ASSESSING THE VALUE OF INTERNATIONAL WORKERS: A CASE OF SHELL PETROLEUM DEVELOPMENT COMPANY IN NIGERIA

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Abstract

As a result of globalization, many companies, be it corporate, public or international operates on a global scale. With the rise of companies operating in a global village, many companies are also expanding internationally. Mostly, international organizations operating abroad are faced with employees of foreign cultures with an entirely different perspective. Oftentimes, cross-cultural issues arise in the management of the company's human resources (HR). According to Laroche (1998), the rapid globalization of the world's economy has brought forth several changes. In view of this, it is the intention of this non-empirical article to investigate how to assess the international workers, by adopting the latest management trend.

Keywords: International HR, Multinational companies, Nigeria, International Workers

JEL classification: M12

1. INTRODUCTION

One of the largest investments most organizations make is in human capital. How do you ensure that the investments you have made in human capital "people equity" move performance to peak levels? Put differently, how do you measure, and maximize, your return on human capital? The concept of people equity is introduced as an integrative way to measure and manage human capital. People equity consists of three core elements: alignment, the extent to which the workforce is connected with the business strategy; capabilities, the talent, information, and resources required to execute that strategy; and engagement, the degree to which workers are committed to the organization (Schiemann, 2006). In today's business environment, organizations constantly need to evaluate their internal and external
environment for challenges and opportunities to remain competitive and to sustain growth. Political, economic, social, and even psychological changes within our societies have a significant impact on organizations. Given any significant change or event, how ready are organizations to react in order to remain competitive?

Many factors drive changes in organizations today, including the use of technology, globalization, changes in workforce demographics, the elimination of bureaucracies in organizational structures, and the need to find a balance between work and family issues. Understanding the potential of an organization's resources and optimizing the output of such resources, given the changes, provides an impetus for HR to become the key source of creating the competitive advantage for the organization. To create value and deliver results, HR professionals must begin not by focusing on the work activities or work of HR but by defining the deliverables of that work. HR's roles in building a competitive organization include management of strategic human resources, management of transformation and change, management of firm infrastructure, and management of employee contributions (Ulrich, 1997a).

2. LITERATURE REVIEW

Increasingly, expatriate managers have been viewed and used as strategic coordination and control mechanisms for multinational organization in their ever expanding global operations (Adler, 1991; Bartlett and Ghoshal, 1987; Boyacigiller, 1990; Edstrom and Galbraith, 1977; Hedlund, 1986; Kobrin, 1988; Morrison and Roth 1992; Yip, 1989). Further, an increase in international assignments has become an important way to develop future global leaders who can navigate their firms effectively through the complex waters of international competition (Adler, 1991; Black & Gregersen, 1991; & Mendenhall 1992). While past research has examined issues from selection to effective cross cultural adjustment, relatively little emphasis has been placed on one of the most important international human resource management topics, performance appraisal. Whether a manager has been sent overseas to perform a certain function, develop skills and abilities, or both, expatriate performance appraisals provide critical information to the individual and the organization on the extent to which strategic objectives are being met (Black et al. 1992a; Butler, Ferris and Napier 1991; Dowling and Schuler 1990; Mendenhall and Oddou 1991; Gregersen, Hite & Black, 1996). Since the late 1970s, globalization and free trade agreements seem to have wiped any regulation of corporations off the agenda. What exists appears as inevitable. With its relentless drive for "competitiveness," the corporate view becomes the only view of the world. Without our own orientation and any alternatives, workers are left vulnerable not only to concessions but also to the weakening of their organizations and prospects for a broader, internationalized solidarity. Nothing is more important to working class success (or survival) than in having a working class perspective that begins at home. This means ensuring that we have an independent perspective and a project with different goals and assumptions than the corporate dominated common sense. Today, more than ever before, this means we have to begin to redefine what it means to be realistic (Gindin, 2002).

Rapid changes in forces affecting the global workforce, differences between countries related to labor-management relations, and increases in the incidence of multinational corporate (MNC) activity have resulted in significant attention to international human resources management (Overman, 1994). According to Conner and Ulrich (1996), many companies are discovering a need to reinvent the human resource function. What is called for is an HR function that expands its focus beyond its traditional operational and transactional role. To
improve its effectiveness and have greater impact, the human resource function must understand how to add value in the organization by helping line managers align HR strategies, processes, and practices with business needs. This will require HR professionals to perform increasingly complex and at times paradoxical roles.

Executives worldwide are concerned with the effectiveness and value of the human resource (HR) function. Whether a company is streamlining HR processes, redefining the relationship between human resources and the line, or defining new competencies for HR professionals, one fact is perfectly clear. The world of work and organization has become increasingly demanding and turbulent (Burke and Cooper, 2004). Ulrich (1997) lists eight major challenges currently facing organizations. These are: globalization, responsiveness to customers, increasing revenue and decreasing costs, building organizational capability, change and transformation, implementing technology, attracting and developing human capital, and ensuring fundamental and long-lasting change. Thus, levels of competition among organizations have increased. Most organizations today can copy technology, manufacturing processes, products, and strategy. However, human resource management (HRM) practices and organization are difficult to copy, thereby representing a unique competitive advantage (Pfeffer, 1994, 1998). To be successful in the future, organizations will have to build organizational capability. HR professionals and HRM practices will be required to create value by increasing organizational competitiveness (Ferris et al., 1999).

Traditional views on competitive advantage have emphasized such barriers to entry as economies of scale, patent protection, access to capital, and regulated competition. More recent views have highlighted a different source of competitive advantage, a firm's human resources and human capital (Huselid et al., 1997). New demands facing organizations as a result of heightened competition, globalization, and technological advances have put a premium on creativity and innovation, speed and flexibility, as well as efficiency. The critical firm assets do not appear on a balance sheet but reside, instead, in people and management systems (Ichniowski et al., 1996). The role of firm strategy, human resources, and HRM in firm performance is being rethought. Rather than seeing the HR function as a cost, an HRM system that supports a firm's strategy should be seen, instead, as an investment (Burke & Cooper, 2004, p. 3). In an era of increasing competition, many organizations seek growth through expansion into foreign markets. Theories of competitive advantage stress the need for organizations to transfer skills and develop organizational staff. The use of expatriates is an important human resource option which enables skill transfer (Black et al 1999; Brett and Stroh, 1995).

3. HR CONCEPT

In today’s job market, qualified candidates enjoy more negotiating power than ever. This means you need to be flexible and consider the compensation packages your competitors offer. Since candidates know they can command a high salary, extra incentives can make the difference in an employee’s decision to join a company. The success of multinational corporations (MNC) depends mainly on how these MNC manage their employees. Therefore, the use of international assignments represents a key strategic management issue for multinational enterprises (MNEs). International workers in multinational corporations are key players in the management of global and local business performance. However, despite the importance of international assignments, multinational corporations are not yet able to fully evaluate the benefits associated with their use. MNEs seem to have a clear under-
standing of the costs of international assignments, but a vague or unclear picture of their benefits. However, an international assignment is an investment for a multinational whose returns are related to the value generated by the assignment. This means that international assignments should no longer be considered just as a human resource management process for solely personal development, rather they represent value generating opportunities which contribute to company's business performance. In order to assess the value of an international worker it is assumed that an international assignment corresponds to a value generating process (Schiuma, Boume, and Harris, 2006).

The success of an international assignment is influenced by the management practices adopted by organizations for implementing the assignment. Therefore it is of great relevance to identify and understand the different phases of the design and implementation of an international assignment, and the value that can be generated by an international worker. According to Schiuma, Boume, and Harris (2006), “the expatriate management model (EMAM) identifies six fundamental managerial practices that characterize the design and implementation of an international assignment:

1. Stakeholder satisfaction and contribution identification.
2. Strategy definition: targets and objectives definition.
3. Assignment planning: process analysis and capabilities identification.
4. International worker profile definition.
5. Assignment implementation.
6. Repatriation or new assignment”.

![Diagram of expatriate management model (EMAM)](image-url)
4. INTERNATIONAL HR CHALLENGES

Human resource management in recent time had increasingly undergone debates on techniques of international workforce management that can lead to company’s competitive advantage, performance maximization, and utilizing human capital to ensure global business success (Woollard, 2010).

“Major global changes in various domains are followed by dramatic changes in the goals, values and practices of business organizations” (Ajay & Akhilesh, 2007). Organizations today are increasingly looking at human resources as a unique asset that can provide sustained competitive advantage. According to Devanna, Fombrum, & Tichy, (1981) and Wright (1998), changes in the business environment as a result of globalization, demographics and diversity of the workforce, increased focus on profitability through growth, technological changes, intellectual capital and the un-ending changes that organizations are undergoing have led to increased importance of managing human resources. Huselid and Becker (1997) found that there were noticeable financial returns for organizations whose human resource management (HRM) systems have achieved operational excellence and are aligned with strategic business goals. According to Ulrich (1998), a major role of HR personnel is to become a strategic business partner. Youndt and Scott (1996) find that firms employing HR practices according to the stated strategy are regarded as having better perceptual performance. As a result, HR departments are evolving from playing a merely administrative role to becoming "strategic partners" responsible for contributing to the achievement of business objectives. This evolution requires that new ways of defining and assessing HR success be developed. Traditional operational measures of internal efficiency are not sufficient. HR departments must now be able to demonstrate the value of their strategic contributions (Cabrera, 2003). More than ever, multinational corporations (MNC) are faced with the dilemma of staffing their overseas offices. Should they use personnel from their own corporate headquarters or make use of indigents? What is the worth of these employees? What will be the level of compensation? Therefore, the potential competitive value of employees has become a vital aspect of human resource professionals to address.

5. EMPLOYMENT WITH SHELL PETROLEUM DEVELOPMENT CORPORATION IN NIGERIA

Employment rate in Shell Petroleum Development Company (SPDC) and Shell Nigeria Exploration and Production Company (SNEPCO) is about six thousand contract professional and contract staff, which comprises of graduates and a small percentage of non-graduates. A non-graduate also has the chance of being employed by SPDC after he/she must have passed through the Special Intensive Training Programme (www.shell.com). However, it is important to note that employment policy in SPDC is accordance to International Labour Organization (ILO) view regarding job placement, in which knowledge and skills are regarded as the engines of economic growth (www.ilo.org). The need for economies to increase productivity and be more competitive is generating greater demands for skills and has resulted in skills intensification of national economies. It
is only by increasing investment in knowledge and skills that governments, enterprises and individuals can improve an economy's competitiveness and ensure decent employment outcomes for all. Hence, individuals must be given the opportunity to gain education and skills that give them the passport to jobs in the knowledge and skills-based economy. Further, education and training are essential, but by themselves insufficient to expand people's access to better jobs and incomes. They must form an integral part of a comprehensive set of economic, labour market, community development and other policies for growth and employment. The more dynamic economies place a high value on their workers' education, skills and work experience. However, recent research on apprenticeship has shown that it is still one of the most effective means to provide individuals with these assets (Zwick, 2007). As the modern forms of apprenticeship combine workplace training and learning with school-based education, it has, particularly in the German-speaking world, proved to be an effective means of integrating people into productive, skilled work (Dionisius, Wenzelmann, Muehlemann, Wolter, Pfeifer, & Walden, 2008). However, in many developing countries, such as Nigeria, informal types of apprenticeship often amount to not much more than youth labour with little value added in terms of learning skills for better jobs and decent work. By improving its quality, adding educational content, and increasing women's participation, this form of learning and training can become a major source of skills for improved employability, productivity and incomes. However, workplace-based learning, when left to market forces only, may lead to polarization of opportunities and exclusion of many from learning and training. Governments must intervene and provide opportunities for those who have no access to workplace learning. The examples of Germany and Switzerland suggest that strong commitment, and social partnership, have been decisive in making apprenticeship an effective mechanism of transmitting skills and developing people's employability.

It is worthy to note that the concept of lifelong learning must be redefined in the context of the skills intensification of national economies. SPDC, Nigeria identified the need of rise in skill requirements in the labour market, in which quality jobs can only be accessed by well educated and trained people. Those lacking skills run the danger of exclusion and marginalization. Capital flows are directed to countries that have the requisite labour skills that leads to the concept of the brain drain from less developed to rich countries, often made more severe by aggressive recruitment strategies of employment agencies; which further exacerbate the unequal distribution of skills between national economies. However, the best guarantee against brain drain is to develop strategies which offer people job and market opportunities at home and which are underpinned by quality education, training and labor market institutions. Similarly, countries must ensure its citizens lifelong learning opportunities during their entire life cycle: early childhood development; primary and secondary education for all; post secondary education and training to develop skills for the entire workforce; and retraining and up-grading opportunities at frequent internals for those in employment.

However, in many developing economies such as Nigeria that have surplus labor, lifelong learning is often a luxury. In these countries, priority must be given to strategies for economic and employment growth. It is only by generating jobs, by ensuring high quality education and training, and by retaining people in education, that poor people can be given an incentive to learn skills for employment. Employment is good for education and training, as employed people are likely to make demands on educational quality. Countries need to strengthen institutions and incentives that encourage individuals and enterprises to invest in learning and training. Many countries that have an aging population need to mobilize this
under-utilized resource for employment and growth, and harness the skills of older workers for training young people. Pension schemes need to reward, not discourage, older workers' employment. Strategies that focus on making work more attractive are likely to encourage older workers to stay longer in employment.

In the region where SPDC Nigeria operates, youth unemployment continues to be a major challenge. Similarly, in many less developed countries, underemployment tends to be a pervasive problem, whereas in some industrialized countries youth inactivity remains high. Employment creation should therefore be at the centre of macro-economic, investment and other economic and social policies and be buttressed by reliable labor market information systems that monitor job vacancies and education and training opportunities available to young people. It is for governments to develop a comprehensive agro-industrial policy for economic development and job growth that can assist in absorbing young people into employment.

Essentially, it is worth noting that SPDC has the option to engage any of the major staffing policies of Multinational Corporations (MNCs). These include ethnocentric; geocentric; and polycentric. Ethnocentric refers to the staffing policy of MNCs where management positions are filled with staff from headquarters; while polycentric policy engages management staff from the host country to manage subsidiaries; and geocentric staffing policy tends to search for individuals best for the position irrespective of their nationality. However, it has been argued that SPDC Nigeria adopted ethnocentric policy in the past, until recently when a Nigerian was promoted to the position of the Managing Director. In order to reduce rate of unemployment in Nigeria, and make Nigerians workforce employable, it is therefore important to introduce labour market policies.

6. ACTIVE AND PASSIVE LABOUR MARKET POLICIES

Passive and Active Labor market policies have been a common response to high youth unemployment. These policies, which include education and training and other services, have often proved to be ineffective in integrating young people into stable employment. Training has often been of poor quality, generating low income during the course of the programs, and has often resulted in displacement of already employed workers for the young. By contrast, institutionalized approaches, for example the structured school-to-work transition schemes, including apprenticeship in Germany, and recruitment linkages between schools and employers in Japan, have been effective in providing many young people access to quality employment. While job creation can be boosted by promoting self-employment opportunities, creating productive, decent jobs can only take place in the context of a dynamic, expanding economy and real market opportunities, so that the danger of confining people to a low productivity, survival type of employment is overcome. Policies must therefore address the business climate for small enterprises, help young people who have lost out earlier to educate and train themselves, and assist them, through credit support and other services, in setting up small enterprises and taking up jobs on own account. International youth charities can provide valuable support in raising young people's self-respect, confidence and also improving their job skills.

Effective links between economic and employment growth strategies and education and training policies and programs are best assured in the context of social dialogue and partnerships. The New Partnership for Africa's Development (NEPAD) is a strategy to eradicate poverty and place African countries, individually and collectively, on a path of
sustainable growth and development by focusing on peace, security, sound economic governance and infrastructure development. Human resources development will buttress the strategy. At the national level, social partners can identify education and training priorities at sector level, translate these into new programs and funding arrangements, and also set particular equity targets in order to address the needs of the vulnerable and disadvantaged. In South Africa, for example, specific targets have been set to ensure that particular ethnic groups and people with disabilities are given their due weight in policies and programs of education, training and economic empowerment. 20 per cent of the levy collected from enterprises is earmarked to benefit micro-enterprises and the most vulnerable in society. This forms part of a strategy to provide the poor with productive assets land, credit and micro-finance, and skills development and training opportunities that will empower entrepreneurs and help them move up the value added chain.

Investment in education and training must be shared and based on partnerships between government, the social partners, enterprises and individuals. While governments retain prime responsibility for basic education, initial training and development of core skills, the enterprise must engage their workers in a determined, joint effort to develop workers' professional and specific skills. A study in France found that the bulk of learning takes place at work and that it is the enterprises' managerial and work organization practices which largely determine the intensity and effectiveness of learning, rather than formal training programs. Enterprises should offer workers workplace learning opportunities on a continuous basis. Such learning will also promote workers' employability and employment security.

The apprenticeship tax in France has benefited highly skilled workers in large enterprises, while giving few benefits to the less qualified and to small enterprises. Hence the need to put the individual at the centre and empower women and men to gain new skills for jobs in the knowledge economy. Under a proposed approach, individuals will be provided a subsidy into savings accounts "comptes d'épargne de formation" that he or she can tap for investment in new skills. To make these accounts effective learning instruments, they must be supported by accurate information about labor market and training opportunities; the development of career opportunities that will reward learning and skills acquisition; and a credible and transparent system of recognition of skills and qualifications, wherever they have been obtained.

7. EXPATRIATE VALUE-ADDED TO MNCS

To understand the strategic reasons for the use the value of an international worker will better be understood by value drivers. They allow us to identify the value delivered by an international assignment, but do not provide managers with guidelines to evaluate the value generated. For this reason, it is necessary to understand how and where the development of an assignment can create value for the organization. To do this, we present the expatriate value-added map (EVAM). It provides managers with a broader framework to identify and define the organizational value dimensions that an international worker can impact (Schi uma, Boume, and Harris, 2006). The expatriate value added map identifies two main value domains: financial value and knowledge value (Edvinsson and Malone, 1997; Marr and Schiuma, 2001; Roos et al., 1997; Svieby, 1997). The financial value refers to the overall organization's assets which can easily be expressed in monetary terms. The knowledge value
is considered to equate all the company's intangible assets. This knowledge value is further subdivided into stakeholder resources and structural resources.

This distinction reflects the two main components of an enterprise, its actors, who can be either internal or external to the organization, and its constituent parts, i.e., the elements at the basis of the organization's processes. Financial value, stakeholder resources and structural resources can be further split; Figure 2 illustrates the hierarchy of each value area with its sub-classifications. According to Schiuma, Boume, and Harris, (2006), the financial value can be split into two value categories that are the monetary value and physical infrastructure of a company. The former involves all financial values generated by the company. The latter corresponds to the value related to the overall tangible assets of an organization. Stakeholder resources are divided into stakeholder relationships and human resources. The first category identifies all external actors of a company.

It is further subdivided into shareholder, customer, supplier and regulator relationships. The second category represents the internal actors of a company, i.e., the employees and the assignees. Structural resources are split into internal business processes and intangible infrastructure. The former refers to all values generated within the company in the form of performance improvements of the operations and of the innovation processes, related for example to the product development and to the research and development. The latter represents the value related to the overall organizational intangible structure components of an organization. It is further sub-divided into culture, routines and practices and intellectual property. Culture embraces corporate culture and management philosophies.

Some important components are the organization's values, the networking practices of employees as well as the set of mission goals. Practices and routines include internal practices, virtual networks and routines, i.e., tacit rules and procedures. Some key components are process manuals providing codified procedures and rules, databases, tacit rules of behavior as well as management style. Intellectual property is the sum of patents, copyrights, trademarks, brands, registered design, trade secrets and processes whose ownership is granted to the company by law.

![Diagram showing the hierarchy of value areas](source.png)

Source: [Bradford, 2006, p. 60]
8. OUR OPINION

This paper contributes to the debate on the nature of the employment practices of MNC. Companies operating in multiple countries need to worry not just about meeting the special needs of expatriate employees and enhancing their performance, but also about the design and implementation of HRM programs in diverse cross-cultural settings. Several studies have shown that the key impediments to exporting are (a) lack of knowledge of international markets, business practices, and competition and (b) lack of management commitment to generating international sales. These impediments can be largely attributed to poor utilization of HR within U.S. firms rather than to external factors. There is some evidence that a company that clearly reinforces international activities in its HRM practices is more likely to fare better in its export attempts. Reinforcing internal activities in HRM practices requires a company to consider international experience when making staffing decision, provide developmental activities related to carrying out jobs in the international context, create career ladders that take the long-term approach into account, and design a reward structure that motivates key organizational players to take full advantage of the company’s export potential. Another area of concern to IHRM is the role of terrorism, which has become increasingly complex and lethal due to kidnapping, loss of life, destruction of infrastructure, buildings, and equipment (Frey, Luechinger, & Stutzer, 2007). The effect of terrorism on international human resource planning, particularly in affected countries, is substantial. According to Liou & Lin (2008), responses that firms have made to natural and technological disasters offer clues on the likely human resource challenges. Various researches suggest that emergency planning in most organizations has not emphasized protecting employees and their ability to function at work (Liou & Lin, 2008; Mankin & Perry, 2004).

9. CONCLUSION

During the past decade, organizations have come under increasing competitive pressure. Intensified international competition, slower growth and declining markets have forced companies to reduce costs and focus on the added value of people, processes and structures. This new competitive reality facing organizations calls on different capabilities. How can an organization be created that adds value to its clients, investors and employees? The HR function is increasingly seen as one of the key functions in the development and implementation of strategic responses to these pressures (Ulrich, 1997b; Yeung & Berman, 1997). The increasingly global nature of competition requires that firms utilize all of their available resources in order to survive and succeed; countries in Africa have received a share of multinational companies’ investments, MNCs operating in developing countries face challenges in implementing Western HRM practices. In view of this, it is clear that HR professionals must be competent in strategy development, implementation, and evaluation. Therefore, HRM practices specifically in relations to recruitment, training, staff appraisals, and compensation systems to improve organizational performance, needs further testing. Managers in transnational firms should recognize the critical importance of human resources rather than attempting to rely heavily upon capital and technology for success. They must truly be transnational, striving for global integration with local responsiveness (Rothwell, Prescott, Mcwilliams, Van Fleet & Wright, 2001, p. 1). Human resource management
(HRM) practices and their consequences are essentially embedded in legal and cultural contexts and MNC HR managers must be aware of this.

SPDC as a multinational corporation in Nigeria started its operations in the year 1936, which implies that SPDC must have added values to both its host and parent countries nationals. Amongst which is referred to as employee rotation, whereby employee from Nigerian subsidiary is being rotated to various subsidiaries located around the world including the headquarters. When such individuals completes its tenure, he returns back to his base, this practice tends to expose employees to various parts of the world where SPDC operates and also afford such employees to various work ethics practices. In addition, Nigerian government should engage more in practicing labour market policies that will improve the Nigerian labour force marketability.

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