

was separated from the corporate HR function, reporting directly to the office of the corporate president.

The findings also lent substance to earlier research by Perlmutter suggesting that the "multinational corporation" (MNC) label covered various postures or "states of mind."<sup>59</sup> The first was the *ethnocentric orientation*, in which each subsidiary was required to conform precisely to parent company ways regardless of local conditions. The second was the decentralized *polycentric corporation*, in which each subsidiary was allowed to develop with minimal interference, providing it remained profitable. The third was the *geocentric orientation*, in which "subsidiaries are neither satellites nor independent city states, but parts of a whole whose focus is on worldwide objectives as well as local objectives, each making its unique contribution with its unique competence."<sup>60</sup> Perlmutter anticipated that it was HRM practices that build this geocentric orientation. The hallmarks were that the skill of the person counts more than the passport, as with Procter & Gamble; and there was a high degree of mobility not only from headquarters to subsidiaries, but also from subsidiaries to the HQ and between the subsidiaries, as with Shell. Perlmutter saw an inevitable but tortuous route from initial ethnocentrism to geocentrism.

The research of Perlmutter, along with Edström and Galbraith, suggested that international HRM is not just a question of sending expatriates abroad and getting "the right person in the right place" in foreign environments, important though these tasks may be. Their ideas provided a framework for understanding the role of HRM in the strategic and organizational development of the multinational corporation. However, until the early 90s, the focus of attention in the United States at least was on the home problems of restructuring. Most of the research (and indeed business school teaching) in international HRM remained heavily functional in its orientation, focused until well into the 90s on managing expatriate and international assignments.

Accelerating global competition in the 1990s was to change that. Then the seeds of another important idea were sown: that the competitive advantage of a corporation lies in its ability to learn across its geographic and other boundaries.<sup>61</sup>

## ENTER GLOBALIZATION

By the end of the 1980s the traditional distinction between domestic and multinational companies had started to become blurred. International competition was no longer the preserve of industrial giants. It was affecting everybody's business. Statistics from the 1960s show that only 6 percent of the U.S. economy was exposed to international competition. By the late 1980s, the corresponding figure was over 70 percent and climbing fast.<sup>62</sup>

In 1985, Hedlund had noted: "A radical view concerning globality is that we are witnessing the disappearance of the international dimension of business. For commercial and practical purposes, nations do not exist and the relevant business arena becomes something like a big unified 'home market.'"<sup>63</sup> By the early 1990s, this was no longer a radical proposition.

*Globalization* surfaced as the new buzzword at the turn of the 1990s. Many of the ingredients of globalization had actually been around for several decades without