PREFACE

An emerging field of study has been the one involving building a bridge between two fields that had not developed a particularly close relationship till very recently: organization theory and international management. The 1980s had seen the rise to dominance of important new paradigms in both fields. In organizational sociology, theory building had increasingly focused on the interactions between organizations and their environments. On the other hand, the international business (IE) field had witnessed the emergence of new models of the multinational corporation (MNC), premised on changes in business environments that demanded increasing interactions across MNC subunits operating in different national environments. The potential for creative interaction between the two fields seemed obvious. As an organization operating simultaneously in many diverse environments, the MNC (the primary focus of the field of international management) would seem to present a promising arena for developing and testing organization theories about the relationships between organizations and their environments. Yet organization theorists had rarely addressed the opportunities or the challenges offered by its study. On the other hand, within international business, studies of the MNC tended to draw eclectically rather than systematically on organization theory, and to favor older paradigms such as contingency theory over the newer approaches.

The Organizational Analysis of the Multinational Corporation

From the earliest days of the emergence of IB as a field of research, the theory of the MNC was dominated by economics. For economics, the MNC was a critical anomaly (which it has not been for organizational theory); in a world of efficient markets, a firm would produce in its home country and either sell abroad through exports or contract out its proprietary know-how to firms in other countries, for an appropriate fee. Explaining why MNCs existed was a fundamental theoretical challenge for economists, and therefore, understandably, an economics-based paradigm drove the earliest and the most voluminous stream of theoretical work on the MNC. In this paradigm, firms extend their organizational boundaries across national borders in order to
exploit firm-specific advantages for which there are imperfect markets (Buckley and Casson 1976; Dunning 1977, 1993; Rugman 1981; Caves 1982). The work of the 1970s saw the parent organization as the generator of those advantages, which were exploited through overseas subsidiaries. Subsequent work suggested, however, that the firm specific advantages of the parent that gave rise to the initial expansion across borders may well erode over time and be replaced by emergent advantages derived from the multinational network itself (Kogut 1983; Dunning 1993).

The more organizationally oriented research on the MNC that emerged in the late 1960s and early 1970s drew primarily on contingency theory, which was then the dominant OT paradigm in business schools. Early work (e.g. Stopford and Wells 1972) focused primarily on developing a typology of MNC structures and entry modes, and on the problems of maintaining headquarters' control over national subsidiaries (e.g. Doz and Prahalad 1981). By the mid-1980s, the focus had shifted to the changing strategy and organization of MNCs in the face of increasingly global competition—that is, of growing interaction and interdependence across markets. Not surprisingly, contingency theory remained a conceptual anchor of the development of these models: as Christopher Bartlett (1986) noted, the conceptual framework for this approach, developed at the Harvard Business School, was strongly influenced by the concepts of differentiation and integration of Lawrence and Lorsch.

The strategy and structure of MNCs were portrayed as a response to two major environmental factors. The first included a number of the "forces for global integration," including growing homogenization of markets and market segments across societies; the geographic dispersion of lead users; and the growing parity in technology among countries. The second category, "forces for national differentiation," included state intervention to maintain a local presence in certain industries, distinctive tastes and preferences, and distinctive marketing and distribution systems. The two forces were seen as orthogonal: in a growing number of industries, firms were seen as subject to simultaneously increasing environmental pressures for global integration and responsiveness to local conditions.
In keeping with the strategy-structure tradition, the scholars working in this area quickly moved to identify the organizational structures associated with these strategies. By the mid-1980s, an increasingly widely used typology distinguished two kinds of MNCs. First were multi-domestic MNCs, whose organization had developed in environments with strong forces for local responsiveness, in which national subsidiaries focused on their local markets, carried out production and marketing activities locally, and had a significant measure of autonomy from headquarters. This model contrasted with "global" MNCs, which developed in industries where forces for local responsiveness were weak and force for global integration strong, and which concentrated their production and administrative activities in one location (usually the home country in order to reap the cost and control advantages of economies of scale (Bartlett 1981, 1986). In the early 1980s, leading figures in the strategy field portrayed firm with a "global" strategy in this sense as the exemplars of the successful international firms of the future (e.g. Hout, Porter, and Rudden 1982).

Increasingly, however, interest centered on those firms that faced simultaneous pressures for high levels of global integration and of local responsiveness. The vulnerabilities of the global organizational structure had been revealed by the volatile exchange rates of the 1980s, which exposed a firm whose production was concentrated in one country (especially the Japanese firms that had been the exemplars of a global strategy) to unpredictable variation in costs relative to revenues. Simultaneously, global firms were facing the challenges of dispersing manufacturing activities in order to reduce their political risk and exchange rate exposures, and multi-domestic firms were seeking a division of labor among their subsidiaries that would enable them to capture greater scale economies within their multinational network. In other words, a growing number of multinationals seemed to be trying to move toward a model that combined elements of the strategies and organizations of both the global and the multidomestic. Academic work in this paradigm began to concentrate on the organization of this "transnational" (Bartlett 1986; Bartlett and Ghoshal 1989), the "multifocus" firm (Prahalad and Doz 1987), or the "heterarchical
organization" (Hedlund 1986), as it has been variously dubbed. The new MNC was, for these scholars, an organization that differed substantially from earlier models and that was considerably more difficult to manage. The most significant departure from the older models was the growing interaction across subunits, as value chains became increasingly distributed across locations, and as subunits increasingly specialized in a set of activities that they performed at regional or global instead of national scale. Both the capacity to innovate and the capacity to exploit innovations became increasingly dispersed across locations, and technological and organizational innovation was no longer the prerogative of the center. The closer interaction and linkages among subunits were often accompanied by a much looser array of joint ventures and strategic alliances with external partners, at both the individual subunit and the corporate levels.

The purpose of this study has been to identify the practices of human resource development professionals in Multinational Shipping Companies. Globalization and technological advancement are compelling organizations to evolve new strategic directions. Employees are thus required to be ready for accepting new roles and must think of employability over job security. There are increasing research-based evidence to suggest that employees, particularly the knowledge workers, do not consider money as the only important reason to work for a company. On the contrary they now expect more enriching organizational environment and an alignment of their individual values with organizational values. When employees recognize disparity between the ideal and operational organizational values and if the gap is too wide it erodes their trust and commitment, particularly their effective commitment.

Values are defined as fundamental beliefs and assumptions that guide individual behavior and judgments across situations. Organizationally, values are indicative of the most defining characteristics of an institution. These are the beliefs and attitude that goes deep inside and constitute a collective understanding regarding norms and standards of behavior acceptable in the organization. In that sense values are considered as the essential component of organizational culture. According to Schein (1985) corporate values are collective beliefs about what the entire enterprise stands for, takes pride in and holds of intrinsic worth.
Human resource development (HRD) is significant within the scope of this study, and thus it assists in the intentional cultivation of enterprises and their employees, the organization of objective-driven personnel selection, personnel placement and work with employees involved in the organization's strategic and human resource development plans. Human resource development plays a very important role in human resource management. Certain differences exist in how this is approached. Human resource development is not only a theoretical issue. Today, it is also topical for developing organizations, which, at their current stage of growth, have felt that it is necessary to establish a permanent human resource development system. The globalization process is relevant for human resource management because it means remarkably increased competition. Hence, now, the control of globalization becomes the primary challenge – starting with the use of global labour resources and ending with recruiting, training and development and salary formation with a strong focus on other EU countries and “knowledge-based economy” employees in the organizations of those countries.

Overview of the Dissertation

This dissertation is comprised of five chapters. Chapter I provides a broad overview of the study that is to be undertaken. This chapter includes the following topics: an introduction, statement of the problem, purpose of the study, research questions, significance of the study, summary of the methodology, definition of terms, delimitation and limitations, and structure of the dissertation.

Chapter II explores the relevant literature to the study including background information and an overview of the discipline of human resource development, and summarizes and discusses research studies on HRD concepts and practices across cultures and sectors.

Chapter III documents the important features of the design and methodology employed in the present study which includes the research approach, identification of population of interest and sample selection, interview question development, and data collection and analysis procedures.
Chapter IV presents the results of the study and the analysis of the data. Hypothesis testing is also carried out here. Chapter V illustrates the discussion and sums up the findings. The final chapter VI concludes the study and recommends further research and work in this field.

The appendix to the study contains the references and the bibliography, an overview of the shipping industry as well as the questionnaire which was used during the study.

The purpose of this paper includes an examination of the HRD practices in multinational shipping companies through a questionnaire-based data from multinational shipping companies. The validated questionnaire deals with the HRD practices along different dimensions. The research also studies the differences in Human resource development practices among the shipping companies and concludes with a discussion on the implications for the companies on implementing appropriate HRD practices. A SWOT analysis is also used to identify Strengths and Weaknesses and examine Opportunities and Threats to Multinational shipping companies.

The statistical testing showed that nearly 72% of the survey companies are interested in the results of the study. Therefore, the useful knowledge gained from this study should be the basis for developing Multinational shipping companies’ Organisational Performance (Hypothesis) and applying the Model of an Effective Quality Management System or Business Excellence focusing on Human Factors as well as their effective deployment as well as mobilisation.