

Editorial

Ralf Bebenroth · Werner Pascha

The environmental conditions for managing International Human Resource Management (IHRM) have changed considerably in recent years. Well-educated and open-minded graduates are raised all over the world, not only in a few western economies that have been the traditional home base for multinational enterprises (MNEs). A considerable percentage of MNE employees are internationally experienced. They have studied or had internships abroad, have been posted to foreign locations, and have much better international understanding, often including language skills, than earlier generations.

For MNEs, it has become increasingly important to use their IHRM potential to compete against their rivals. Transport and communication costs have declined considerably, allowing for more interchange and novel ways of managing processes in one location from elsewhere, for instance. Moreover, regulatory reform and liberalisation of markets for labour and corporate control in many countries have allowed for more and varied options to select personnel internationally, to tap local labour markets or to use third-country employees, to choose among various governance modes for foreign subsidiaries, and to handle IHRM accordingly. Finally, preferences among job seekers and employees have also undergone considerable change, affecting the options for IHRM of globally operating enterprises.

The current Special Issue of the Journal of Business Economics (Zeitschrift für Betriebswirtschaft—ZfB) looks to shed more light on these issues by focussing on a specific host base for global MNEs and on their specific IHRM issues in that local context: Japan, based on contributions to a workshop held at the RIEB of Kobe University, Japan. Choosing Japan as a case study offers an interesting perspective. First, most comparative research on foreign direct investment and related IHRM issues still focuses on western economies. As a non-western location, studying IHRM issues in Japan-based foreign

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subsidiaries thus offers an illuminating perspective on a still understudied empirical basis. This should help to test the universal applicability of theories. Second, the circumstances surrounding the employment of managers in Japanese companies—including Japan-based foreign subsidiaries—have changed considerably in recent years. This promises to shed a valuable insight into factors like the regulatory environment of industrial relations and on demand as well as supply issues of the local labour market. Third, Japan represents one of the best cases for western companies undertaking IHRM in an unfamiliar environment. From a practitioner's point of view, such intercultural IHRM activities will become ever more prominent in a globalised market, and this issue will hopefully offer insights of considerable practical value.

The first two papers address the selection of senior management for foreign subsidiaries in Japan. Ralf Bebenroth of Kobe University and Werner Pascha of Duisburg-Essen University have conducted a survey among German subsidiaries in Japan to extend the existing literature on top executive choices among foreign subsidiaries by looking beyond the top executive officer, i.e. incorporating the senior management team, and by distinguishing various types of contract and assignment. They find that recent changes in the environment give foreign subsidiaries considerable more latitude to make staffing decisions and that both the resource-based view of the firm and agency theory are important to understand staffing decisions.

Tomoki Sekiguchi of Osaka University and Sachiko Yamao of the University of Melbourne, Australia, add to the existing literature by looking at changes in nationality of top executives among foreign subsidiaries in Japan, using archival material. They find that the likelihood of a non-Japanese top executive being replaced with a Japanese one is higher than the other way round. Change of the ownership structure is an important predictor of a change in an international board, while they also notice differences between European, North American, and Asian multinational companies.

The next two papers are interested in conflicts that arise from the international composition of management personnel in foreign subsidiaries based in Japan. Markus Pudelko and Helene Haas of Tübingen University use evidence from surveys of different home-host country combinations among US, Japanese and German multinational companies in the respective countries and study whether the degree of conflict is related to the cultural distance of the various combinations. Interestingly, the authors argue that it is not that simple and reason that an expectation of conflicts may lead to more efforts to reduce them and thus to lower real conflicts.

Patricia Robinson of Hitotsubashi University explores cross-cultural conflict in US subsidiaries with a stimulating qualitative methodology. Drawing on participant observation, she presents an exploration and a pilot test of the process work model of process-oriented dialogue to help overcome intercultural conflict. This study is not only helpful to look into the usefulness of this model, but it also allows for vivid insights into cross-cultural problems experienced by foreign companies in Japan.

The final two papers take recruitment and the perspective of recruits into consideration. Fabian Froese of Korea University, Republic of Korea, and Vesa Peltokorpi of HEC School of Management, France, have interviewed foreign subsidiaries in Japan on the recruiting channels used. It is shown that the most commonly used method is headhunting. This reflects the difficulty of foreign firms in finding enough suitable candidates through other

means. The most successful method is referrals, recalling insider-oriented mechanisms that have been so important in Japan's past. Industry and the firm's reputation were also found to be important in influencing the outcome; the latter being another mechanism known to have been particularly important in the Japanese business environment for many decades.

Elena Groznaya, guest lecturer at Kobe University, looks at female employees of foreign subsidiaries in Japan, based on interviews. She uses the terminology of intercultural research on systems of values to look at the growing "generation and gender gap" on the Japanese labour market. The paper thus offers interesting insights into the minds of mostly younger female employees. With respect to the satisfaction of female employees in foreign subsidiaries, she finds a generally positive evaluation of the work environment compared to Japanese firms; of course, a considerable self-selection effect is involved.

This Special Issue collects papers first presented during a workshop at the Research Institute for Economics and Business Administration (RIEB) of Kobe University in Kobe, Japan, on February 23 and 24, 2010, organised by the editors. They would like to thank RIEB and its staff members for their kind support; they would also like to thank Duisburg-Essen University for their support, particularly during the editorial process. The papers were commented upon during the workshop, revised, commented upon by anonymous referees of *ZfB*, and revised again. The editors are grateful to all chairs and participants, including Rolf Schlunze of Ritsumeikan University and particularly Toshihiro Kanai of Kobe University for their valuable input. They also thank the commentators as well as the anonymous referees, acknowledging the commentators present in the workshop personally: Kiyoshi Takahashi of Kobe University, Hiroaki Funahashi of Corning K.K., Yasuhiro Hattori of Shiga State University, Kuniko Mochimaru of Josai University, Donghao Li of Wakayama State University, Jaffer Hussainee of Kansai Gakuin University, and Shiho Nakamura of Ritsumeikan University. Special mention should be made of Koji Okubayashi of Setsunan University and professor emeritus of Kobe University as well as member of the Editorial Board of *ZfB*; not only did he chair one of the sessions, but with his eminent contacts he helped decisively to prepare for this international event. Moreover, Sue Bruning of the University of Manitoba, Canada, who also presented a paper during the workshop, was an enormously important discussion partner and source of inspiration. To all these renowned scholars, we owe a lot.