled HRM policy in the American parent, or was created specifically for the JV. In either case, policy was created which is suitable for the largely American production and managerial workforce. Although this arrangement did not seem problematic due to the relatively small percentage of foreign parent employees in each venture, there was some indication at Optima that some of the employees from Bauer were not totally comfortable operating under reward and appraisal policies which they considered to be "American" in orientation. Although it may be unrealistic for HR policy to take into account the special needs of small groups of transferred employees, there may be value in the communication of HR goals and philosophies to individuals who are not familiar with systems adapted from the American parent. At Optima, for example, the HR department did provide an orientation to Bauer employees related to the venture operations and specific HR policy initiatives.

In this study, Triad is a good example of a venture in which there is significant influence from the off-shore Japanese partner, coupled with input from American managers hired directly to the JV.

In addition, there is a minimal degree of involvement from the American parent. In the venture, HR policy and practice draws heavily on Japan Motors preferences for manufacturing and management style, but it is modified to suit the expectations and preferences of a basically all-American production workforce. Alternately, when worker expectations are not met, this may be the cause for policy revision. For example, American production workers at Triad would like to see a policy implemented which recognizes superior employee performance. Despite the sentiments of Japanese managers against such policy, the HR department is currently reviewing the creation of policy in this area related to employee demands and expectations.

2. Cultural Relativity

Cultural differences are represented in "shades of gray" rather than in absolute terms.

An interesting finding which developed from the investigation at Triad is that some Japanese managers, as well as some of the American managers, did not view their respective cultures as widely divergent. Managers generally preferred to consider that both similarities and differences exist between the national cultures of the United States and Japan. This sentiment is contrary to popular opinion that these cultures are vastly diverse. Further, Japanese managers noted a generalization of management practice which is "Japanese" in orientation is false, and that commonalities exist between Japanese and American management styles, or between Japanese or American managers and workers.

To elaborate, a Japanese Vice-President at Triad commented,

> I don't really know what is the Japanese management system that many people talk about, you know. Some people may say that it's lifetime employment, or consensus management, but it is not new or unique to Japan. It is also in America. In Japan, lifetime employment is not necessarily so.

Related to these remarks, it is possible many of the accepted concepts of what comprises Japanese work orientations or practices may be overstated. For example, a Japanese and an American manager who work together at Triad both responded differences between the cultures of the two groups have been exaggerated. In the area of planning, for instance, the Japanese manager remarked although the Japanese as a whole are considered to be good long-term planners, some Americans excelled as long-range planners, and alternately some Japanese did not.

In addition, a senior Japanese manager at Triad commented it is false for Americans to assume Japanese employees work primarily for the intrinsic satisfaction of accomplishing a job. He added in Japan, employees work hard because they are actually striving for better jobs or salaries. However, because time frames for accomplishing goals are longer, employee motivations may not be transparent to an external observer. This same manager suggested although there is a collective or "group" philosophy which operates to some extent in Japan, there is also considerable emphasis on the individual and individually-oriented criteria. He stressed to motivate employees, (either in Japan, or when working with Japanese employees outside Japan), managers often offer individual encouragement. In his view, a distinction operates: in Japan a "group philosophy" applies when employees consider their allegiance to the company, however the treatment of employees is on a more

individual basis. As a further example, a Japanese manager explained contrary to popular belief, Japanese do not avoid conflict at all costs, and may commonly have what he termed "business fights". On a subtle level, much depends on the context in which these discussions occur. Open discussion with one's boss occurs in certain circumstances, but conflicts are likely to be avoided when "outsiders" are present.

Related to the importance of context, previous research has considered the relative determinants of conflict management in U.S./Japanese joint ventures (Mendenhall and Black, 1990). More specifically, depending on the organizational or social situation, the appearance of harmony was more important than the actual absence of conflict. Other specific analysis of social and contextual situations as enacted by members of cultural groups, either in joint ventures or in other settings, is likely to be a fruitful avenue for future research. A deeper understanding of culture as it operates in international organization is most likely to evolve as general cultural categorizations are replaced by an examination of the more subtle features which influence individual and group interaction.

3. **Interaction of National Culture, Corporate Culture and Strategic Orientation**

In joint venture firms, diversity related to national culture may be moderated by complementarity and convergence of the corporate culture and strategic orientation of the parents. Demonstrated capability for organizational learning in the JV and in the JV-parent relationship may further enhance positive outcomes in the venture.

The joint ventures in this study are either 50/50 or 60/40 equity partnerships. In each case, the partners are from different national cultures. Somewhat puzzling, the influence of national culture was not strongly felt in three of the four ventures; nor did it appear to be a major contributing factor to either positive or negative outcomes in the JVs in this investigation. (Consistent with earlier definitions, positive outcomes are gauged related to product success and employee job satisfaction). This is an interesting finding, given the emphasis in the literature on the importance of national culture in organizations and the often cited difficulty of bridging cultural differences (Baird, Lyles and Wharton, 1989; Peterson and Shimada, 1978; Phillips, 1989; Tyebjee, 1991).

Building on the results of the current investigation, but also speculating beyond the data, it may be possible the impact of national culture in joint ventures may be moderated by other factors such as:

- the complementarity or similarity of the parent strategic goals or orientations

- the complementarity or similarity of the parent corporate cultures

- a capacity for learning in the JV-parent relationship at partner, administrative and technological levels.

Although strategic goals and the corporate culture are interrelated and therefore difficult to separate, in this context a slight distinction is suggested. The strategic orientation refers to the identified focus or goal toward which managers strive (i.e. high quality products, low costs). The corporate culture refers here to <u>how</u> the strategic objectives are to be accomplished related to operating norms and values (i.e. employee involvement, rewards for innovation).

Considering the above proposition, the importance of national culture related to management practices (Hofstede, 1980; 1990; Laurent, 1986) is not meant to be diminished. Rather, the possibility is suggested other conditions related to corporate culture, strategic orientation, and organizational learning may form relevant context conditions for how joint venture firms operate <u>despite</u> differences in national culture.

Further, there is support for this theory in the literature. For example, Killing (1983) found none of the joint ventures in his sample failed due to differences in national culture. However, two of twelve venture failed due to "differences in corporate personality". In other work, Dymza (1988) found factors which led to JV failure included different goals of the parents; perceptions of unequal costs and benefits; or conflicts over decision-making, managerial processes and corporate values. More recently, Parkhe (1991) speculated complementary resources between the parents and

a capacity for organizational learning may overcome differences related to different national operating styles and cross-cultural differences. However, to date research to specifically test this possibility has not been initiated.

Related to the preceding, in the current project at Mayo Forest Products, OCG and Optima there were no major problems related to the combination of diverse national cultures in the ventures. Although the national culture of the parent firms differ, alignment between the parent strategic orientations and corporate cultures generally does exist. For example, at Mayo Forest Products, OCG and Optima both sets of parents tend to focus on HR activities, and have similar norms for how work is to be accomplished. Likewise, there are agreed upon strategic goals between the parents related to their respective responsibilities in the venture. Further, in these JVs there is a focus on organizational learning. As already discussed in earlier sections, the ability to learn provides the JV and the parents with the capacity to revise strategies and tactics as new information is received, or when operating contingencies alter.

The situation at Triad is less clear. Certainly there is a high degree of cross-cultural "mixing" between the groups involved in the venture. However, in addition, there is less consistency in the corporate norms and strategic objectives between the parent firms. Although there is a focus on organizational learning in the venture, there has been less opportunity for Spartica to learn from Japan Motors than the American parent had originally hoped. Learning was curtailed when several of the Spartica managers returned to the parent from the venture early. Related to the

present considerations, it would be interesting to see whether Spartica would have remained in the JV had there been a greater degree of alignment between the corporate culture and strategic goals of the parent firms.

Drawing on the literature to date, and based on speculation related to the inconclusive data provided in this investigation related to the interaction on national culture with corporate culture or strategic firm orientation, it is possible that in international joint ventures:

- If the parent firms have a similar corporate orientation and strategic focus, and organizational learning is important to both the JV and parents, then positive outcomes in the venture are more likely despite differences in national culture.

Alternately,

- If the parent firms have a dissimilar corporate orientation and strategic focus, and organizational learning is not important to the JV and parents, then positive outcomes in the venture are less likely when the national culture of the parents are either dissimilar or similar.

These propositions are obviously extreme points on a continuum. It would be expected intermediate positions exist. For example, parents may have similar corporate cultures related to how they involve employees in the JV. Yet despite corporate complementarity related to employee involvement, unaligned strategic goals (i.e. concerning product development or profit expectations), may create irreconcilable differences which eventually lead to problems in the

JV, regardless of national culture considerations.

In addition, the above picture may be further complicated by the degree to which the involvement by the parents is shared, or whether the JV operates under the influence of one parent, or autonomously. In the JVs in this study, in the value-added ventures (OCG, Optima) a more shared role operates between the parents than in either Mayo Forest Products or Triad, where parent roles are relatively specialized and separate. Adding this piece to how joint ventures might operate, a further proposition might include:

- As national cultures of the parent firms become more diverse, and as the degree of shared management involvement by the parents in the joint venture increases, then similarity in the parent corporate cultures and strategic orientations will be prerequisites to positive outcomes in the venture.

The proposed relationship among these factors is represented in Figure 2.

Related to limited empirical investigation to date as to how national culture may be moderated by other factors such as corporate culture, strategic orientation or level of organizational learning in international joint ventures, further research in this area appears warranted. The propositions outlined here may form an initial point for further conceptual and empirical development in this area.

High

Level of Shared
Involvement by
JV Parents

Medium

```
High         |                                    *
             |
             |                          *
             |                  *
Medium       |          *
             |      *
             |  *
             |_____
           Low            Medium              High
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National Culture Diversity
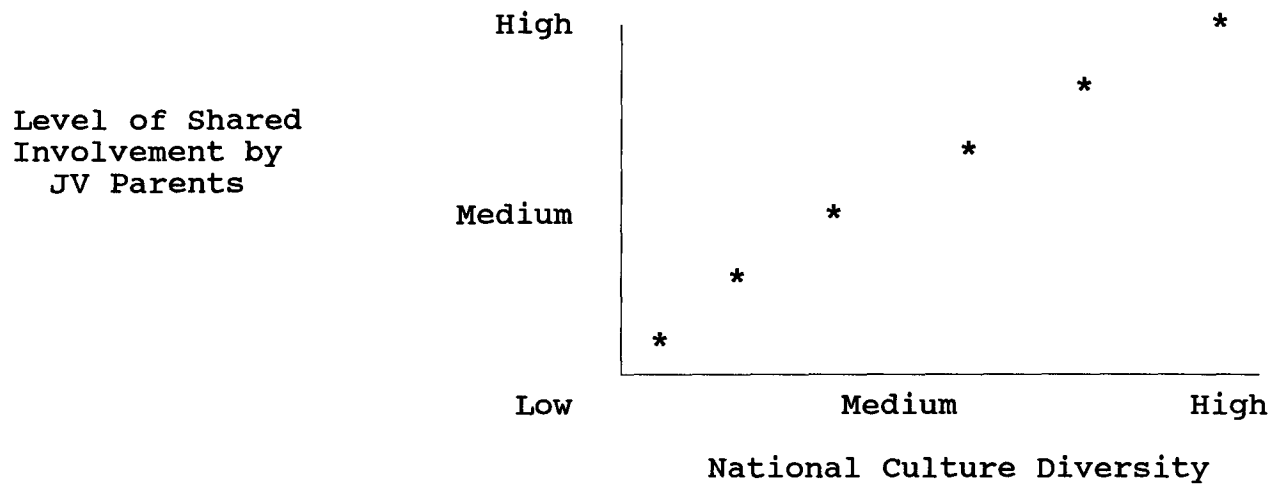
*** represents: Similarity of Parent Corporate Culture
and Strategic Orientation

FIGURE 2

**THE RELATIONSHIP BETWEEN PARENT INVOLVEMENT,
NATIONAL CULTURE, AND SIMILARITY OF PARENT CORPORATE CULTURE
AND STRATEGIC ORIENTATION**

D. AN INTEGRATIVE FRAMEWORK FOR STRATEGIC HRM IN INTERNATIONAL JOINT VENTURES

The intent of the project was to provide detailed information of how HRM operates at Mayo Forest Products, OCG, Optima, and Triad. HR policies and practices were described in each joint venture, as well as processes related to the implementation of strategic HRM. More specifically, in chapters nine and ten the analysis and discussion highlighted: the management to the JV-parent relationship; HR policy and practice as it operates in the JVs; and an integrated view of HR in international JVs related to corporate culture, national culture and organizational learning.

Based on the results of this investigation, it is possible to postulate a preliminary framework for how strategic HRM operates in international joint ventures. Drawing directly on the previous chapters, strategic HRM is considered with respect to planning, communication, staffing, reward and recognition, training and performance appraisal. In each case, how HR policy and practice operates appears related to various "context conditions" (i.e. the JV-parent relationship; the extent to which HR and company strategic objectives are integrated; corporate culture and national culture; and whether or not there exists a focus on organizational learning). These conditions reflect the potential complexity in international joint ventures, and further, suggest an especially broad and complicated role for HRM in which internal and external environmental demands are balanced with HRM policy and practice requirements. Structural, strategic and cultural components are considered.

To elaborate, a framework for strategic HRM in joint ventures

is presented in Table 13. Context conditions (along the top of the table) are shown in relationship to the HR practices identified in this project. For example, in the top left-hand corner planning is considered with respect to the JV-parent relationship. The points listed in this cell, as well as the others in this table indicate some of the central considerations in international joint ventures as they have been observed in the JVs in this investigation. The items listed in Table 13 represent a graphic summary of the material which has been presented in previous chapters.

The information presented in each cell relates to the four JVs in this investigation, and therefore most closely represents how HRM operates in globally-oriented manufacturing operations in which a focus on TQM prevails. However, given the relative consistency of the results in the JVs, the framework is believed to have broader applicability subject to further confirmation in future research. More specifically, HR practices are considered in relation to:

1.   JV-Parent Relationship - The relationship between the JV and parents represents both structural and strategic characteristics of how the JV is managed. For example, whether the JV is specialized or value-added, and how the management contract is assigned have implications for HR policy and practice. The definition of parent roles, establishment of trust between JV and parent representative, and the integration of groups and locations are relevant considerations.

TABLE 13

A FRAMEWORK FOR STRATEGIC HRM IN INTERNATIONAL JOINT VENTURES

	JV-Parent Relationship	Integration of HRM and Strategy	Corporate Culture	National Culture	Org. Learning
Planning	* complementary parent goals * management contract * use of parent resources	* awareness of JV and parent objectives * early involvement * financial and staff resources	* similar parent cultures * integration of parent groups to JV * defined HR values/goals	* policy which considers cultural norms and values	* learning at partner, admin., and technical levels
Communication	*trust-building * link multiple groups and locations	* information to employees related to JV objectives	* company vision/ values * norms for information exhange	*language *interaction norms	*integrate networks (vertical and across)
Staffing	*2-way transfer *influence from parent staff * high calibre of staff	* broad skills (personal and technical)	* to create allegiance and flexibility	* balanced between parent executives	* to exchange expertise

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A FRAMEWORK FOR STRATEGIC HRM IN INTERNATIONAL JOINT VENTURES (CONT.)

	JV-Parent Relationship	Integration of HRM and Strategy	Corporate Culture	National Culture	Org. Learning
Reward/ Recognition	* multiple reward systems * executive reward tied to JV success * for JV-parent cooperation	* related to JV specific goals	* meaningful * reinforces valued behaviors	* reflects norms and values of the majority of staff	* for innovation and creativity
Training	*international management * intercompany dynamics	* wide-based * readily available * commitment of time and finances	* JV culture and environment * external training may not socialize to JV norms	* language * national culture of parents	* extensive * for risk-taking and teamwork
Performance Appraisal	* goals for intercompany exchanges and contributions	* evaluate performance related to strategic goals * for salaried and production staff	* created for JV vs. adopted from parents	* simple * input from managers * training provided	* for innovation * focus on staff development & training needs

2. Integration of HR and Strategic Planning - In competitive organizations such as those in this project, ideally there is a strong link between the firm strategic objectives and HR policy and practice. Strategy is proposed to respond to both internal and external requirements of the firm (Pettigrew, 1985) and is translated into various HR practices. In order to form realistic linkages between strategy and HRM, managers are aware of both JV and JV-parent strategic objectives.

3. Corporate Culture - The corporate culture norms and values in the venture support the strategic ojectives of both the JV and the parent firms. Consistent with Schuler (1992) HR activities can contribute to the establishment of the firm's strategic direction, especially when HR policies are developed and implemented which are compatible with the corporate culture.

4. National Culture - Related to variations among national cultures (i.e. Laurent, 1986), the presence of different national cultures in the venture suggests consideration for cultural norms and values in the development of HR policy and practice.

5. Organizational Learning - Reflected in both firm strategy and corporate culture, a capacity for learning at the organizational level is increasingly important to firm flexibility and survival (Doz and Schuen, 1991). Learning occurs at partner, administrative and technological levels.

Further, and considering the framework as presented in Table 13, strategic HR activities are expected to vary in each joint venture with reference to the preceding five considerations. For example,

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in the present investigation due to the presence of diverse national cultures in the plant at Triad, managers developed "hybrid" HR policy and "counterbalanced staffing" between American and Japanese executives. Alternately, the development of a JV corporate culture was a more pressing issue at OCG, when in the start-up venture effective integration of parent employees represented a primary consideration. Further, depending on a requirement for organizational change or renewal, the focus on organizational learning related to company strategic objectives is likely to vary. At both Mayo Forest Products and Optima, reorganization plans were initiated in 1988 in response to a requirement for enhanced competitiveness in the global arena. As a result, HR policy was significantly modified in keeping with a new strategic direction which focused on TQM achieved through employee involvement.

These examples illustrate joint ventures have ongoing needs for flexibility and adaptability in response to both internal and external operating conditions. In the present framework a wide variety of conditions are outlined under which HRM operates and to which managers are required to respond. Based on the current investigation, in international joint ventures as well as in other forms of organizations, simple policy applications of HRM are likely to be inadequate. Instead, a fuller understanding of strategic HRM necessitates a multidimensional model which encompasses structure, strategy and culture related to HR operations. As evident in the joint ventures in this investigation, this further suggests a dual capacity for flexibility and control. Specifically in the area of human

resource management, definition of policy and practice exists, but not without the simultaneous capacity to make adjustments as strategic or cultural needs change over time and situations. Based on this challenge, the process role for HRM in joint ventures becomes critical in order to both assess organizational requirements and facilitate the implementation of new HR policy as required.

E.   RESEARCH ISSUES

1.   Strengths of the Investigation

According to Shenkar and Zeira (1987), human resource management in international joint ventures has historically received limited attention. The current project has addressed this topic at two levels.   First, the investigation provides a description of the technical aspects of HRM as they operate in four joint ventures related to planning, communication, reward and recognition, staffing, training and performance appraisal. Second, the study has contributed to a better understanding of process issues related to HRM.   In particular, strategic HRM has been considered with respect to: the parent-joint venture relationship; how HRM can operate strategically to fulfil the goals and objectives of the parents and venture; issues related to national culture and corporate culture; and finally how an emphasis on organizational learning can contribute to JV and parent operations.

More specifically, the present investigation extends the work by Schuler and Jackson (1987) and others concerning strategic HRM in wholly owned companies.   Consistent with Schuler (1992), HR managers can play a role in charting the strategic direction for the firm, identify HR philosophy or culture which is consistent with the firm strategic objectives, and develop and implement policies, programs and practices to support the corporate culture. However, the current research further provides information on strategic HRM but in the context of international joint ventures. In addition, this investigation extends work by Cascio and Serapio (1991) and Pucik (1988) in IJVs through the elaboration of a

process-oriented role for HRM.

The framework suggested in Table 13 both evolved from the current investigation and is based on previous work in the areas of international JVs (Collins and Doorley, 1991; Lei and Slocum, 1991); strategic HRM (Schuler, 1991; Tichy, 1988); corporate culture (Schein, 1984), national culture (Laurent, 1986; Schneider, 1988), and organizational learning (Doz and Schuen, 1991; Parkhe, 1991). This theoretical frame assists to identify central considerations in each area of HR policy development, and is comprehensive with reference to the context conditions which might affect how HR policy and practice operates.

Further this project supports the supposition by Frayne and Geringer (1989) concerning the potential for influence in the JV depending on which parent has the management contract and is responsible for the organization of HR activities. In addition, the current investigation elaborates how HRM might function related to whether JVs are specialized or value-added. These are all new and relatively unexplored areas in the literature on joint ventures, and contribute to how strategic HRM operates in joint venture firms.

The method used for the collection of data is a strength of the investigation. The format is multi-method and allows for data from various sources to be cross-referenced. Interviews were conducted with employees at multiple levels in the organization (i.e. managers, supervisors, production staff). This arrangement is important in order to gain an understanding of the various perspectives which operate in each JV. Employee views differed considerably, depending on one's position in the company. The

interview format was open-ended, which allowed respondents to introduce issues which they felt were important related to HRM in international joint ventures. As a consequence, a variety of unique issues emerged from the data collection process, which otherwise would not have been evident.

The instruments used in this investigation have merit in similar future research. The Guide for Human Resource Management Practices was developed specifically for this project and results from the inventory are consistent with interview and other data sources. Data obtained on the Minnesota Job Satisfaction Questionnaire are also consistent with other sources. The Culture Inventory developed by Quinn and others is new and little used to date. However, the questionnaire is easy to use, is not time consuming, and seemed to accurately reflect the corporate cultures of each of the companies in this study.

2. Limitations of the Investigation

The current research has a sample size of four. Although this allows for the intended depth in understanding of various strategic HRM processes, the small number of companies participating in the project limits the generalizability of the results. For this reason, a similar research format which considers HRM in international joint ventures is recommended in a broader spectrum of companies. In this instance, the research could more systematically look at how HRM practices in international JVs vary depending on for example: company size, age, location, parent cultures, unionized or not, and industry focus. In the present sample, all JVs are in the manufacturing sector and have a similar

strategic orientation. Two companies are relatively large, and two are small. Two JVs are unionized and two are not. Two of the ventures are between North American and Japanese parent firms; two are between a North American and either a German or Swiss parent company. The results of the current investigation would be strengthened based on an extension of the results in a larger cross-section of international joint ventures.

Further, all joint ventures in this project have been recognized by external sources for product and service excellence. On the Minnesota Job Satisfaction Questionnaire, the sample of employees who were surveyed in the ventures indicated a relatively high level of job satisfaction. Again, in order to extend the present results, a similar investigation might include JVs which on a continuum represent differing degrees of product success and employee satisfaction. This may serve to provide a more comprehensive explanation of which HRM policies and practices work well, and which are problematic related to JV strategic objectives and employee satisfaction. In addition, the JVs in this investigation are all based in North America, although they may have operating sites or marketing facilities in other countries. A further extension of the research is to include JVs which are based outside North America.

Finally, considering the role which the researcher plays in the investigative process, there are advantages if a multinational research team (rather than a single investigator) were to collect data in a similar project. Investigators who are from the same national cultures as represented by the parent companies could feasibly facilitate data collection as a result of language skills,

and indepth knowledge of the values and operating norms as they exist in the relevant national culture groupings.

F. TOWARD THE FUTURE:
SOME PERSONAL SUMMARY COMMENTS

Joint ventures are neither a new phenomena, nor are they "trendy". In recent years the number of joint ventures has dramatically increased, often related to external pressures placed on companies if they are to succeed in relation to other globally-oriented competitors. Joint ventures are one mechanism by which multinational companies can expand in a world where there are international trading blocks (i.e. Far East, Europe, and North America), and increased requirements to be "close to the customer" in various country locations, for example. In response to international challenges, the parent firms in this study have joined together to share risks or technology, and to be better positioned to create and market innovative, high quality, cost efficient products.

Despite evidence of a previous escalation in joint venture activity, one might expect the number of joint ventures to increase to an even larger extent in the future. For example, in the expanding markets of Central and Eastern Europe, joint ventures are rapidly on the rise. In that region, Hungary has the largest number of JVs. At the end of 1989, 1590 joint ventures operated in Hungary (11% of all companies); by the end of 1990, 5000 joint ventures were in operation, which represents 35% of all companies (Csath, 1991). Further, in the wake of a new trade agreement between the U.S., Canada, and Mexico, recent joint venture activity along the Mexican border with the U.S. may also continue to escalate, as investors seek viable partnerships, and entry to new markets.

In the joint ventures in this investigation, importance is attached to HRM activities which match the strategic requirements of the organization. Poised in a position to work with managers and other employees, HR staff crafted policies in the areas of communication, staffing, training, reward and recognition and performance appraisal which meet evolving technical and employee needs. The HR role is especially complicated in joint ventures when multiple national and corporate cultures are present, and when various operational sites require integration.

The issues which have been considered in this investigation are relevant to a sample of joint venture firms located in North America. However, given the uniqueness of joint ventures, further research is needed to expand knowledge of how joint ventures operate in the context of other national locations, and when different social, cultural and political systems prevail. In this vein, an interesting area for future investigation is how joint ventures operate in countries such as China or Poland - where special challenges exist for managers related to, for example, how a local workforce unfamiliar with a market economy might be motivated and rewarded.

Although joint ventures are often considered in relation to the advantages they offer for international competitiveness and financial returns, there may also be less tangible benefits from the formation of such partnerships. For instance, in international joint ventures between partners from diverse national cultures opportunities for cultural learning and exchange may result. In addition, joint ventures can also provide a vehicle by which capital and technical skills can be transferred into countries

(i.e. in Central or Eastern Europe) where newly emerging democracies are struggling to stabalize. Long-term committed participation by the partners to the venture, rather than short-term and quick-gain involvements, will most likely result in JV successes and provide benefits to the local economy and its workforce during periods of social, economic and political stabalization.

Based on first-hand observation of HR practices in joint ventures in Hungary, but equally applicable to other settings, Csath (1991:89) concludes:

> Human relations are going to be the key strategic issues in joint ventures. Those who understand this will be able to build healthy and long-lasting relationships, because of their focus on the 'invisible assets' of every quality-oriented organisation: human beings – their knowledge, creativity and commitment.

Great opportunities for technical and personal development exist in international joint ventures. There also exists an equal chance for frustration and failure. Related to these possibilities, the strategic human resource management dimension will likely be a central consideration for dynamic companies in the future.

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APPENDIX 1

LETTER SENT TO JOINT VENTURES WITH THE ATTACHED PROJECT OUTLINE

date

-
-
-
-
-

Dear

    I am writing to you to request the participation of ----------
in a research project which focuses on strategic human resource
management policy and practice in international joint ventures.
This area is of contemporary significance, and the results of this
study will have practical importance for managers.

    Despite recent attention to joint ventures as an important
strategy for global competitiveness, little research exists as to
how joint ventures operate. This is especially apparent in the
areas of human resource management and strategic management
practices. For these reasons, I am conducting indepth studies in
a small sample of successful joint venture companies. The enclosed
project outline provides detailed information as to the specific
aims and objectives of my study. This research is in fulfilment of
my Ph.D. requirements at the University of British Columbia at
Vancouver, where I am specializing in international management
issues. For your further information, I have also included a brief
biographical sketch outlining my relevant background and
experience.

    I would very much appreciate your participation in this
project. I believe the operating knowledge of managers and other
staff at ------------------ can provide an essential contribution
to understanding how international joint ventures successfully
function. The results of the study will contribute to forming an
important foundation upon which a more comprehensive understanding
of international joint ventures can be built.

    My investigative approach goes well beyond superficial
analyses of how joint ventures operate, and uses multiple forms of
data collection and interviews at various levels of the
organization. I would like to emphasize that I have designed the
study such that it entails a minimal amount of your staff time, and
will not interfere with normal operations. All that is required
are one or two interviews per individual.

I will publish the results of this research investigation in an academic journal. As each company has been selected for its exemplary management practices, I hope to be able to identify each company by name. However, if desired, the participating companies and individuals have the option to remain anonymous. It is important to emphasize that the focus of this research is on strategic and human resource management. Consequently, there is no requirement for information pertaining to the financial status of either the venture or the parent companies. Further, there is no request for monetary support from participating companies.

Should you have any questions related to this proposal, please do not hesitate to contact me at the fax or telephone numbers noted below. I hope that you will respond positively to this proposal. I believe the results of this study will be of significant use to your organization, as well as to the academic and business communities.

Sincerely,

Dianne Cyr
Tel: (604) 683-2414
Fax: (604) 224-8489

AN ASSESSMENT OF THE DEVELOPMENT AND APPLICATION
OF HRM POLICY AND PRACTICE IN INTERNATIONAL JOINT VENTURES

Dianne Cyr

Introduction

This research is focused on how human resource management (HRM) policy and practice are developed and implemented in successful international joint ventures. In the broadest sense of the term, HRM in this instance refers to the planning, staffing, training, appraisal and reward systems which are applied to employees in joint venture firms. This also includes the investigation of strategic management practices, conflict resolution strategies, and the various communication mechanisms which operate in international joint ventures and which contribute to their success. In this study the term joint venture represents cooperative and strategic alliances formed as the result of two international companies venturing together to form a third, independent company which is jointly owned and managed.

Background

Recently, both the popular and academic literature have included references to the importance of understanding how strategic human resource management practices operate in international joint ventures. Of note, a special issue of Management International Review (1990) has been devoted to this topic. Further, in his latest book The Borderless World, Ohmae (1990) stressed the need to study intercompany (his italics) relationships, especially in the context of joint ventures and alliances in today's global environment. Understanding strategic HRM in international companies is likely to be an important component in creating progressive and competitive firms which are sensitive to the needs of a diversified and often multicultural workforce. Despite these calls for research on the subject, to date very little information is available related to the unique and complex issues managers face in alliance companies. The proposed research is a contribution toward addressing how HRM operates on both a strategic and tactical level in international joint ventures.

Research Objectives

Due to a lack of prior information as to how human resource management strategies operate in joint ventures, the present research is exploratory. The objectives of this research include:

1. To determine <u>how</u> and <u>why</u> various HRM and strategic management practices have evolved and to understand how these processes operate and are unique in international joint ventures. The project seeks a fuller comprehension as to which strategies (i.e conflict resolution strategies, communication mechanisms, career pathing formats) are utilized in order to accommodate the complex needs of globally oriented corporate relationships.

2. To consider the benefits and difficulties of operating HRM practices in complex international alliances.

3. To develop an understanding of how HRM can contribute to creating more flexible, innovative and competitive organizations.

4. To obtain a measure of employee satisfaction in each company studied, and to explore employee perceptions related to the existing corporate climate in each firm.

Plan of the Research

Data collection is estimated to occur between April to August 1991. The project is to be conducted as an indepth analysis of a small sample of international joint ventures. It is anticipated that I will spend approximately two weeks in each company. It should be noted however, that the time involvement of individual staff members will be minimal and is unlikely to exceed one interview.

The <u>plan of the project</u> is as follows:

1) <u>Establish a contact person</u> within the company. This individual will assist in identifying documentary materials appropriate to the study, and will help in the selection of interview respondents.

2) <u>Written documents will be gathered and analyzed</u> to provide a) background information on the company, b) information on HRM policy and practice in the areas of planning, staffing, training, performance appraisal and reward, and c) data related to management's strategic initiatives. Documents to be reviewed may include annual reports, mission statements, policy reports, HRM manuals, minutes from meetings.

3) Time will be spent <u>observing operations and procedures</u>. This will involve the observation of daily routines and management practices.

4) <u>Interviews</u> will be conducted with managers and other staff at
    multiple levels in the organization. A tentative list of
    respondents includes:

    general manager
    senior manager of HRM
    1 other HRM officer
    1 operating manager/supervisor (i.e. production)
    1 technical-level employee (i.e. engineer)
    1 line executive (i.e. marketing, finance)
    1 line worker
    1 union official (if applicable)

5) A <u>questionnaire</u> measuring employee satisfaction and corporate
    climate will be administered to a small number of employees
    (35-40). Administration time is approximately 10 minutes.

6) Following the analysis of the data, <u>the findings of the study
    will be shared with management</u>. The results of the study as
    they relate to HRM and strategic management within each joint
    venture will be discussed.

March 1991

APPENDIX 2

LISTS OF EMPLOYEES (BY TITLE) INTERVIEWED IN EACH JOINT VENTURE

Employees Interviewed at Mayo Forest Products

General Manager

Personnel and Safety Administrator (plant level)
for unionized staff

Personnel Officer (at parent company)
for salaried employees at Mayo

Production Superintendent

Superintendent Maintenance and Engineering

Controller

Production and Sales Coordinator

Filing Superintendent

Mechanical Supervisor

Production Supervisor

Resource (Training) Center Coordinator

Executive Secretary

Union Representative (Past Plant Chairman)

Male Production Worker

Female Production Worker

Consultant (involved in the Mayo reorganization)

Executive Vice-President in the Japanese parent

Executive Vice-President in the Canadian parent

Employees Interviewed at OCG Microelectronics

West Patterson Headquarters Office

Joint Venture President

Human Resources Manager

Vice-President Finance and Administration

Product Manager

East Providence Manufacturing Facility

Director, Research and Development

Plant Manager for Manufacturing

Research Manager, Research and Development

Production Manager

Technical Manager

Production Supervisor

Production Worker

Liaison with Fuji-Hunt

Other

Director, Research and Development (Ardsley)

Vice-President Human Resources for CIBA-GEIGY U.S. (Hawthorne)

Human Resources Director (Electronic Materials at Olin)

Employees Interviewed at Optima

Headquarters

Vice-President Personnel
Manager of Employee Relations
Personnel Manager
Vice-President and Director Cable Technology
Senior Vice-President, Cable Division
Vice-President and General Manager, Cable Division
Director, Planning
Manager, Engineering Services
Director, Marketing
Training Director

Plant 1

Personnel Manager
Training Coordinator
Team Project Manager (Production)
Female Associate

Plant 2

Plant Manager
Personnel Manager
Training Coordinator
General Foreman
Department Head (Connectorization)
Male Associate

Other

Project Staff, Cable Process (transferred from Bauer)
Project Staff, Product Development (transferred from Bauer)

Employees Interviewed at Triad

Japan Motors Dispatchees

Human Resources Executive and Corporate Secretary
General Affairs Manager
Assistant General Manager, Human Resources
Assistant to the Executive Vice-President Manufacturing

Spartica Dispatchees

General Manager, Manufacturing
Finance Executive Vice-President and Treasurer
Assistant General Manager, Production Engineering
Assistant General Manager, Manufacturing

Triad Employees

General Manager, Human Resources
Branch Manager, General Affairs
Employee Relations Manager
Training Specialist, Human Resources
Personnel Administration Manager
Branch Manager, Quality Circles
Manager, Body Engineering
Branch Manager, Service Parts
Group Leader
Chairman of the Union Bargaining Committee
Female Associate
Male Associate

APPENDIX 3

SCHEDULE FOR DESCRIPTIVE COMPANY INFORMATION

Schedule for Descriptive Company Data

General

- Age of company

- Reason for JV formation and how the venture was initiated

- Number of employees in the JV

Management Systems

- Corporate objectives and company mission of the JV and the parent firms

- Degree of centralization of the venture

- Leadership style in the venture

- Historical data (i.e. how management goals, systems or structures have evolved and changed over time)

- JV Board structure

APPENDIX 4

ANNOTATED BIBLIOGRAPHIES OF COMPANY DOCUMENTS

related to Mayo Forest Products.

12. Mayo Forest Products Limited: Quality People, Quality Product - A glossy picture magazine depicting the company and its people.

13. Weekly Management Meeting Handout (April 16 and April 23) - Given out in the management meeting, each manager provides a page of update for the operations of the current week.

14. Personnel Stats on absenteeism - Lists budgeted and actual absenteeism figures as well as activities targeted to improve absenteeism results.

15. 1991 Canada Awards for Business Excellence Application - An outline prepared for the quality category. The application outlines business background, quality improvement policy and plan, information of the implementation and operation of the plan, and results achieved.

Annotated Bibliography for OCG Mictroelectronics

1. Press Kit - Included in the kit are a variety of news releases describing the nature of photoresists and polymide materials; background on OCG including company objectives and the structure of the company; background information on key executive staff; remarks on OCG from the JV president Jim Favier; remarks of Edward Pollak, Senior Vice President for Olin Corporation, the OCG management structure.

2. The Olin Hunt Employee Handbook - The handbook is also given to the employees of OCG and covers the company history and philosophy, the work environment, and benefits.

3. Total Quality Management (TQM) Manual : Improving Personal Quality - The handbook describes the goals of "Improving Personal Quality" and the employee's role in this process.

4. Managing Total Quality (An Olin publication.) - The manual elaborates the total quality process and how this process might be accomplished. [Select pages have been reproduced.]

5. Performance Management Process - (An Olin Chemicals publication.) - The manual presents a step by step process for performance review. This includes worksheets for an initial meeting betwen the supervisor and the employee, a job description form, a planning and review meeting worksheet, and an update expectations worksheet. Also included are a sample of general knowledge and skill areas that might be considered in the performance management process. [Select pages have been reproduced.]

6. The Ciba-Geigy/Olin Hunt Microelectornics Joint Venture Business Plan. The business plan includes the vision and concept for the joint venture. Also outlined are markets and competition, research and development plans, organization of the joint venture, and sales and marketing strategy. [Select pages have been reporduced.]

7. Images (the Olin Hunt and OCG newsletter) - Copies of issues for December 1990 to May 1991. The publication is monthly and details business issues and employee activities and accomplishments both in the Olin businesses and at OCG Microelectronics.

8. Olin Personnel Policies - Table of Contents outlines the list of HR polices included in the manual.

9. Olin Job Information System (Introduction) - Presents the purpose, procedures and guidelines for recruitment and selection.

10. Organizational Chart for OCG Microelectronics

11. OCG Mictroelectronic Materials, Inc. Short-term Management Incentive Plan – The plan outlines the administration, eligibility and design of an incentive plan for OCG.

12. Proposal for Group Move from Ardsley to E. Providence – Outlines some of the stategies planned prior to the relocation of Ardsley employees.

13. Recommendations for Employee Rocognition Programs at OCG – The program recommendations focus on both individual and team achievement in the areas of a) performance/special achievement and b) technological/commercial achievements.

14. Employee Attitude Survey at East Providence – The survey outlines the identified problems and subsequent recommendations based on the survey of employees conducted by Maida Garabed, HR manager, at the East Providence site.

15. Special Achievement Program Policy Statement – The policy is stated and a "Quality Award Employee Nomination Form" is included.

16. Quality Awards Policy Statement – The policy is stated and a "Recommendation for Special Award" form is included.

17. Newsletter for the Rhode Island site – This is the first informal newsletter printed by the employees at East Providence.
18. Certificate of Recognition – Blank copy.

19. Absenteeism Statistics for 1990 and 1991.

20. New Hire Safety Orientation – An outline of various safety items which are covered in the orientation of new employees.

21. Sample job description for an employee of the packaging department at the East Providence facility.

22. Ciba-Geigy pamphlet briefly outlining the company vision and leadership objectives.

Annotated Bibliography for Optima Corporation

1. Optima Code of Conduct - This pamphlet briefly outlines the Quality Policy for the company, the company's responsibilities to employees, the expected employee commitment to the company, the personnel focus, a variety of issues related to corporate security, conflict of interest, use of company funds, and compliance to laws and acts.

2. Optima - A description of company focus and products.

3. Fiberop Annual Report (1990)

4. Organizational Chart for the Personnel section under the responsibility of the manaager for employee relations - Members of the personnel department are listed as well as their respective job duties.

5. The Tieline (the company newsletter) - Issues for October/November 1990 and January/February 1991.

6. Employees: A Self-Directed PD&R Guide - The guide is for employees to assist them to prepare for the performance review process. A variety of worksheets are included that form the basis of the appraisal and which are reviewed jointly by the employee and his or her supervisor. This format is used with managerial, administrative and technical staff.

7. Optima Managerial/Individual Behavior Inventory - The inventory is intended to supplement the annual Performance Development and Review.

8. Optima Plant Hourly Review Summary and Recommendations for Action - A one-page performance review form used for hourly plan employees.

9. Clown Around with Praise - A bulletin for employees explaining a peer recognition program for individual employees at Optima.

10. Correspondent - A one-page news and information update published daily for Optima.

11. Plant 1 Mission Statement

12. Training and Development Manual - The manual lists recommended courses in various job areas, as well as brief outlines of some of the courses.

13. Optima Interview Response Form - An interview form used for the selection of Administrative, Technical and Managerial staff.

14. Quality Seminar Manual - Outlines the principles and action steps required for the quality process.

15. Design Team Proposal - A report prepared by the committee designated to investigate the implementation of the team concept at Plant 2. The report considers environmental, technical, and social elements of the proposed plan. Various team options are explored with a proposal outlined for the option of choice. Various recommendations for the implementation of teams at Plant 2 are discussed.

16. Team Member Training (Sessions 1 and 2) - The training package considers various managerial and interpersonal skills necessary for effective results using the team concept.

Annotated Bibliography for Triad

1. Triad Corporate Philosophy - The corporate mission statement.

2. Employee Handbook - The handbook outlines various employment practices and guidelines for personal conduct at work.

3. The collective bargaining agreement between Triad Motors and the UAW. Of interest in the agreement is the focus on the tenets of Japanese management practice as practiced by both the company and union interests in the agreement. This includes a minimal number of job classifications, flexibility in job assignments and job transfers, associate training, harmony among the associates, and the use of Kaizen and the Team concept.

4. Performance Planning and Review - A one-page performance review form used for the evaluation of managerial staff.

5. Triad Quality Circle Group Leader/Unit Group Leader Quality Circle Activity Guidebook - The guidebook outlines the purpose and objectives of quality circles as well as the keys to conducting the Quality Circle process. Detailed information is presented related to the initiation, implemention and evaluation of the quality cirles. Forms used in the quality circle process and examples of quality circle presentations are included.

6. Triad 7 Tool Quality Circle Training Manual - An indepth manual describing the 7 tools of quality circles as part of the data gathering process. The 7 tools are cause and effect diagrams, histograms, checksheets, pareto diagrams, scatter charts, graphs, and control charts. This training is provided to all associates at Triad.

7. Triad Motors Advnaced SPC Manual - An advanced training manual of statistical analyses for use in the quality circles.

8. Training Plan (July 1991-June 1992) - A list of courses offered monthly, as well as additional courses provided to employees at Triad. The total number of employees in training each month is also listed.

9. Outline of Triad Motors - An abbreviated listing of the history and benchmarks for Triad beginning in 1985.

10. Triad Employee Survey Report - The report is the summary of results of a survey at Triad conducted by researchers at a local university during August and September 1989. Information collected included socio-demographic data, economic and occupational information, worker migration patterns to the area and their expectations about the community, and employee attitudes toward the work environment at Triad with a focus on attitudes related to Japanese culture, technology and management practices.

11. Triad News - A sample of the monthly newsletters published at Triad. Issues range from June 1990 to July 1991.

12. Quality Circle News - A newletter published with a special focus on quality circle issues.

13. Triad Motors - A glossy magazine published outlining key facts and figures about Triad.   Numerous pictures depict the manufacturing process and featured car models.

APPENDIX 5

PARTICIPATION CONSENT FORM

CONSENT FORM

Consent to participate in the project
"An Assessment of the Development and Application of
Human Resource Management Policy and Practice in
International Joint Ventures"

Dianne Cyr   Peter Frost
Researcher   Thesis Advisor
(604) 224-8489   (604) 224-8384

Purpose: The project aims to gain an indepth understanding of how human resource management practices are developed and applied to employees in international joint venture firms. In this study, international joint ventures refer to strategic and cooperative alliances formed between two international partners.   Human resource practices related to planning, staffing, performance appraisal, training and reward systems will be considered.

Procedures: The   researcher   will   individually   interview participants in this study.   Each participant will likely be interviewed once, although multiple interviews may be conducted to verify or confirm information.   The interview will be audiotaped and will probably last in the general range of two hours. Questions will relate to human resource management practices in the joint venture. The researcher is available to answer any enquiries related to this project.

Confidentiality: All   individuals   have   the   option   of   strict confidentiality and no names are required. Only the researcher and her thesis advisor will have access to the tape-recorded conversations. You may, however, choose to include your name as a respondent in the study. Please check your desired option:
_____ I wish to remain anonymous
_____ My name may be used with reference to statements I make.

Right of Refusal: All individuals have the right to refuse to participate in the study and may withdraw at any time.   An individual's decision to not participate in the project will in no way affect employment status.

Consent: The signature below acknowledges consent to participate in the project and the receipt of a copy of the consent form.

_____
Participant's Signature

APPENDIX 6

GUIDELINE QUESTIONS FOR HRM POLICY AND PRACTICE
(VERSIONS FOR HRM AND NON-HRM STAFF)

Guideline Questions on HRM Policy and Practice*
(for HRM Managers and HRM Personnel)

Background Questions

● Explain the HRM role in this company. What exactly do you do now? What would HRM like to do?

● What are the unique issues HRM faces in alliance firms? (i.e. cultural, political, technical)

● How can HRM assist in dealing with these unique challenges?

● What are the necessary skills, knowledge and abilities for a senior manager of HRM? other HRM personnel?

● Within the HRM mandate, who initiates policy? practices? changes?

INTRODUCTION

1. Overall, to what extent has HRM policy and practice changed over time? Describe. Why did these changes occur?
2. Which HRM policies operate most successfully? Why? Which policies are problematic? Why?

PLANNING

<u>In your view, what are the key planning issues related to HRM?</u>

3. When is broad policy for HRM in the IJV established?
4. Is HRM planning linked to the overall business plan? How?
5. Is there consensus among the HR management team concerning essential strategic objectives? Explain.
6. To what extent does the IJV plan HRM policy independently of the parents?
7. Are the objectives in the IJV the same as those of the parents, or different? If the objectives are divergent, how are they developed into a set of consistent criteria for HRM planning and systems in the company?

---

* These questions serve as a guideline for interviews. Numbered questions will be used by the researcher as prompts for additional information, as required.

Guideline Questions continued...

<u>How are the needs of different groups of employees accommodated?</u>

8.   Are there HRM practices in place for accommodating diverse
     (cultural) needs of employees in the IJV? If so, have these
     practices changed over time?   Is cultural sensitivity
     demonstrated in employee/management behaviors? Are the same
     HRM policies applied to all IJV employees? Explain.

<u>Are there mechanisms for building trust between employees and
managers? Explain.</u>

9.   Is information shared among IJV managers amd employees?   If
     information is shared, how much? content?   When   is
     miscommunication most likely?
10. Are there mechanisms for facilitating communication and
     collaboration between management and employees of the IJV?
     (i.e. task forces, steering committees, transition teams,
     information sharing sessions). If so, when are they formed?
     membership? Are there meetings? newsletters?

<u>How are conflicts resolved when they arise?</u>

11. Who in your group (or in the organization) is involved in
     problem-solving?

STAFFING

<u>How are staffing decisions made (for managers and workers)?</u>

12. How was the general manager chosen? the senior manager of
     HRM? other managers? (when?)
13. Which positions were filled from each parent? (general
     manager, chief financial officer, technical directors,
     department heads) How are the different management roles
     assigned?
14. Are the same selection criteria used for all managers and
     employees? Describe.
15. Which qualities are valued in managers? workers? (i.e.
     analytic ability, interpersonal skills, flexibility, cultural
     sensitivity, language skills) Evidence?
16. To what extent are expatriate managers used? Is loyalty to the
     IJV problematic?
17. What are the rules for intracompany job transfers?
18. Who makes staffing decisions? (i.e. are employees or
     department heads involved?)

Guideline Questions continued...

PERFORMANCE APPRAISAL

<u>Describe the performance appraisal process.</u>

19. What is the purpose of appraisals? (ie. developmental, remedial, maintenance)
20. What actions are taken based on the appraisal?
21. Who provides the appraisals? Who is appraised?
22. What kind of rating criteria are used in appraisals (i.e. interpersonal skills, contribution to team effort etc.)
23. How often are appraisals performed?
24. Is the same appraisal process applied to all managers and employees?
25. Are cultural factors taken into account?

TRAINING

<u>How are training programs developed and implemented?</u>

26. What is the focus of training? (i.e. job content, problem-solving, cultural, communication skills) What are the values communicated?
27. Who provides the training? (parents, IJV)
28. Who develops the training packages?
29. What is the format for training?
30. Is the aim to transfer "know how" from the parent to the IJV or the other way?
31. Are training programs culture-specific or multicultural? Are different courses offered for employees from different cultures?
32. To what extent is job retraining done?

PROMOTION AND REWARD

<u>How are promotions awarded?</u>

33. What is the basis for promotion? (seniority, ability) Why?
34. Are promotion criteria the same for all employees?
35. Is career path information available? Are bulletins featuring promotion/hiring information visible?
36. How many people were promoted last year?

Guideline Questions continued...

How do compensation systems operate?

37. What is the objective of rewards? (i.e. to attract, motivate or retain employees)
38. To what extent are employees involved in creating their own compensation packages?
39. Are the same reward systems applied to all employees? Is there a perception of equality or inequality of rewards? Explain.
40. Are key employees in the IJV on the parent's payroll? Who are they?
41. Are bonuses (or career paths) tied to the attainment of IJV long-term objectives? Explain.
42. Are there incentives for learning new skills or behaviors?

OTHER

What are the major challenges to IJV managers?

Are experimentation and creativity encouraged in the IJV? How?

Is there anything else that should be added in order for me to understand how HRM policy and practice operates?

Guideline Questions on HRM Policy and Practice*
(for Non-HRM Managers and Staff)

Background Questions

● Explain the HRM role in this company.

● What are the unique issues HRM faces in alliance firms? (i.e. cultural, political, technical)

● How can HRM assist in dealing with these unique challenges?

INTRODUCTION

1. Overall, to what extent has HRM policy and practice changed over time? Describe. Why did these changes occur?
2. Which HRM policies operate most successfully? Why? Which policies are problematic? Why?

PLANNING

How are the needs of different groups of employees accommodated?

3. Are there HRM practices in place for accommodating diverse (cultural) needs of employees in the IJV? If so, have these practices changed over time? Is cultural sensitivity demonstrated in employee/management behaviors? Are the same HRM policies applied to all IJV employees? Explain.

Are there mechanisms for building trust between employees and managers? Explain.

4. Is information shared among IJV managers amd employees? If information is shared, how much? content? When is miscommunication most likely?
5. Are there mechanisms for facilitating communication and collaboration between management and employees of the IJV? (i.e. task forces, steering committees, transition teams, information sharing sessions). If so, when are they formed? membership? Are there meetings? newsletters?

---

* These questions serve as a guideline for interviews. Numbered questions will be used by the researcher as prompts for additional information, as required.

Guideline Questions continued...

How are conflicts resolved when they arise?

6. Who in your group (or in the organization) is involved in problem-solving?

STAFFING

How are staffing decisions made (for managers and workers)?

7. How was the general manager chosen? the senior manager of HRM? other managers? (when?)
8. Are the same selection criteria used for all managers and employees? Describe.
9. Which qualities are valued in managers? workers? (i.e. analytic ability, interpersonal skills, flexibility, cultural sensitivity, language skills) Evidence?
10. Who makes staffing decisions? (i.e. are employees or department heads involved?)

PERFORMANCE APPRAISAL

Describe the performance appraisal process.

11. What is the purpose of appraisals? (ie. developmental, remedial, maintenance)
12. What actions are taken based on the appraisal?
13. Who provides the appraisals? Who is appraised?
14. What kind of rating criteria are used in appraisals (i.e. interpersonal skills, contribution to team effort etc.)
15. How often are appraisals performed?
16. Is the same appraisal process applied to all managers and employees?
17. Are cultural factors taken into account?

TRAINING

How are training programs developed and implemented?

18. What is the focus of training? (i.e. job content, problem-solving, cultural, communication skills) What are the values communicated?
19. Who provides the training? (parents, IJV)
20. Who develops the training packages?

Guideline Questions continued...

21. What is the format for training?
22. Is the aim to transfer "know how" from the parent to the IJV or the other way?
23. Are training programs culture-specific or multicultural? Are different courses offered for employees from different cultures?
24. To what extent is job retraining done?

PROMOTION AND REWARD

How are promotions awarded?

25. What is the basis for promotion? (seniority, ability) Why?
26. Are promotion criteria the same for all employees?
27. Is career path information available? Are bulletins featuring promotion/hiring information visible?

How do compensation systems operate?

28. What is the objective of rewards? (i.e. to attract, motivate or retain employees)
29. To what extent are employees involved in creating their own compensation packages?
30. Are the same reward systems applied to all employees? Is there a perception of equality or inequality of rewards? Explain.
31. Are there incentives for learning new skills or behaviors?

OTHER

What are the major challenges to IJV managers?

Are experimentation and creativity encouraged in the IJV? How?

Is there anything else that should be added in order for me to understand how HRM policy and practice operates?

APPENDIX 7

A QUESTION GUIDE FOR THE GENERAL MANAGER

A Question Guide for the General Manager

1. From your perspective, what have been the most significant changes in HRM policy and practice in this company? Why did these changes occur?

2. Which HRM policies operate most successfully? Why? Which policies are problematic? Why?

3. What are the unique issues HRM faces in IJV firms? (i.e. cultural, political, technical)

4. What is the HRM role in dealing with these unique challenges? (i.e. What HRM does now versus what HRM should do)

5. Are there mechanisms for building trust and facilitating communication among units, managers and employees in this company? If so, explain.

6. How are conflicts (i.e. between units, managers, employees) resolved when they arise?

7. What are the necessary skills, knowledge, and abilities for a general manager? senior manager of HRM? How is this different than in other non-IJV firms?

8. In the instance when there are managers or other staff from each parent firm (or culture) employed in the IJV, how are different management roles or task functions assigned? Explain who performs which roles.

9. Are there HRM practices in place for accommodating the diverse (cultural) needs of employees in the IJV? if so, have these practices changed over time? Are the same HRM policies applied to all IJV employees? (i.e. reward structure, promotion criteria, appraisal process, training programs, etcetera). Explain.

10. To what extent is the HRM division linked to the overall business operation of the firm?

11. Can HRM policy contribute to enhanced learning and innovation in IJV firms? If so, explain.

12. Is there anything else that should be added in order for me to understand how HRM policy and practice operates?

APPENDIX 8

INSTRUCTIONS FOR AUDIOTAPE REVIEW

Instructions for Audiotape Review

The tapes have been transcribed using a format which records notes based on the conversation with the person interviewed, as well as verbatim quotes. Quotes appear in quotation marks. Unmarked text represents summarized notes. Comments appearing in square brackets [] are my own thoughts or additions to the text and are not necessarily part of the tape recordings. Rather than transcribe every word on each tape, I have tried to capture the sense of what individuals are saying. In order to review the tapes you should have the audiotape and a copy of the transcribed text for the same audiotape. It is important to note that confidentiality has been guaranteed to individuals interviewed as well as for company names.

In keeping with the above, I would ask you to review the tape(s) with the following considerations:

1. Ensure that verbatim quotes are accurate. I have done some editorialising of quotes by leaving out interjections like ums, er, etc. and have also omitted the odd word which may start a sentence or thought and then is replaced by the interviewee by another sentence or thought.

2. Check that the essence of what people say is accurately recorded in notes. Not every thought is necessarily recorded, but I have attempted to capture the sense of what people are saying as it relates to the topic of this research (human resource management in international joint ventures). I have hoped to include important thoughts or details. Alternately, I did not want to summarize some detail of the tape, or to add information, in a way that it did not occur in the tape recording. Additional information or commentary that does not occur on the tape recording should appear in the square brackets as mentioned above.

To assist in checking the accuracy of transcription of the tapes, please note errors, omissions, or additions (all as outlined above) that alter the basic sense of the text as you perceive it presented by the individual interviewed on the tape. Your notes can be made onto the transcribed copy you receive with the tape. When you have completed the review, please return the tape and the transcription to Peter Frost.

Thank you for your help.

APPENDIX 9

QUINN'S TYPOLOGY OF ORGANIZATIONAL CULTURE

The Culture Inventory

The Culture Inventory used in this research was based on theory developed by Quinn (1984) and is related to a "competing values approach to leadership". In this model, Quinn proposes that competition exists between a rational world view with a preference for control, objectivity and certainty and an adaptive view in which a preference for flexibility, and a tolerance for subjectivity and uncertainly prevail. Other dimensions of Quinn's model are a preference for an internal versus an external focus. An internal focus suggests cohesion and cooperation as well as standardization. An external component is related to an emphasis on action and competition resulting in desired outcomes. Within this framework, and related to the cultural categories in the inventory, organizations with a group culture (internal and flexible) emphasize people, a sense of family, loyalty, tradition and human resources. Organizations in which there is a developmental culture (external and flexible) emphasize innovation, creativity, growth and dynamism. In a hierarchical culture (internal and control), an emphasis is placed on order, rules and regulations, formality, stability and documentation. Organizations with rational cultures (external and control) focus on achievement, goal and task accomplishment, and production. A simplified version of Quinn's model is diagrammatically represented in Figure 3.

FLEXIBILITY

Group Culture   Developmental Culture

INTERNAL ‖‖‖‖‖‖‖‖‖‖‖‖‖‖‖‖‖‖‖‖‖‖‖‖‖ EXTERNAL

Hierarchical Culture   Rational Culture

CONTROL

FIGURE 3

QUINN'S TYPOLOGY OF ORGANIZATIONAL CULTURE

APPENDIX 10

EMPLOYEE CONSENT FORM AND QUESTIONNAIRES

CONSENT FORM

Consent to participate in the project
"An Assessment of the Development and Application of
Human Resource Management Policy and Practice in
International Joint Ventures"

Dianne Cyr   Peter Frost
Researcher   Thesis Advisor
(604) 224-8489   (604) 224-8384

Purpose: The attached questionnaires will be used to collect information on how employees in international joint ventures feel about some of the management and personnel practices operating where they work. In this study, international joint ventures refer to strategic and cooperative alliances formed between two international partners.

Procedures: You are asked to complete the two short questionnaires attached. The questionnaires have no time limit but together will take about ten or fifteen minutes to complete. Taking these few minutes to answer the following questions will, however, greatly assist in providing information about employee issues and impressions in your company.

Confidentiality: All individual responses on the questionnaire are confidential and no names are required. Only the researcher will have access to information provided on the questionnaires.

Right of Refusal: Your participation is voluntary.   All individuals have the right to refuse to participate in the study and may withdraw at any time. An individual's decision to not participate in the project will in no way affect employment status.

Consent: Completion of the questionnaire assumes your consent to anonymously participate in this project.

Your participation is sincerely appreciated.

Questionnaire 1

Indicate the degree of satisfaction you have with your job. Ask yourself how satisfied you are with its various aspects.

Use the following guide for your answers:

VDS	D	N	S	VS
Very Dissatisfied	Dissatisfied	Can't Decide	Satisfied	Very Satisfied

Circle one alternative for each question.

1. Being able to keep busy all the time...........VDS D N S VS
2. The chance to work alone on the job............VDS D N S VS
3. The chance to do different things from
   time to time...................................VDS D N S VS
4. The chance to be somebody in the community.....VDS D N S VS
5. The way my boss handles his people.............VDS D N S VS
6. The competence of my supervisor in
   making decisions...............................VDS D N S VS
7. Being able to do things that don't go
   against my conscience..........................VDS D N S VS
8. The way my job provides for steady
   employment.....................................VDS D N S VS
9. The chance to do things for other people.......VDS D N S VS
10. The chance to tell people what to do...........VDS D N S VS
11. The chance to do something that makes use
    of my ability.................................VDS D N S VS
12. The way company policies are put into
    practice......................................VDS D N S VS
13. My pay and the amount of work I do.............VDS D N S VS
14. The chances for advancement on this job........VDS D N S VS
15. The freedom to use my own judgement............VDS D N S VS
16. The chance to try my own methods of
    doing the job.................................VDS D N S VS
17. The working conditions.........................VDS D N S VS
18. The way my co-workers get along with
    each other....................................VDS D N S VS
19. The praise I get for doing a good job..........VDS D N S VS
20. The feeling of accomplishment I get from
    the job.......................................VDS D N S VS

Please go to the next page

Questionnaire 2

The following statements describe types of values which may exist in your company. None of the descriptions is better than the others. They are just different. Please indicate the extent to which each statement applies to the company where you work. Show your degree of agreement or disagreement by circling the appropriate number as on the following scale.

```
        1              2              3              4              5
_____|_____|_____|_____|_____|_____
Low Agreement        Moderate Agreement              High Agreement
```

1. This company is a very <u>personal</u> place. It is like an extended family. People share a lot of themselves............1 2 3 4 5

2. This company is a very <u>dynamic</u> and <u>entrepreneurial</u> place. People are willing to stick their necks out and take risks. 1 2 3 4 5

3. This company is a very <u>formal</u> and <u>structured</u> place. People pay attention to procedures to get things done...........1 2 3 4 5

4. This company is a very <u>production oriented</u> place. People are concerned with getting the job done...................1 2 3 4 5

5. The glue that holds this company together is <u>loyalty and tradition</u>. Commitment runs high.....................1 2 3 4 5

6. The glue that holds this company together is <u>commitment to innovation and development</u>. There is an emphasis on being first with products and services......................1 2 3 4 5

7. The glue that holds this company together is <u>formal rules and policies</u>. Following rules is important...............1 2 3 4 5

8. The glue that holds this company together is an emphasis on <u>tasks and goal accomplishment</u>. A production and achievement orientation is shared.................................1 2 3 4 5

9. This company emphasizes <u>human resources</u>. Morale is important. 1 2 3 4 5

10. This company emphasizes <u>growth through developing new ideas</u>. Generating new products or services is important.....1 2 3 4 5

11. This company emphasizes <u>permanence and stability</u>. Efficiency is important...1 2 3 4 5

12. This company emphasizes <u>outcomes and achievement</u>. Accomplishing goals is important......................1 2 3 4 5

Background Information

It is important to have some information on the background of those
people who respond to the questionnaires. Again, all information
is strictly confidential.

Age: _____ years

Sex: _____ Male _____ Female

Highest level of education _____

Job title _____

Number of years in this company _____

Years of residence in this country _____

Ethnic Origin (if born outside this country) _____

Number of nonvacation days absent from work this year ____
        (year = one year prior from today's date)

APPENDIX 11

GUIDE TO HUMAN RESOURCE MANAGEMENT PRACTICES

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GUIDE TO HUMAN RESOURCE MANAGEMENT PRACTICES

For each of the following items, indicate your choice as to how your organization operates its human resource management practices. Each item represents a continuum. Circle the spot on the continuum for each item, which best represents your choice.

For example, on the first item, planning may range from formal to informal. If planning is <u>very formal</u> you would indicate this in the following way:

formal *---*---*---*---*---*---* informal

If planning in your organization is <u>moderately informal</u>, you would indicate the following:

formal *---*---*---*---*---*---* informal

In some cases you may feel that elements of <u>both</u> formal and informal planning apply. Mark this dual choice by circling two separate spots on the scale which best represents your choices.

Use the following scale to indicate your level of <u>agreement</u> as to how your company operates its human resource management practices. Use the "undecided" category <u>only</u> if you can really not make up your mind regarding the answer.

Agreement is:

--------------------*----------*----------*----------*----------*
strong   moderate   slight   undecided   slight   moderate   strong

PLANNING

1. formal and ordered *--*--*--*--*--*--* informal and flexible

2. long-term focus (more than one year ahead) *--*--*--*--*--*--*
   short-term focus (less than one year ahead)

3. group philosophy *--*--*--*--*--*--* individual philosophy

4. high *--*--*--*--*--*--* low employee involvement

5. low risk-taking *--*--*--*--*--*--* high risk-taking

6. integrated *--*--*--*--*--*--* nonintegrated with the plans of
   other departments

Guideline to HRM Practices continued...

STAFFING

7. internal recruitment *--*--*--*--*--*--* external recruitment

8. few career paths *--*--*--*--*--*--* many career paths (i.e.
    employees can be promoted to a wide range of positions)

9. hiring and promotion criteria are clear and stated
    ----*--*--*--*--* ambiguous and unstated

10. discrimination based on gender: high *--*--*--*--*--*--* low

11. discrimination based on social class:
    high *--*--*--*--*--*--*low

12. early retirement *--*--*--*--*--*--* late retirement

13. extensive overtime *--*--*--*--*--*--* limited overtime

14. minimal experience *--*--*--*--*--*--* high levels of
    experience

15. orientation sessions: absence *--*--*--*--*--*--* use

16. career path information:
    unavailable *--*--*--*--*--*--* available

PERFORMANCE APPRAISAL

17. behavioral criteria *--*--*--*--*--*--* results criteria

18. evaluation based on:
    total person *--*--*--*--*--*--* performance

19. criteria and goals: short-term (less than one year)
    ----*--*--*--*--* long-term (more than one year)

20. group criteria *--*--*--*--*--*--* individual criteria

21. employee participation: high *--*--*--*--*--*--* low

22. implicit feedback *--*--*--*--*--*--* explicit feedback

23. slow promotion *--*--*--*--*--*--* rapid promotion

Guideline to HRM Practices continued...

24. low base salaries *--*--*--*--*--*--* high base salaries

25. standard, fixed packages *--*--*--*--*--*--* flexible packages

26. employment security: low *--*--*--*--*--*--* high

27. few perks *--*--*--*--*--*--* many perks (financial, social)

28. short-term incentives (less than one year) *--*--*--*--*--*--*
    long-term incentives (more than one year)

29. hierarchical rewards *--*--*--*--*--*--* egalitarian rewards

30. bonuses, wage increases or reductions:
    collectively shared *--*--*--*--*--*--* individually based

31. secret rewards *--*--*--*--*--*--* open rewards

32. long-term (longer than one year) *--*--*--*--*--*--*
    short-term (less than one year)

33. broad and general *--*--*--*--*--*--* narrow and specific

34. group orientation *--*--*--*--*--*--* individual orientation

35. in-house *--*--*--*--*--*--* external

36. on-the-job *--*--*--*--*--*--* classroom

37. extensive job rotation *--*--*--*--*--*--* minimal job rotation

38. employee input is high *--*--*--*--*--*--* low

APPENDIX 12

AN ELABORATION OF QUALITY CIRCLES AND KAIZEN PROCESSES

As part of the Quality Circle process, data is summarized and displayed using the "seven tools" for statistical analysis (i.e. cause and effect diagrams, histograms, checksheets, pareto diagrams, scatter charts, graphs, and control charts). Using the seven tools, data on a problem is presented and analyzed before determining goals for corrective action. An overview of the QC process appears in Figure 4. The relationship between QC activity and Kaizen suggestions appears in Figure 5.

As identified in the Triad "Quality Circle Training Manual" some of the goals of Quality Circles are to:

- respect the individuality of each member of a circle and to create a setting in which work is meaningful

- activate the unlimited potential of employees

- reduce defects, inefficiencies, and enhance work quality

- inspire more effective teamwork and job involvement

The QC groups at Triad typically have 12 to 15 members who are led by a Circle leader. Meetings are supposed to be scheduled at regular periods in which problems in the work area are to be considered. These meetings are to be held during paid work hours. QC members are encouraged to recommend viable problem solutions to management. Project areas which may be explored include quality, productivity, safety, cost reduction, improvement of work methods and work area cleanliness. Triad QCs are not authorized to address issues such as company policy, wages, benefits, grievance or personal matters. Members of a QC collectively identify a theme for their projects using brainstorming techniques. The theme should fit with the section, department and plant-wide quality themes. Once a QC group theme is identified by associates, it is given approval by the group leader, the branch manager, and the section manager.

The QC Branch Manager explains that participation in the QC is not mandatory, but it is strongly encouraged. In the summer of 1991, there were a total of 159 QC groups operating at Triad. More than one QC group may operate in certain work areas, but there are other areas of the plant which apparently do not have any QC activity. All associates and group leaders receive training in Quality Circle theory. The QC training and manuals used at Triad were created specifically for the company by the Branch Manager for Quality Circles. There is a 15 hour basic training program which gives the background to quality circles, how the process operates, and an introduction to the seven statistical tools which are used to represent data related to a problem under investigation. More advanced statistical training is available at an associate's request. In addition, there is a three hour QC overview provided for branch managers.

Twice per year in June and December, QC competitions are held during which QC groups can present their projects. Projects are

judged by managers based on a group's ability to effectively use the QC process and to implement an effective problem solution. Successful competitors advance to the plant-wide competition held in July during which Triad executives, including the company president, spend a full day judging the Quality Circles. The QC judged most successful receives the Triad President's Award and is designated to present their project in the Japan Motors Corporate Quality Circle competition held in Japan. One QC group leader mentions that although some of the groups like the element of formal competition, others do not.

FIGURE 4

QUALITY CIRCLES – THE PROCESS

Quality Circles - The Process

PLAN

1) Identify Participants

2) Select Circle Leader and Recorder

3) Problem Identification and Selection

4) Grasp Current Status of Problem

5) Set Goals (Quantify)

6) Prepare Activity Plan

7) Submit Activity Plan/ Result Record

DO

8) Examine Causes and Relationships

9) Collect Data

10) Analyze Data

11) Identify Root Cause(s)

12) Develop and Implement Corrective Actions

CHECK

13) Checking/Braking

ACTION

14) Standardization

15) Evaluate Results/ Progress

16) Prepare Presentation

FIGURE 5

QUALITY CIRCLE ACTIVITY VS. KAIZEN SUGGESTION

Quality Circle Activity _vs._ KAIZEN Suggestion

```
┌─────────────┐
│  A Problem  │
└─────────────┘
```

Though some ideas are available,
    there is no clear cut solution.

An investigation must be done
    to identify the root cause(s).

Does not attempt to "Justify"
    a groups solution or "Wish List"

```
┌──────────────────────────┐
│  Requires Investigation  │
└──────────────────────────┘
```

Requires use of QC Techniques

```
┌─────────────────────┐
│  Requires Analysis  │
└─────────────────────┘
```

Requires use of QC Techniques

```
┌──────────────────────────┐
│  Root Cause(s) Identified │
└──────────────────────────┘
```

```
┌──────────────────────────────┐
│  Corrective Action(s) Developed │
│         and Implemented        │
└──────────────────────────────┘
```
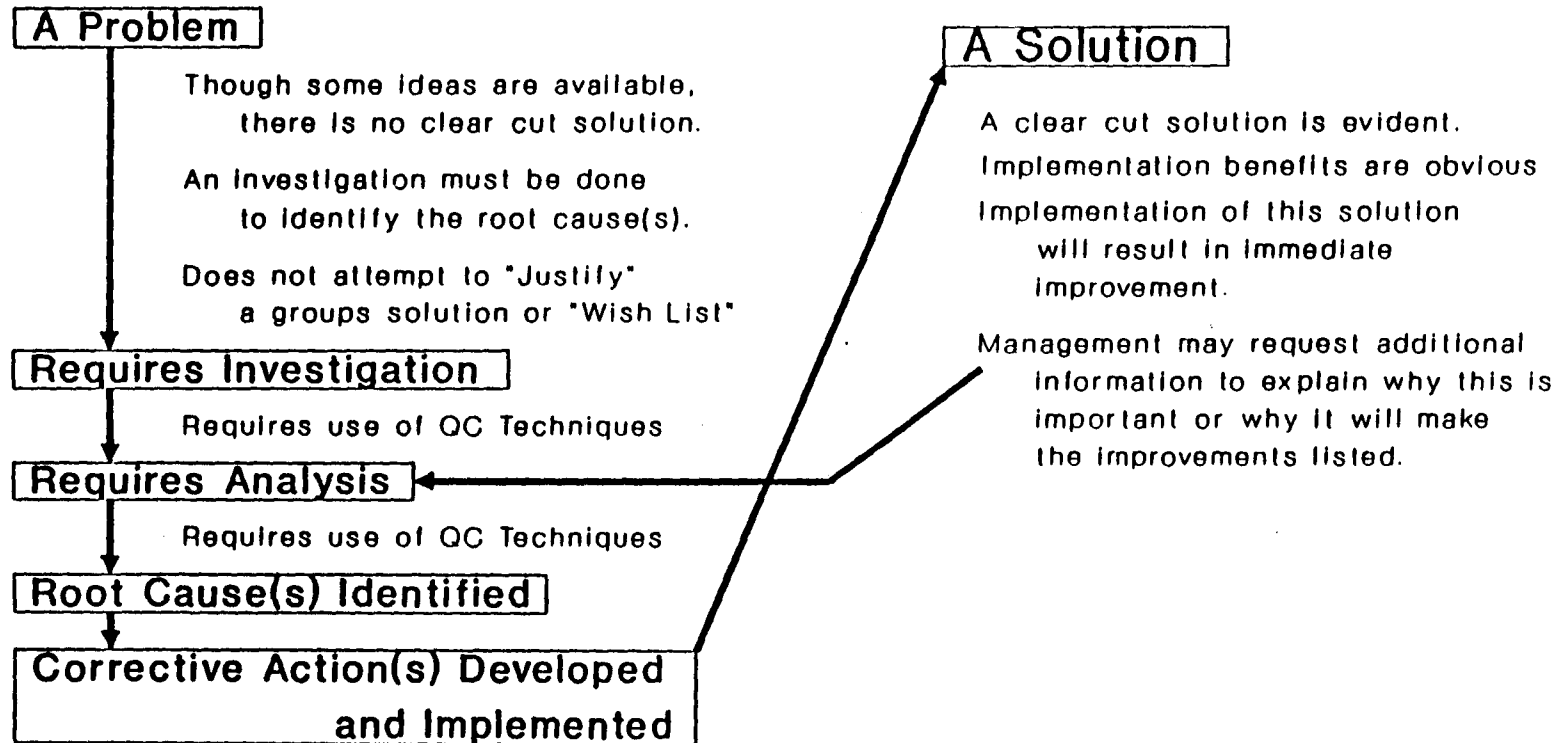
The result of the process may include:
    Written KAIZEN proposal
    SOP Additions/Revisions
    Engineering Changes
    Workstation Revisions

Because these actions are Improvements
    to the workplace, they can be
    considered KAIZENs.

```
┌──────────────┐
│  A Solution  │
└──────────────┘
```

A clear cut solution is evident.

Implementation benefits are obvious

Implementation of this solution
    will result in immediate
    improvement.

Management may request additional
    information to explain why this is
    important or why it will make
    the improvements listed.

APPENDIX 13

A SUMMARY OF THE COMMUNICATION MECHANISMS WHICH OPERATE IN EACH JV

MAYO FOREST PRODUCTS	OPTIMA
fact sheets bulletin boards company newsletter handbook	memos bulletin boards closed circuit T.V. voice mail newsletter
meetings: daily production daily maintenance dept. managers (weekly) superintendent (weekly) crew (weekly) safety QIT, CIT	meetings: headquarters executives (weekly) senior managers (monthly) communication Koffee Klatches meetings: plants focus groups daily production pre-shift (weekly) quality QIT, CAT, CIT management/R&D

OCG MICROELECTRONICS	TRIAD
bulletin boards suggestion box memos task teams Quality lunches research reports meetings handbook newsletter international teleconferences world-wide meetings	white boards newsletter bulletin boards Quality Circle News closed circuit T.V. meetings: informal (Japanese) QC/Kaizen production supervisory (daily) departmental