

COMPETING IN A GLOBAL ENVIRONMENT: THE VALUE OF INTERNATIONAL QUALIFICATION OF POTENTIAL MANAGERS ACROSS OWNERSHIP STRUCTURE

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Regardless of how we view globalization, its consequence is the meeting of cultures and the desire to share not only the experience but the goods and services as well. Presumably in this environment there will be greater motivation for local businesses to invest in managers who already have the international exposure to shorten the learning curve. This investment is reflected in a compensation premium. Consequently, if businesses in the Philippines are willing to pay a compensation premium for international exposure, then the marketability of an individual naturally increases. This study compares the perception about international qualification across differing ownership structures paying particular attention to the local family business.

Keywords: international degree, family business, managerial selection, compensation study

I. INTRODUCTION

In today's globally competitive environment, it makes sense for companies to improve their human resource complement. After all, it has been posited that an improved organizational capacity provides a competitive edge (Delaney & Huselid, 1996; King, Solomon, & Fernald Jr., 2001; Koch & McGrath, 1996; Leon-Guerrero, McCann III, Haley Jr., 1998; Ulrich & Lake cited in Reid & Adams, 2001). Among organizations however, it has been observed that family-owned businesses are at a disadvantage either because their size limits the resources available to them or because their innate culture discourages non-family participation (Graves & Thomas, 2006; Reuber & Fischer, 1997; Sirmon & Hitt, 2003; Welsch, 1993). If it persists however, the likelihood of family business survival in

global markets are put at risk (Astrachan & Kolenko, 1994).

Under the growth theory, it has been noted that as organizational size increases, ownership structure notwithstanding, it becomes necessary to formalize and put structures into place (Leon-Guerrero et al., 1998; Reid & Adams, 2001). The same is true as businesses become more internationally-oriented (Gallo & Sveen, 1991; Graves & Thomas, 2006). Presumably the strategic role of human resource (HR) experts becomes more evident with largeness and more complex markets, but Welsch (1993) noted that this may not be necessarily so for family businesses.

There are several functions of HR management. Indeed, it is a combination of HR policies that contribute to an

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organization's effectiveness. One cannot discount the importance of the 'front end' function of recruitment and selection as getting the right people at the outset leads to better productivity (Koch & McGrath, 1996). If an organization does not have the skills within its present complement, then hiring the right individuals may be an option. After all, selective hiring is one of the best practices of successful companies (Delaney & Huselid, 1996; Pfeffer cited in Reid & Adams, 2001).

Selective hiring requires specifying the qualifications required of potential employees among others. With specifications clearly spelled out, the quality of hiring decisions are said to improve (Craft cited in Koch & McGrath, 1996). In a global environment, presumably there is merit in securing international qualifications especially for managers, all things being equal. This becomes even more important as organizations strive to internationalize their operations (Graves & Thomas, 2006; Reuber & Fischer, 1997). Admittedly, experiential knowledge has its advantages (Eriksson, Johanson, Majkgard & Sharma, 1997).

International qualifications refer to international education, international work experience or both. Ideally, such qualifications are vested in current managers. If not, it makes sense to secure such qualification externally. In a family business however, characterized by a lack of professional management, the openness to find that qualification or even to consider external hires may be less likely than non-family business (Reid & Adams, 2001). Welsch (1993) pointed out that family businesses had a tendency to rely more on personality than past performance when selecting manpower.

This study is exploratory and hopes to determine whether organizations, with particular focus on family businesses, would consider hiring prospective managers with international qualification. This is reflected in the compensation premium they are willing to give for international education,

international experience or both.

Prior discussions with managing directors of executive search firms in Manila as well as focus group discussions with HR managers revealed that the perceived benefits to international education lies in the development of an individual. They claim that immersing oneself in a different culture allows an individual to mature more quickly, while developing attributes such as independence, self-confidence, resourcefulness, adaptability, multi-culture appreciation, all of which they believe are important for managers to possess. Thus, if HR managers believe that certain attributes are essential for their managers and these can be developed best through international education, then it makes sense to offer potential managers with a compensation premium.

Moreover, living in a different country, and being exposed to the various cultures of others, is likely to make a person more culture-sensitive. Ideally, individuals develop friendships with people of other nationalities allowing one to look past stereotypes. This initial step is seen as broadening the understanding of other cultures. Consequently, if one acquires this by studying and working abroad, and this understanding is necessary working in a global environment, then HR managers are seen to offer a compensation premium.

Further, focus group discussions and interviews with executive search consultants revealed the perception that international education alone is insufficient without the relevant work experience, whether acquired locally or abroad. The advantage of local work experience and an international degree is that it combines foreign acquired knowledge and attributes with sensitivity to the local environment. However, an international degree combined with international work experience will work just as well. This being said, it is posited that HR managers would pay a greater compensation premium for experience as against education.

The following research questions are thus drawn:

Research Question 1: Do corporations place value on the international qualifications of its personnel?

Initial discussions with HR managers have indicated a bias towards individuals with international qualification. Those who possess either an international degree, international experience, or both, are said to be held in higher esteem. Whether this translates to better compensation is another matter altogether.

Moreover, in the Philippines, there are different ownership structures as defined in the research design. While there are many businesses owned by families, there are also those co-owned with other partners, some of whom can be foreigners as well as those considered multinational companies. Will these corporations value international qualification in the same way?

Research Question 2: Are corporations likely to place a greater value on international experience, rather than on international degrees?

Intuitively, one would expect that between an international degree and international work experience, corporations are likely to place greater weight on the latter, as they would between local education and local work experience. Education is not likely to counterweigh the benefits of the actual experience on the job. The learning from concrete decisions made at the work place has greater impact than theories can ever hope to have. For this reason, work experience is more likely to surpass education and in this instance, an individual with international work experience shall be better compensated than one with international education.

Research Question 3: Are corporations that

are recognized to be primarily family-run, less likely to value international qualification?

In family-owned businesses, it is the family members that often hold the sensitive positions in the organization. It is likely that, if there is any international training, it is granted to the family. Thus, the owners are not likely to regard highly others with international exposure and conversely individuals with international exposure are not likely to be attracted to join family-owned businesses where their chances of climbing up the corporate ladder are restricted.

Research Question 4: Are corporations that serve only the local market less likely to value international degrees/experience?

There are companies that are very local in their orientation. These are firms that relate only with the local market and in many instances are predominantly family-owned. For these types of businesses, it is conjectured that owners seek managers and executives who understand the local environment very well and will thus have a tendency to overlook the international exposure.

Research Question 5: Are multinational companies and joint ventures (between a foreign and local business), likely to value individuals who have international degrees and/or international experience?

Businesses that are wholly or partly owned by multinational companies are expected to adapt global recruitment standards. This means that managers and executives are required to possess certain attributes that fit a global culture. It is presumed that generally, multinational companies would like their managers and executives to think and act globally, thereby likely to appreciate potential managers and

executives who already have international exposure gained either through education, experience, or both.

In the instances that global recruitment standards are not adapted by multinational companies, it is assumed that there is still a propensity to value international exposure due to global production and markets. Consequently, corporations that do have

global offices are likely to appreciate the international exposure of managers and executives and thus are perceived to be willing to put a monetary value to it. The more globally oriented a firm is, by virtue of presence in a larger number of continents, it is assumed that the greater the likelihood of compensation premium.

II. RESEARCH DESIGN

This paper targeted corporations that belonged to the Top 200 corporations in the Philippines, based on revenues. It was expected that with higher revenues, family businesses are placed on almost equal footing with different organizations since their business size would presumably mean less family-focused practices. Moreover, organizations with higher revenues were expected to have better paying capacity and more flexibility in granting compensation premium for improved managerial qualification.

Corporations were categorized according to ownership structure. Those that were wholly owned by the family were considered family business; those that were co-owned by locals were categorized as Filipino partnerships; organizations created by a foreign company and a local family group were considered joint ventures; and, corporations that had full foreign ownership with presence in multiple countries were aptly considered foreign-owned.

The individual with the highest position in the HR department was identified as the respondent. It was assumed that these individuals had a better appreciation of the corporate and HR strategies of the business. They also were expected to have a better grasp of the recruitment and training policies and practices of the organization and were expected to respond to the survey with more

certainty and ease.

Development of Survey Instrument

Initially, managing directors of executive search firms were separately interviewed to provide an initial assessment on the value of international qualification. Their insights helped in shaping the first draft of the survey instrument. Subsequently, a focused group discussion was conducted to broaden the observation, solicit viewpoints from HR managers themselves, and determine the perceived receptiveness of other HR managers to the study. It was a good mix of participants representing organizations with different types of owners thus enriching the discussions.

The instrument was subject to a pre-test among HR managers not belonging to the top 200 corporations. This resulted in three revisions of the research instrument before the final instrument was finally used.

Questions that aimed to capture important attributes of a prospective manager used a 4-point Likert scale, with 1 referring to strongly agree or very important and 4 to strongly disagree or unimportant. Only 4 points was used to guard against neutral responses. Questions regarding compensation premium was expressed on a percentage range so that results could be correlated.

Research Procedure and Experience

The Business World, a noted daily newspaper publishing firm yearly presents the ranks of the top 7,000 Philippine businesses according to gross revenue, net sales, and net income based on records submitted to the Securities and Exchange Commission. The resulting publication is then used by many companies to benchmark against their competitors, and by other organizations for research purposes.

Focusing on the first 200 corporations, the list was eventually trimmed to 122 as government institutions were removed. It is unlikely they have the flexibility to top the compensation of its prospective managers. Moreover, companies that could not be reached by phone for confirmation of addressee and corporate address were likewise eliminated as were subsidiary companies that shared the same HR department as their mother unit. It was possible that a holding company and their subsidiary were listed among the top 200. If they used the same HR team, then it didn't make sense to send the questionnaire to both corporations since the answers would be the same. This is the reason they were stricken out of the list.

The survey instrument together with a covering letter was sent to the pre-identified HR managers via courier services. The decision to use courier services was prompted by the following considerations: the survey had a higher probability of being received by the addressee since there was a confirmation receipt that could be easily traced; it could be quickly received by the HR manager thereby giving more time to respond; and, it created a better impression than regular mail that could be mistaken for an application letter and thus possibly be re-routed and accidentally misplaced. Whether this was more effective than a mailed survey

cannot really be determined as the method itself was not tested. The phone interview was not used due to the length of the survey.

After one week from the release of the letters and survey instruments, the HR managers were contacted by phone. Due to the courier packaging, there appeared to be a high recall of the mailed instrument. However, twelve of the managers claimed not receiving the letters or was unsure whether it was still with their internal mailing system so facsimile copies were sent. Eleven of the managers preferred soft copies of the survey and thus it was sent via electronic mail. Finally, three managers requested both a facsimile and a soft copy of the survey.

Documentation Process

The interview proceedings of the five executive search consultants were immediately transcribed as were outputs of the discussions in the focus group. Copies of the three versions of the survey instrument were retained including the accomplished surveys during the pilot test. All completed surveys were compiled and properly stored for reference.

Analytical Procedure

The responses to the survey were encoded first in excel file. Some financial information which was no longer asked since it was available in the Business World publication was added to each data entry and was tabulated. Once tabulated, the data was then imported to a form acceptable using Statistica. The following tools in Statistica were used: descriptive analysis, frequency tables, cross tabulations, and Anova. Subsequently, the results of the study were presented in a forum where the respondents were all invited to attend. Those present agreed with the analytical interpretations.

III. DISCUSSION

Of 122 mailed surveys, three were disqualified from the study since they did not source their managerial vacancies externally. Thus, the 75 respondents resulted in a response rate of 63%. Of the 75 respondents, 55 sometimes use external sources to meet the requirements at the managerial and executive levels. This implies that there is a greater tendency to promote from within supporting the observation of Reid and Adams (2001). For organizations that do seek outside talent, most if not all the time, were more likely to use the services of executive search firms.

The respondents were asked to rate each of twelve attributes that were pre-determined to be important for managers and executives to possess. The attributes were culled from the International Labour Organization (1997) as well as from the focus group discussions. These were technical expertise, leadership, independent thinking, assertiveness, self-confidence, resourcefulness, creativity, adaptability, multi-culture appreciation, ability to network, global perspective, and communication skills. Also asked was the importance of corporate training and advanced education.

The perception on attributes was compared across four categories in corporate ownership (see Table 1). It was observed that there were no significant differences between the perceptions of HR managers in 10 of 14 attributes. The HR managers seemed to agree that leadership and persuasive abilities as well as self-confidence, both with means between 1.0 and 1.25, are probably good qualities that their managers and executives should have. However, they differ in their opinion that advanced education are important for their managers to have ($p = .04408$). They also differ in their opinion that technical expertise with a mean score of 1.24 are that important,

with the contrary opinion brought by the foreign-owned group ($p = .01192$).

There is also variation in the view that multi-culture appreciation and global perspective are to some degree important for managers to have (p -value = .00281 and .01768, respectively). The poorer rating for the attributes just mentioned, brought about by the perceptions of HR managers in family-owned and joint ventures, suggest a lack of multi-cultural environment in businesses in the Philippines leading to a lack of appreciation for global business. However, HR managers of local partnerships show better ratings for this attribute possibly due to their need to understand global markets if they are to reach out.

It is interesting to observe businesses grouped under category two (Filipino partnerships). Intuitively, one would expect that their perceptions would be closer to local family businesses rather than companies with foreign ownership. However, this was not so. In general, this category rated many of the attributes as being very important to their managers, especially for six attributes, when compared to the other groupings. They regarded as very important exposure to corporate training, advanced education in the appropriate field, technical expertise, independent thinking, resourcefulness, and creativity.

These attributes are indeed important in managers, regardless of ownership structure. But why did Filipino partnerships consider these among the top qualifications they seek in their managers? A review of the industry of this group showed that the companies were into manufacturing, mainly in electronics. It would thus appear that technical qualifications would be most important for these firms. When discussed with their managers, it was confirmed that there is a preference for managers who

already possess these qualifications. In this way, there will be less need to train them. This is unlike joint ventures, where they are

more inclined to spend for training and development.

Table 1
Summary of Means and P-Value on Importance of Possession of Attributes for Managers and Executive

	Family-Owned	Local Partnership	Joint Venture	Foreign-Owned	Total	P-Value
No. of cases	17	11	20	27	75	
Attributes						
Corporate training	1.412	1.182	1.550	1.444	1.427	.58367
Advanced education	1.765	1.545	2.200	2.259	2.027	.04408
Technical expertise	1.059	1.000	1.200	1.481	1.240	.01192
Leadership/persuasiveness	1.235	1.182	1.150	1.074	1.147	.66762
Independent thinking	1.412	1.273	1.450	1.370	1.387	.90914
Assertiveness	1.412	1.273	1.250	1.444	1.360	.65650
Self-confidence	1.412	1.182	1.100	1.259	1.240	.27141
Resourcefulness	1.412	1.182	1.200	1.259	1.267	.56222
Creativity	1.353	1.182	1.200	1.333	1.280	.67847
Adaptability	1.412	1.273	1.050	1.148	1.200	.09925
Multi-culture appreciation	2.235	1.636	1.950	1.296	1.733	.00281
Ability to network	1.824	1.455	1.500	1.333	1.507	.22182
Global perspective	2.059	1.455	1.850	1.370	1.667	.01768
Communication	1.588	1.455	1.450	1.296	1.427	.62802

Regarded as very important to joint ventures are the attributes of assertiveness, self-confidence, and adaptability. Adaptability is understandable since joint ventures are a fusion of cultures that have to get along with one another. Moreover, business practices may be quite different. Consequently, a highly adaptable manager is likely seen as someone who understands the desires of the foreigners and the needs of the locals. Assertiveness and self-confidence are also viewed as highly important compared to the other groups, perhaps again in the need for managers to deal with the foreigners.

Least important to joint ventures is advanced education in the appropriate field. It is interesting to observe that between groups, joint ventures regarded independent

thinking with lesser importance. This, taken together with poorer ratings for multi-culture appreciation and global business perspective, seem to indicate that these joint venture arrangements were created for very specific purposes, generally for production, or the businesses were basically Filipino run but had foreign investors who later on joined in but are not involved in day-to-day operations of the business. The latter seems to be supported by the cross-tabulation that showed 50% of the joint ventures had origins in the Philippines.

For foreign-owned businesses, the attributes rated as the "most important" as compared to the other groups were leadership and persuasive skills, multi-culture appreciation, ability to network, global

business perspective, and ability to communicate with all stakeholders. Also rated as most important was the attribute of adaptability (1.148), though joint ventures regarded this attribute better (1.050).

The attributes with greatest disparity in means were advanced education in the appropriate field, multi-culture appreciation, and global business perspective. On advanced education, multinational companies did not regard this as very important to their managers. It is suspected that these firms rely on business and technical knowledge gained from actual work experience. On the other hand, they placed greater weight on multi-culture appreciation and global business perspective even across the different groups. This is understandable because of their global reach.

There are three attributes that the respondents believe could be developed with local experience (see Table 2). These are leadership and persuasive ability,

independent thinking, and resourcefulness. The data also shows that compared to the other groups, family-owned businesses, in particular, were more likely to agree, though not strongly agree, that multi-culture appreciation and global business perspective could be developed in managers with local experience. On the other hand, there was consensus that those that could not be developed to the same degree were the attributes of multi-culture appreciation and global business perspective.

Among the four groups, it was expected that Filipino firms, whether family-owned or local partnerships, were more likely to agree that the attributes of a manager could be developed with local experience. As shown in Table 2, these groups tended to show better ratings confirming this expectation, even for the attributes of multi-culture appreciation and communication where there was a significant difference between groups (p -value = .01442 and .00129, respectively).

Table 2
Summary of Means and P-Values on Role of Local Experience in Developing Managerial/Executive Attributes

	Family- Owned	Local Partnership	Joint Venture	Foreign- Owned	Total	P Value
No. of cases	17	11	20	27	75	
Attributes						
Technical expertise	1.353	1.182	1.300	1.630	1.413	.14867
Leadership/persuasiveness	1.235	1.091	1.150	1.296	1.213	.46830
Independent thinking	1.176	1.091	1.350	1.370	1.280	.37760
Assertiveness	1.235	1.091	1.300	1.444	1.307	.33399
Self-confidence	1.176	1.091	1.400	1.519	1.347	.12744
Resourcefulness	1.118	1.091	1.400	1.370	1.280	.15540
Creativity	1.294	1.091	1.500	1.481	1.387	.13987
Adaptability	1.235	1.182	1.600	1.519	1.427	.13673
Multi-culture appreciation	1.941	2.364	2.400	2.037	2.160	.47368
Ability to network	1.412	1.364	2.200	2.000	1.827	.01442
Global perspective	1.882	2.091	2.500	2.370	2.253	.21866
Communication	1.176	1.091	1.800	2.000	1.627	.00129

Table 3 shows that except for three items, the mean ratings on the perception that international education can develop attributes are higher than the development of attributes through local work experience. Consequently this leads one to infer that there are attributes that international education cannot develop in the same way as work experience can. It is obvious that the attributes that pertain to global perspective, multi-culture appreciation, and the ability to network are enhanced by international exposure.

There appears to be a belief that education, whether locally or foreign obtained, cannot develop certain attributes expected of managers in the same way as work experience. At best, it could probably help broaden business perspective, create a better appreciation of various cultures, and enhance technical skills. Otherwise, all other attributes are best developed in the work place.

There are differences though not highly significant, between groups for the ability of international education to improve leadership and persuasive skills as well as communication ability (p -value = .05293 and .06650, respectively). Multinational companies tend to be more optimistic on the outcome of international education particularly for the ability to communicate well with all stakeholders. In local education, students normally slide back to the use of the vernacular or a strange mix of Tagalog, the predominant local language and English, known as Taglish, combined in words, phrases, and sentences. Abroad, students are forced to speak straight English thus enhancing their skills. For joint ventures, however, they do not strongly believe that international education can develop communication skills. One posits it is their experience with their mostly Asian foreign partners that may have affected their notion.

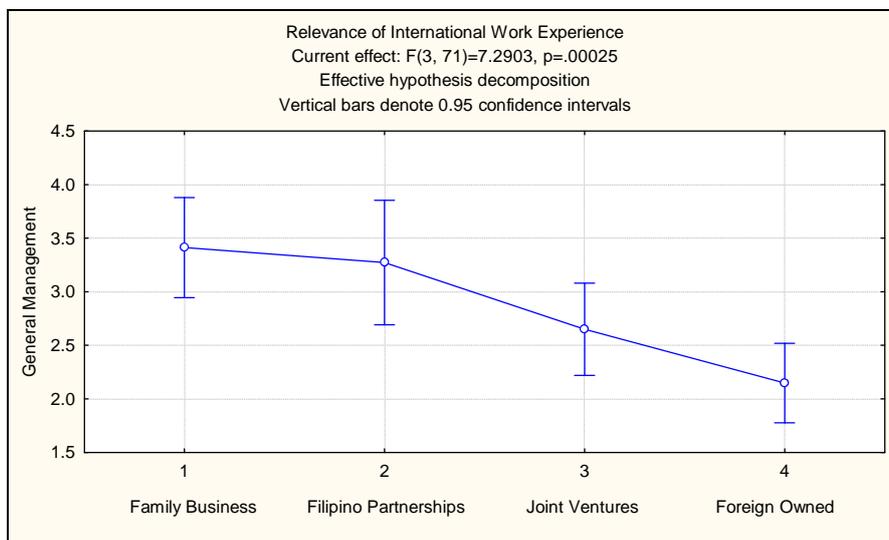
Table 3
Summary of Means and P -Values on Role of International Education in Developing Managerial/Executive Attributes

	Family-Owned	Local Partnership	Joint Venture	Foreign-Owned	Total	P Value
No. of cases	17	11	20	27	75	
Attributes						
Technical expertise	1.647	1.636	2.050	1.667	1.760	.37143
Leadership/persuasiveness	1.882	1.909	2.500	1.852	2.040	.05293
Independent thinking	1.882	1.818	2.300	1.926	2.000	.34375
Assertiveness	1.824	1.909	2.300	1.815	1.960	.25836
Self-confidence	1.941	2.000	2.150	1.704	1.920	.44584
Resourcefulness	1.941	2.091	2.500	2.037	2.147	.27297
Creativity	1.941	2.091	2.450	1.926	2.093	.27732
Adaptability	1.941	1.818	2.300	1.852	1.987	.30748
Multi-culture appreciation	1.529	1.364	1.800	1.556	1.587	.48931
Ability to network	1.647	1.636	2.100	1.556	1.733	.11035
Global perspective	1.529	1.364	1.700	1.296	1.467	.24815
Communication	1.824	1.909	2.150	1.519	1.813	.06650

Of all functional areas, it was found that there was greater relevance of international work experience ($p=0.00025$) across ownership groups (see Figure 1). It becomes more obvious that foreign-owned entities, due to its global reach, understand how exposure in the international environment can help in decision-making, thus

recognizing the value for general management. In contrast, locally-based family businesses may maintain a narrow perspective of business environment, preferring to concentrate on local products, services, marketing, production, and business practices.

Figure 1
Histogram of the Value Given to International Exposure



Regardless of ownership type, the compensation premium given to international experience was more than international education, and was even greater for both international education and experience. The convergence of the willingness to provide a

compensation premium for both qualifications becomes evident as we notice in Table 4 the p-values of the difference in means becoming larger, indicating more similarities between ownership groups.

Table 4
P-Values on the Compensation Premium for International Exposure Between Different Ownership Groups

Type of International Exposure	P Value
International education	.05248
International experience	.35322
Both international education & experience	.65316

A review of the difference in means for ownership groups with respect to international education seem to point that joint ventures were more inclined to give a compensation premium for technical positions as they likewise believe that there were things that could be learned in the educational environment abroad. As shown in Table 5, family-owned businesses were not as generous in their premiums as they are probably more inclined to value international education for their children and not their employees. Joint partnerships among Filipinos do not appear to value international education at all akin to foreign-owned organizations. However, with international experience, the perceptions of HR managers in foreign-owned entities begin to markedly shift.

Filipino partnerships were less inclined

to grant a compensation premium, and if granted, these were at a rate below that of businesses belonging to other groups (less than 10% for international education). On the other hand, joint ventures placed a higher value on international exposure, even more so than multinational companies. This confirms their view that international exposure has relevance to many of their functional areas particularly engineering and production.

Predictably, foreign-owned businesses had the inclination to value experience rather than education. Thus, the mean values for international education was below 1 in contrast to the sharp increase of the mean to 1.5 for international experience, showing the highest spread. However, their premiums were even less than joint ventures and family owned businesses.

Table 5
Summary of Means on Compensation Premium by Organization Ownership*

	Family- Owned	Local Partnership	Joint Venture	Foreign- Owned
No. of Cases	17	11	20	27
Exposure				
International Education	1.235	0.818	1.700	0.778
International Experience	1.647	1.364	2.200	1.556
Both	2.294	1.909	2.650	2.111

* Values below 1, mean a range of 0-10% premium, between 1-2 is 10-19% premium, 2-3 is 20-29% premium

IV. FINDINGS

Finding 1: *Regardless of ownership structure, there is greater compensation premium for international experience rather than international education.*

Regardless of ownership type, the compensation premium given to international experience was more than international education, and was even greater for both

international education and experience. It is interesting to note that family-owned businesses held almost similar views as foreign-owned businesses on the value of international experience, despite their differing views on the importance of certain attributes and the effect of local work experience and international education on these attributes. Family-owned businesses

were expected to give lesser value to international exposure than all other groups while multinational firms were expected to give greater value to international exposure than all other groups. It is possible that family-owned businesses regard managers with international exposure as more superior to the rest of their employees and willing to pay a compensation premium for this.

Finding 2: *Between a family-owned business and a local business of Filipino partners, the former was likely to provide a higher compensation premium for international exposure.*

The responses to the earlier part of the survey seemed to suggest that family-owned businesses would not value international exposure as other types of organizations would. The analysis of means showed that international education or experience was not seen by these organizations to markedly improve managerial abilities or technical skills. It was thus surprising to discover that they were willing to provide a compensation premium, even higher than that of multinational companies. While there can be various explanations to this, some data seem to point that the requirements of some of these family-businesses are so unique, that they are willing to go beyond their compensation pay structures just to attract these individuals.

For Filipino partnerships, they were more consistent with their views that there should be minimal premium, if any, for international exposure. They saw no benefit to managerial attributes that they believed could be developed through local experience. They also saw no benefit to the different functional areas.

Finding 3: *Foreign-owned corporations, while recognizing the value of international degrees and experience, are not inclined to provide a large compensation for these qualifications since they are able to rely on their corporate training, their ability to mobilize talent within regional offices to provide the required global perspective and the fact that their base pay is already higher than other companies.*

The first part of the study seemed to confirm that foreign-owned entities were appreciative of the attributes of multi-culture sensitivity, adaptability, networking ability, and global perspectives. The data show that they believe the attributes could be developed with international education. However, when comparing the compensation premium these entities were willing to give, these were not at levels expected. Confirmation of this finding with HR managers of foreign-owned entities revealed that the compensation level granted by these organizations is already on the high end. Consequently, a 10 or 20% premium is considered a substantial amount. But more importantly, they claim that it is not often that they would use external sources to fill vacancies on the higher levels. Usually, they hire at entry level positions and train their employees, even sending some abroad. Thus, they do not see a need to add a premium on the compensation of newly-hired managers since they can just as well get the same international exposure from their employees. Furthermore, foreign entities can rely on their regional and global talent to provide the global perspective lacking in local managers.

V. CONCLUSION AND PRACTICAL IMPLICATIONS

The presentation of results shows that many of the companies value the benefits of international exposure and are willing to give a compensation premium for this. Higher premium was reserved for individuals with both international education and international work experience, but an individual with international work experience was in a better position than someone who simply had international education.

For a multinational company, there is nothing that can surpass both relevant international education and international experience. Moreover, there are certain positions that are in demand as well as industries that are fast growing and highly competitive that could benefit from a manager who already has the international exposure. Thus, individuals are encouraged to take a position of responsibility in the host country in the fields that are sought after

prior to returning to the Philippines to reap the most benefit from the investment in international education. According to the executive search consultants, multinational companies and local companies striving to compete in the global environment have the capacity and the flexibility to grant a compensation premium in these circumstances. Actual dealings with clients have shown a range of 10 to 50 percent given to individuals with these additional qualifications.

Despite largeness in employee size, asset base, and revenues, the study reveals that local family businesses are not inclined to beef up their staff complement with international qualification. Perhaps because the markets served were local and considered captive markets, then that motivation to widen its international orientation is impeded.

VI. LIMITATIONS

There are several limitations to the study brought about by research design and the imperfection of the survey instrument.

On research design, the study was limited to managerial and executive positions. Thus, it is possible that perception may change with respect to other positions. Also, the study did not make clear distinctions between an undergraduate and a graduate degree, or from which country the degree or international experience could be drawn from. Such distinction could also have enhanced the study.

This study used the mailed survey method to determine the view of HR Managers on the value of international degrees. Considering the low response rates that normally attaches to a mailed survey, the survey instrument had to be as

comprehensive as possible, yet concise so that the managers would find little difficulty in completing the form. Due to this, there were many questions that could still have been asked or many permutations that could have been presented, so that conclusions could be more specific, but these were not asked.

For instance, there was a gap in the questions since the respondents were not asked their opinion on the ability of international work experience to develop the listed managerial attributes. This could have explained why some businesses were willing to give a compensation premium for international exposure even if they did not strongly believe that international education could enhance the abilities of managers.

In the focus group discussion, it was

presented that the factor that would greatly determine the corporate attitude to international degrees is the strategic direction of the firm. It was argued that a corporation that envisions itself to be a global player are likely to value not only international education, but more importantly,

international experience. While pseudo variables were used in this study to approximate corporate study, it would be ideal if further research is done that tie up the strategic vision of an organization with the value they attach to international exposure.

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