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Key Words: Transaction Cost, Cross-cultural, Human Resource Management

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Abstract

In the cross-national environment, the international business always manages the great deal of employees from different cultures. For an organization, if executives do not authorize with the segregation, the survival and expanding feasibility will decline without the prompt response in the high competitive and changeable market. This study is to discuss the international business with the global vision and how to manipulate segregation of human resources from every location with combination of the production, research and development, marketing and service industry under the diversity of internal cultures and environments. The second section of this study reviews the main international human resource strategy during the commencing period of the “globalization” concept in the 1990s, and the third section is to analyze the manipulation human resource models of the international business. In the fourth section, the study adopts the simple mathematics to analyze the transaction cost and the relationship between the differentiation of cultures and the employment of human resources. International corporations must understand the local culture, society, organization structures and managerial perspectives, elaborate, input, and communicate with local subsidiaries’ employees to form the third culture body. The balance between culture integration and differences would influence the efficiency level of human resource operation, especially on the expatriating and hiring the local professional manpower. This study considers that it will be the winning formula that international human resource operation with the global viewpoint manage the cross-cultural resource and deal with transaction cost of the different cultures.

Introduction

At the end of the twentieth century, the world shifts violently. The forces of market, cost, government and competition constitute the global market. Instead of regarding the subsidiaries as the independent entity, multinational corporations
MNCs attempt to coordinate and integrate the strategic planning of all subsidiaries with the overall view. Along the global commerce and trade, lifting the freedom of the international trade, development of the traffic, transportation, communication and Internet, enhancement of the production capacity, and the speed of technology innovation, the global market have stepped into the new stage of high internationalized and unprecedented competitive environment. However, the important features of the new international competitive stage include the continuous improvement of the scientific technologies and accelerating development of new products and technology innovation. Under such market environment, the importance of efficient market resource allocation is growing. Therefore, to run internationally in the global market and receive the globalization challenge, MNCs make efforts on utilizing the human resource from the global point of view.

Recently, many experts study the strategic alternative of the international business due to the emergence of the “global strategy”\(^1\). Regardless of the enterprise is classified to the internationalized industry; the other market would influence the competitive edges on the market. Thus, it has to adopt the global strategy to maintain the worldwide competitive advantages. Anyhow, for the non-internationalized industries, the competitive advantages of the single international business would not

\(^1\) Ghoshal(1987) \(\cdot\) p.427
have any connection with other markets. Furthermore, the visionary and ambitious international business will adopt the global strategy to create the competitive advantages in the international arena. Porter (1986) divided the operation strategies of the international business into four types by the two dimensions, the geographic configuration and coordination\(^2\). Due to the pressure from competitors, the convergence of the market demands, the cost down pressure, the liberation of the trade policies, and the area economy integration, corporations adopt the global strategy.

Human resource provides the capability of production and service for an organization. In the other word, there are many people who have different knowledge, skills and abilities to achieve the goal of the organization. In the cross-national environment, the international business always manages the great deal of employees from different cultures. Complexities of the internal and external environments of the international business determine the difficulties of human resources utilization. With the different culture background, inconsistent value, different goals and motivation, mechanical impression and the differentiation of scenario response, an international business manager either has to manage the more complicated and global organization and to coordinate, or cope with the regularities. From this viewpoint, there is a need to

\(^2\) Porter(1986), p.28
redesign the human resource model of the international business fundamentally. For an organization, if executives do not authorize with segregation, the survival and expansion feasibility will decline without the prompt response in the high competitive and changeable market. In addition to the traditional strategic means, such as fostering, inspiration, and supervising, for ensuring the good effect of the authorization, the human resource operation of the international business provides employees and labors the great knowledge and well-qualified skills, and minimize the transaction cost resulting from the intercultural management of the international business. Otherwise, the organization considers minimizing transaction cost as the objective function of the human resource operation of the international business to determine the optimum human resource allocation.

This study is to discuss the international business with the global vision and how to manipulate segregation of human resources from every location with combination of the production, research and development, marketing and service industry under the diversity of internal cultures and environments. The second section of this study reviews the main international human resource strategy during the commencing period of the “globalization” concept in the 1990s, and the third section is to analyze the manipulating human resource models of the international business. In the fourth section, the study adopts the simple mathematics to analyze the transaction cost and
the relationship between the differentiation of cultures and the employment of human resources. The last section is the conclusion.

**The human resource strategy from the global vision**

Bartlett (1987) and Prahalad and Doz (1987) classified the different international business management strategies with two dimensions: one includes the forces for global coordination and integration; the other one needs the forces for national responsiveness and differentiation. Generally speaking, the global integration means to centralize management of geographical distribution activities. Ghoshal (1987) considered that the benefits of the structure of Integration/Responsiveness from responsiveness of the global integration and local differentiation could analyze the demands of the two strategic dimensions. However, Bartlett (1987) adopted this structure to analyze the industrial business strategy or the strategy of the internal business functions and tasks.

The above analytical structure is established on headquarters. Nevertheless, Bartlett and Ghoshal (1987) indicated that the executing strategies of all subsidiaries would be different if the core analysis is not based on the headquarter and every subsidiaries pursue the overall strategy.

Jarillo and Martinez (1990) introduced an analytical structure of subsidiaries’ international strategies. The two dimensions of this analytical structure are: (1) Localization of Activities: subsidiaries involve in the activities locally, such as research and development, procurement, manufacture and marketing etc. (2) Integration with Other Subsidiaries

According to this structure, the strategies that subsidiaries follow could be
classified into three broad categories:

1. Autonomous Strategy: subsidiaries execute the value-chained activities autonomously.

2. Receptive Strategy: there are few value-chained activities that subsidiaries involve, and the subsidiaries is highly integrated the parent company.

3. Active Strategy: subsidiaries involve many value-chained activities and coordinate closely with other subsidiaries and the parent company.

Heenan and Perlmutter (1979) examined the variety of leadership manipulation on the nationality of the parent company from the global viewpoint. Moreover, they described models of the human resource management as: ethnocentric, polycentric, regiocentric, and geocentric.

1. Ethnocentric Orientation:

Headquarter decides the strategic polices. Thus, foreign subsidiary company does not have the autonomy. In addition, the crucial positions of subsidiaries are assigned by headquarter and responsible for managing the local personnel.

2. Polycentric Orientation:

Foreign subsidiaries have autonomy and assign the crucial positions by the local subsidiary. Nevertheless, there is little chance to be promoted to the headquarters. The domestic people occupy headquarters’ positions.

3. Regiocentric Orientation:

There are few local managers to be promoted to headquarters due to the structure of the local strategy and international business. However, the subsidiary’s manager
could shift cross-nations in the specific area and has the appropriate autonomy and decision right.

4. Geocentric Orientation:

Nationalities are nothing for the recruitment. The main concerns of human resource are the abilities and global integration strategy. This kind of global company provides an equal opportunity to all nationalities, and cooperates the global integration strategy for ensuring the human resource operation successful and effective.

Evans (1986) separated the human resource strategy of international business into “Polycentric human resource strategy” and “Geocentric human resource strategy” based on this classification. While subsidiaries of the global company inter-rely on each other, it should take “Geocentric human resource strategy”. While the all departments and subsidiaries are independent, it should take “Polycentric human resource strategy” instead. Schneider (1988) distinguished “Globalization” into “Geocentric Orientation” and “Ethnocentric Orientation”. One of them, Geocentric Orientation, incorporates the global integration and responsiveness/differentiation. In addition, Sheth and Eshghi (1989) also separated the international human resource strategy upon the two dimensions, “consistency” and “localization”. Speaking of consistency, it is quiet crucial for the specialized service industry, hi-tech manufacturing, and retailing. Secondly, as for “Localization”, it is necessary to obey the government regulations, structure of labor unions, the culture difference of employees, consumers, and stockholders. According to the two dimensions, there are four types of the international human resource strategy. One of them, Adhoc Human

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3 Evans(1986).
Resource Strategy, has the low consistency and localization. The export-oriented company usually takes this strategy, but its human resource strategy is changeable. However, while the company is getting internationalized, the adhoc human resource strategy is non-appropriate. Decentralized human resource strategy is highly localized and has low consistency. Foreign technical joint venture or the authorized companies usually take this strategy. In addition, worldwide human resource strategy has high consistency and low localization. The charted retailing, specialized service industry, and hi-tech industry usually take this strategy. The last one is umbrella human resource strategy that has high localization and consistency. The company taken this strategy applies to the personnel policies and procedures. Meanwhile, foreign subsidiaries’ managers have the right to decide the employees’ retirement, training and promotion.  

Bartlett (1989) regarded that Integration/ Responsiveness could analyze the functional strategy and task of the international business. He found there is the demand differentiation of integration and responsiveness for the worldwide companies in the functional strategy. Even in each functional area, some tasks need to centralize the integration and coordination; however, some could be decentralize to the local. Prahalad and Doz (1987) considered that the Integration/Responsiveness structure could analyze either the static characteristics of strategies, or its dynamic evolution. Due to the capricious external environment to the organization (such as politics, economy, technology), the managers reply cognition of the external environment on the demand variation of Integration/ Responsiveness while setting strategies.

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4 Sheth and Eshghi(1989).
As for the development stages of the international business, Dowling and Schuler (1990) considered that human resource management of the international business value the global integration much, but disregard the local response. Thus, it adopts the “ethnocentric” strategy. With rising the subsidiary’s autonomy of resource allocation, it would like to take the “geocentric” strategy. Ghoshal and Bartlett (1990) considered that international business constitutes many parent companies and subsidiaries which are scattered different location with different objectives. It could be conceptualized an “inter-organization network” and its external network includes all organizations interacting with each other, such as customers, suppliers, governments, unions, and competitors. In the strategic human resource management history, two schools have studied the effects of “inter-organization dependence” on human resource. One is the resource dependence model (Pfeffer and Cohen, 1984; Pfeffer and Langton, 1988) and the other one is the systematic school (Scott, 1987).

For the resource dependence model, some of international business studies discussed that the subsidiaries’ dependence on the strategic resource of the parent company results that the parent company influences human resource of the subsidiaries (Baliga and Jaeger, 1984; Martinez and Ricks, 1989). Nevertheless, Prahalad and Doz (1981) also indicated that while subsidiaries are expanding and growing up, they have technology, management capability, and even marketing abroad. Meanwhile, headquarters could not affect the subsidiaries’ strategy anymore by controlling the strategic resources. Thus, enhancing subsidiaries’ independence on the local resource also affects on subsidiaries human resource.

From the viewpoint of international human resource of the culture heterogeneity and competitive strategy, Schuler and Jackson (1987) considered that measures of
human resource management must relate to competitive strategies (innovation, strengthening the quality, strategy of reducing cost). Under the international management environment, Bartlett and Ghoshal (1987) and Prahalad and Doz (1987) considered that international business management strategy makes use of the global integration to pursue the internal economic benefits, economic scale and economy of scope to reduce cost; otherwise, by the local response, it makes use of the special ability of diverging the local products to satisfy the localized preference and needs. Thus, while discussing the operation of international strategic human resource from the viewpoint of the culture heterogeneity, it has to examine the relationship between the “parent company consistency” and “local response” upon subsidiaries’ international competitive strategy, price competitiveness and nation differences.

Culture difference means the difference of culture between the locations of subsidiaries and the head office (Boyacigiller, 1990). Culture includes four dimensions: individualism or collectivism, the disparity of power, the strength of uncertainty avoidance, male chauvinism or feminism (Hofstede, 1990). According Laurent (1986), there are culture differences between America and Europe, even among all countries in Europe. Human resource strategies of the international parent company do not answer the enterprises’ culture but the parent companies’ culture. When personnel policies are executed abroad, it would raise the culture differences. Schuler (1987) considered that international corporations should make a choice among all international resource management activities to fellow the macro-strategies and culture and to answer the culture differences of subsidiaries’ location. Generally speaking, if the culture difference between the subsidiaries and parent companies are

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5 Schneider (1988).
great, subsidiaries would diverge the policies and objectives of the parent company
due to the local culture. Meanwhile, subsidiaries take the highly localized human
resource strategy; they would be out of control. Thus, the more culture differences,
the lower localized human resource strategy of subsidiaries. Especially, when
subsidiaries highly rely on the technology and management systems of the parent
company, the parent company does not have to take the local responsive strategy to
answer the culture difference.

Negandhi, Eshghi and Yuen (1985) indicated that managers of Japanese
subsidiary take the localized management because they concern the local culture
practice and institution while they are not familiar and worry about the conflict within
local employees. Though they keep the right to make policies and main strategy, they
still contact directly the local people, reply the administrative responsibility and
authorize local trustable managers. Laurent (1986) believed that human resource
activities are the best ways to answer the culture differences because they are
designed by the culture to treat the other culture. It is very effective and significant to
the parent company with this management, but it is not to subsidiaries. Thus, when
the subsidiaries are not controlled by parent company, “culture differences” would
enhance “local response’ of the human resource strategy.

Adler (1986) considered that to ignore the culture differences on purpose and
pursue the homogenous human resource management would weaken the competitive
advantage of the international business. Laurent (1986) said that to build, maintain
and develop the entity of international enterprises has to manage the employees and
take efforts to reach the global consistency. In the other way, for the benefits of
localization, they have to adjust the human resource management upon the special

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culture of different societies. Thus, it enhances the integrated consistency to answer the enterprise globalization; it increases the degree of differences to answer the culture differences. Schuler (1992) indicated that the objective of strategic human resource management is to maintain consistency of human resource policies in organizations and human resource practice would be adjusted and accepted by employees. In summary, “consistency” of globalization and “difference” of localization are the two dimensions of international human resource management.

**Cross-cultural Human Resource Operation**

Human resource management means an organization manipulates its manpower to fulfill the organization mission effectively and sets “manpower” as resource to develop the dynamic operation which includes the more proactive, vital, and strategic human resource planning, recruitment, training, inspiration and maintenance. In management practice, human resource is a very important strategic element of enterprises. Good human resource operation could help the organization to reach its basic strategic objective. In international strategic human resource planning, multinational corporations face broader and more complicated human resource, even more lasting and competitive strategic environment. In the other word, all sustainable competitive advantages (SCAs) build on the excellent human resource basis which involved the long-term competitive advantages among countries and related with human resource management to the organization strategy level, not only to consider it as a supportive task.

International human resource comes from three groups: Parent Country Nations (PCNs), Host Country Nations (HCNs) and Third Country Nations (TCNs). It could classify international human resource management to three types based upon manpower preference:
1. Ethnocentric:

It is a human resource philosophy centered on the host country. The personnel policies adopt management style, knowledge and evaluation standard based upon the host country, and recruit the staffs whose nationality is host country. Otherwise, the parent company expatriates staffs to be in charge of the important overseas position. The advantages are trustworthiness and strong motivation, but the disadvantages are high cost and unfamiliar with the local culture.

2. Polycentric:

This is the human resource philosophy centered on the local country. Managers treat all overseas subsidiaries as different nations and believe that only local people understand local culture and market. Thus, managers of overseas subsidiaries should be the local people. The advantages are low cost and familiar with the local regulations and culture, but it is difficult to communicate and coordinate with the host country.

3. Geocentric:

The human resource philosophy centered on globalization should not have any nationality preference. Recruitment should evaluate by the ability and personality, not only by the nationality. From global potential pool of human resource, selecting the employees should base on the company’s benefits, and no matter in the head office or subsidiaries, employees would be considers as main body of the company. The advantages are no nationality preference but recruiting the most suitable people. However, in practice, absolute fairness and unbiased standard may be only the ideal.
Whichever comes from all above three groups, there will be “culture difference” and “cross-cultural shock”. Cross-cultural shock means people find the past experience could not explain the present situation under experiencing completely strange and different culture, and expecting to learn culture. Therefore, people have psychological pressure, anxiety, and physical reaction. From an individual’s positive or negative attitude and adapting process development, enduring culture shock will result in two different scenarios: duo-culture or retreat to home culture.

As for an enterprise perspective, cross-cultural management is the trend of survival under severe competitive environment. To ensure the successful management, international corporations have to understand investment and features of marketing area proactively and deeply to fit the local consumption culture and characteristics of employees. Due to cross-cultural management demand, most of international corporations have started to build comprehensive overseas assignment programs. The evaluations of in-house staffs also emphasize the overseas working experience and consider it as the proof of abilities and the condition of promotion. To go with globalization steps, the culture sensitivity training would be urgent for every level of an organization. An organization only hires the local people to join the overseas operation to avoid the culture training. However, this way could not solve communication and coordination problems between organizations. Thus, the cross-culture training of international corporations is necessary. Managers have to establish internal training education department to offer the cross-culture knowledge, such as culture-specific information, general cultural information and self-specific information.

The objectives of formal cross-culture training are to foster expatriates to have the four features: well preparation, sensitivity, patience and flexibility. The training
plan would vary from the participation and cost of expatriates. The environment and culture introduction belong to area studies programs that is basic training plan. Cultural assimilation requires the trainees to do the scenario simulation from the past real cases. In addition, managers could understand differences of every culture through sensitivity training. The last one is field experience. That is to send expatriating managers to the foreign family for a while to experience the foreign living style. In fact, good expatriating management has to consider the whole expatriating flow, give expatriates ever-lasting support and help, and deal with the repatriation when expatriates tasks finished. The whole procedure is following:

1. Selecting expatriates

   Understanding the features and skills of the overseas tasks, the people with the willing, communication and coordination ability, good interpersonal relationship and enduring the culture shock are the priority. Before making decisions, the short-term expatriation will ensure whether the people are suitable or not.

2. Cross-cultural learning

   After selecting expatriates, to give the leaning opportunity is to ensure the task successful, such as cross-culture training, language programs, traveling memo, and materials related with the tasks. In practice, that spouse and family adapting the cross culture not well is the main reason that overseas expatriates task failed.

3. Local support

   Overseas unit should give the briefing to introduce the entertainment, working environment, lifestyle, especially taboos and other activities related
work and life. If possible, the company should assign someone to help the expatriates and give support and assistance until they adapt the local working environment and life well.

4. Back to home culture

No matter expatriating task is successful or failed, most of expatriates will come back the home country. At this time, expatriates need to re-adapt the home culture, and their career planning also need to cooperate with the company’s growth to avoid expatriates repatriate and find no suitable position available for them in the head office.

Multinational corporations should construct their own recognition structure of different cultures. They transfer “the first culture body” of the organization’s culture to overseas subsidiaries and realize that subsidiaries form “the second culture body” with the local features naturally. Furthermore, the first and second culture bodies melt the merits to create the unique “the third culture body” with the new knowledge system, recognition and value systems.

Managers of international business have to understand differences of the first, second, and third culture bodies and utilize adequately. To establish the recognition of all different culture for employees of coming from different cultures is the prior task of managers due to the cultures of organizations are the principles and value standard for the employees, and are revised and shaped by the employees’ behavior. Recognition system formed by the individual’s viewpoint of the organization is the “managerial perspective” of the organization. It is significant that the organization’s culture makes the differences of management perspectives and even “management frame” rooted deeply through influencing the organization’s employees. To enhance
the management efficiency, international corporations have to establish the adequately business model. Therefore, they must understand the local culture, society, organization structures and managerial perspectives, elaborate, input, and communicate with local subsidiaries’ employees to form the third culture body.

Transaction Cost, Culture Differences, and human Resource Operation

Alder (1995) indicated that corporations face the different culture in different stages of globalization. Generally speaking, when the main body of the corporation is still in the domestic, the influence of culture differences is not serious. However, with increasing the importance of abroad market and establishing the factories abroad, the foreign customers’ response to the different culture is a quiet important indicator. Moreover, managing the foreign employees has to consider the response of culture differences. When managers of international subsidiaries are getting independent, the influence of culture differences comes from managers of different culture. To respect the all managers of every country mutually is to answer the every culture. In the end, when international corporations go toward the global polycentric, the culture sensitivity is quiet important to discuss the market importance under different cultures as well as the integration of every subsidiaries world widely. In the other word, the influence of cultures in different globalization stages on the organization functions is different. In the first stage, the corporation should take the ethnocentric strategy that is production-oriented. Therefore, the culture difference is not so significant. Even the corporation export products, differences of the foreign purchasers’ demands are not considered due to the advantages of production and technology.

In the second stage, the corporation takes the market-oriented polycentric strategy and competitors also appear. Thus, the difference of foreign customers’ demand is very important. Production methods and genres and functions of product
are not singular, but to cooperate the customers’ demand of different culture with the diversity. In addition, in this stage, the cross-cultural sensitivity and language skills are very important. To compete effectively, the corporation has to cooperate the basic demands from everywhere to create the comparative advantages. Thus, the corporation is able to consider the culture differences on products, marketing, and management. To achieve these, international managers have to develop the cross-cultural skills that could be fostered by developed training courses. Unfortunately, many corporations (especially north American corporations) do not emphasize these training. This viewpoint also shared by Schwind (1985), Mendeuhall and Oddou (1986). In fact, Tung (1981) indicated that only 32% of American corporations, 57% of Japanese corporations, and 69% of European corporations conduct the formal cross-culture training. Ronen (1986) provides the similar figures and viewpoint.

According to Tung (1982), one of important reasons that American corporations have higher failure rate (25-40%) is that training rate of the American expatriates is lower. These studies implicated that the corporations in the second stage still take the human resource strategy of the first stage. This makes some serious problems. In addition, Berenbeim (1983) and Kobrin (1984) indicated that international corporations in this stage will increase the proportion of employing the local people due to hiring the local people could understand the local market and employees more deeply.

In the third stage, most of the technology and products of every corporation are the same because of severe competition. The key point of competition is the price. The price advantage would be more important than the response of customers’ demand differences. Thus, the point is how to produce at the lowest cost. At this
period, the culture differences of employees are the most important not the ones of the customers. In the other word, the culture differences of employees could make the scale of economy.

Though the cross cultural sensitivity and language skills are less important, the international experience is very important for the corporation management and promotion in the third stage. While the corporations in the third stage attempt to integrate the global corporations, they usually make hypotheses or create the similarities, not to manipulate the culture differences. For example, they usually hypnotize preferences of worldwide consumers are similar, so corporations could make the generic products and service to achieve the economy of scope and scale of economy.

Finally, in the fourth stage, high quality, low cost and service are only the basic essentials. The key point of competition is the strategy that using the high differences and integration responds the differences of different markets and integrates the operation and market demands. Thus, in this stage, customers’ demands and culture differences of employees are very important to the organization.

Managing the organization culture that is compatible with many kind of cultures effectively is the important skill in the fourth stage. According to Doz and Prahalad (1986), international corporation should explore the new methods, manage the culture differences and global integrators, deal with the national responsiveness, and coordinate and control both. The main competition weapon of the corporation is to manipulate the global human resource and enhance both of national responsiveness and global integration.

In the fourth stage, there will be interactions among different cultures internally
and externally. Thus, understanding and managing the culture differences of internal and external corporations are very important. The culture of parent corporations is not prior to the organization culture anymore. To ignore or minimize the culture difference does not work out anymore. Up to now, corporations have to recognize and manage the culture difference continuously. In addition, the successful corporations in the fourth stage should go on developing the technology and skills to identify the debits. Then, managers could emphasize and make use of diversity, or choose to minimize the differences upon the situations. Moreover, there is no ignorance of culture differences.\(^7\)

In a word, in the different globalization stage, the influential degree of the culture on the organization will be different: in the first stage, the influence is not significant; in the second stage, the culture differences would affect the external customers’ demands strongly; in the third stage, culture differences affect the internal employees and its importance is less than the second stage; in the fourth stage, the influential degrees is the greatest because it affects internally and externally.

According the above illustration, the structure of this study includes an operation human resource model of the different cultures within transaction cost and discusses the relationship.

If \( x \in X \), the unit 1 is defined as constantly one sequence; then, it represents that the production, marketing and service of an international corporation is a single one. That is the constitution of subsidiaries with single one objective.

If \( x \in X \Rightarrow x_{(j)} \in X^\circ \) could be defined as \( (0,0,...,x,0,0,...,0) \); then, \( x \) is the only nonzero element in \( j \) country. It represents there is only one single culture in the

\(^7\) Alder(1983).
subsidiaries of international corporation with the single operation objective. Thus, it and management culture of its area is a null set.

If $X$ is a normed Space, $H : c_0(X)^n \to c_0(X)$ in this study is the cross-cultural human resource transaction cost of all different subsidiaries interacted with each other. The $(kn+j)^{th}$ element of $H(x_1, x_2, ..., x_n)$ is the $(k+1)^{th}$ of $x_j$; in the other word, the human resource interaction of international corporations could be the image of each other. That is, the transaction cost derived from the human resource operation in the same culture could infer from the inter-dependence.

However, from the global strategic viewpoint of international corporations, the operation objectives of subsidiaries include not only production, marketing or service; thus, segregating the operation objective management is not adequate. If $\| (x_1, x_2, ..., x_n) \| = \max \{ \| x_1 \|, \| x_2 \|, ..., \| x_n \| \}$, and it is defined $x \in c$, $l(x)$ represents its limit. Then, it finds a linear equation $Q : c^n \to c_0^n$; amongst this, $Q(x_1, x_2, ..., x_n) = (x_1 - l(x_1), x_2 - l(x_2), ..., x_n - l(x_n))$. This formula showed that under the multi-objectives of operation, the segregation of human resource operation model could reduce the transaction cost of culture difference under the international human resource management.

From the above simple logic equation, the balance between culture integration and differences would influence the efficiency level of human resource operation, especially on the expatriating and hiring the local professional manpower.

**Conclusion**

At the end of the 20th century, the whole economy order is completely different

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8 Rudin(1976).
under the momentum of globalization. According the WTO, it indicated that though the global gross production in the 5 decades grew less than 6 times, but the world trade rose about 50 times. As for the direct foreign investment stock, it was approximately 480 billion USD in 1980, but it shifted to 3,233 billion USD quickly in 1996. The main reason of this growth is influenced by liberalization of economy and the trade protection is fading away and accelerated the trade interactions. Moreover, the area economy integration also bring the rationalization economy, such as European union, American free trade zone, and Asia-Pacific Economic Cooperation (APEC).

International corporations cooperate with the international trade liberalization and area integration under the intensified competitive pressure, and take the international unified production systems to coordinate the development and innovation, marketing, procurement, and other activities of every area from the global head office to enhance the competitiveness of global market. When international corporations take the global management model, their human resource operation forms the segregation systems due to the standardization of products, production and marketing. The internal culture differences and environment culture shock would influence the human resource operation. Therefore, this study considers that it will be the winning formula that international human resource operation with the global viewpoint manage the cross-cultural resource and deal with transaction cost of the different cultures.

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