

Davidson-Marley BV: Establishing and Operating an International Joint Venture

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The company of Davidson-Marley BV, the international joint venture (IJV) of Davidson Instrument Panel (US) and Marley PLC (UK) is situated in Born in The Netherlands. Two previous articles described this IJV from the viewpoints of the two parents. This article is primarily dedicated to describing it from the viewpoint of the IJV itself. In particular, the views of the general manager and the human resources manager are presented in order to describe their perceptions of how well the IJV was established and how well it is poised for the future. These views describe not only the relationships with the parents themselves but also with the local community, with particular emphasis on the human resource practices that are both feasible and effective in The Netherlands. Together with the two previous articles, the intent of this investigation is to provide readers interested in international joint ventures with as much useful

information about the human resource management issues as possible. The major goal has been to advance our understanding of how IJVs can be more effectively established and managed.

Introduction

For an increasing number of firms in many countries, 'going international' is no longer a choice - regardless of firm size or product. The world has become far too interconnected for many products and services to be offered within a domestic market context only. Faced with this reality, many firms in the advanced western economies are seeking to establish their presence in the world market. For example, many large British firms such as BP, ICI and Marks and Spencer have already developed a global presence. These firms entered the global arena relatively early via the direct establishment of their own subsidiaries. This mode of internationaliz-

ation is less of an option for many firms today because the establishment of subsidiaries requires substantial commitment of time and resources.

Thus, many firms are considering entry into global markets via various forms of cooperative venture and strategic partnerships. One form of partnership currently receiving considerable attention is the international joint venture (IJV). The IJV is popular because both parties are able to share risk exposure (i.e. political and financial risk) and to optimize the strengths of each partner (e.g. cash, experience, or technology). There are, however, many potential problems involved with the establishment of an IJV. These problems are often related to the quality of the relationship between the two partners, and the human resource decisions which flow from the relationship. These problems, however, may be minimized with an understanding of them before entering into an IJV. Accordingly, a study was designed whereby a base of understanding could be provided to those interested in IJVs. This is the third and final part in the study that has as its primary focus the human resource management issues in international joint ventures.

The first part of the study described the American parent of the IJV, Davidson Instrument Panel (Schuler *et al.* 1991). In the second part the British parent is described (Schuler *et al.* 1992). In this, the third part, we are describing the IJV itself, Davidson-Marley BV.

Background

By way of review and update, Davidson-Marley BV is a 50-50 partnership. It is located in Born, The Netherlands. Situated near Maastricht Airport, the location was selected because it is near its primary customer, Ford. Ford is located in Genk, Belgium, less than 45 minutes by truck. Proximity to Ford is important, because the company required its sole source suppliers to meet its just-in-time delivery and sequential delivery requirements. The location was also selected because of favorable accommodation by the local authorities and the fact that it is close to The Netherlands Car (NedCar) BV production plant (a potential customer) and other car manufacturers. The facility has been constructed so that expansion can be easily incorporated and approved by the local council of Born. The plot of land is sufficient for expanding by a factor of at least four. To provide a perspective for this description of Davidson-Marley BV, here is a review of the two parents and the reasons for their decision to enter into an international joint venture.

Marley PLC

Marley is one of the leading manufacturers of building materials in the United Kingdom and has similar operations in many countries throughout the world. Marley's products extend from roof tiles, roofing felt, bricks, aerated concrete blocks and concrete paving to pvc flooring, plastic plumbing and drainage goods.

Marley also derives part of its profit stream from property transactions by exploiting the value of sites surplus to operational requirements. In addition, Marley is recognized and well-established as a major supplier of quality components to the European motor industry. The particular division that deals with the motor industry is called Marley Automotive Components Ltd. This division employs approximately 1,400 workers out of a total Marley workforce of 11,000.

The nature of the automobile industry has changed drastically during the past 20 years, and the effects have been felt by all auto makers. As the automobile industry has become globalized, success has turned on quality products that fit right and perform smoothly and reliably. But while quality has become a major concern to the auto industry so have cost and innovation. New products and new technology are vital to success, but without cost reduction new products cannot be offered at competitive prices.

The characteristics of the auto industry are, of course, reflected in all companies supplying it. Marley Automotive Components Ltd. is no exception. To succeed, they must adapt to the demands of the new environment. Doing so will bring rewards, such as market share and even more important perhaps, an extensive, cooperative relationship with major automobile manufacturers. Essentially gone are the days of the multiple bidding system, where winning meant delivering at the lowest cost, with no assurance that the next year will be the same. Today, the automobile companies use sole sourcing for many of their supply needs. Accompanying this is a greater sense of shared destiny and mutual cooperation:

"The component suppliers are having to change with the times. The multinational car manufacturers increasingly want to deal with multinational suppliers, giving them responsibility for the design and development of sub-assemblies in return for single supplier status". (Financial Times, March 1, 1990, p. 8).

Thus, it is not unusual to have design engineers from suppliers doing full engineering design of the components they will supply to their customers.

An important aspect of the new cooperative, solesourcing arrangement adopted by the automotive makers is the willingness to conceptualize and form longer-term relationships. For Marley Automotive this meant the opportunity to establish an international joint venture. In the summer of 1989, Marley agreed to establish an IJV to supply instrument panels to a Ford Motor Company plant in Belgium starting in 1993. They chose as their partner for this venture the US firm, Davidson Instrument Panel.

Davidson Instrument Panel

Davidson Instrument Panel is one of 33 divisions of Textron, an \$8 billion conglomerate headquartered in Providence, Rhode Island. Davidson Instrument Panel

and its two sister divisions, Interior Trim and Exterior Trim, make up Davidson-Textron. All three divisions are component suppliers to the automotive OEMs (original equipment manufacturers). Davidson-Textron is the largest independent supplier of instrument panels for the US automobile industry.

Originally begun as a maker of rubber products for drug sundries in Boston in the early 1850s, Davidson moved its operations to Dover, New Hampshire, in the 1950s. Its headquarters now are located in Portsmouth, New Hampshire. A staff in Portsmouth of fewer than 50 oversees the operations of two manufacturing plants, one in Port Hope, Ontario, and the second in Farmington, New Hampshire. The 1000-person operation in Port Hope is unionized, and the 900-person operation in Farmington is not.

There are many reasons for IJVs; none of them guarantee success

Reasons for the IJV

There are several reasons why Marley PLC and Davidson decided on this international joint venture. First, Ford Europe asked Marley (who had been supplying its needs for the Sierra line in the UK) to supply its needs for its world car to be produced at the Genk plant. Consistent with the world car concept, however, Ford Europe wanted worldwide sourcing. A joint arrangement with Davidson Instrument Panel made a great deal of sense. It filled the worldwide sourcing requirement and it was a company Marley knew and trusted. Marley had been a licensee of the Davidson technology for instrument panel skins and the foam injected to give it shape and substance.

Another reason for the IJV was to share the risk of a new venture. While Davidson wanted to get into Europe and Marley wanted to expand its automotive business, there was no guarantee that Ford would be successful in Genk. Marley's primary businesses are construction-related. To reduce its dependence on the construction cycle, it had decided to expand its automotive business. However, Marley did not want to do this without minimizing the risks. The sharing of rewards was worth the sharing of the risks with a long-time business associate.

A joint venture with Davidson at a greenfield site in Born also offered Marley the opportunity to learn more about modern manufacturing management style and structure. In the IJV itself, they are implementing human resource practices of workforce flexibility, minimal job classifications and use of teams with a total quality strategy. These modern manufacturing practices are described in extensive detail by Peter Wickens, the Personnel Director of Nissan Motor Manufacturing UK (1988). The opening of the greenfield site in The Netherlands offered Marley the opportunity to learn more about these new management practices and

possibly extend them to other operations. This desire was certainly consistent with Davidson's methods of operation, since it has implemented many similar practices in its plants in New Hampshire and Ontario, Canada.

A final reason for the IJV location was the potential it offered for competitive flexibility. Locating the plant in Born places it near Audi, Volkswagen, Mercedes and NedCar operations. While these companies often supply their own instrument panel needs, Davidson-Marley BV could potentially offer a better product at a lower price. To help develop this potential, Marley established a small marketing company.

While not meant to be exhaustive, these were the major reasons for the IJV. They are certainly consistent with those suggested in the literature (Datta 1988; O'Reilly 1988; Gomes-Casseres 1989; Harrigan 1987a; 1987b; Shenkar and Zeira 1987a; and Main 1990). Nonetheless, this does not ensure success nor diminish the risk of failure.

Davidson-Marley BV

As described in the two previous articles, both parents thought that their relationship with each other would minimize the risks of their IJV. Despite the many positive features of the Davidson Marley BV IJV, there is a consensus that the very nature of joint ventures contributes to their failure - they are a difficult and complex form of enterprise (see Shenkar and Zeira 1987b; Main 1990; Brown 1990). As described in our earlier articles (Schuler *et al.* 1991; 1992), the critical issues which IJVs face revolve around *control, conflict, goals, management styles and degrees of commitment*.

While it appears as if Marley and Davidson were on top of the critical issues that could give rise to IJV failure, there are many other important human resource issues that are specifically related to the evolution of their partnership. These issues include the selection of managers, transferability of human resources, and conflicts of loyalty issues (Shenkar and Zeira 1990). Whereas the two previous articles had the parents' views on these earlier issues and some of the evolving issues, the following section has those of Davidson-Marley BV.

The Selection of Managers

The General Manager

The general manager for the IJV, Mr Huub Cilissen, has been selected. He was selected by both parent firms from three Dutch finalists identified by the search firm Spencer Stuart. In selecting the general manager for the IJV, the parents gave significant weight to experience in manufacturing. Interviews were used to evaluate the degree of fit with the operating style and management philosophy of the parents. Employment tests such as aptitude and personality were not used.

An important consideration in the final selection of Mr Cilissen appears to have been the fact that he was from the region. Born in Limburg, an area that has distinctive social customs and dialect. While the selection of a Dutch person from outside this region may not have proven detrimental to the IJV's operation, having a local person offers many advantages in a small facility with a participative, egalitarian management style.

As indicated in our earlier articles, the final decision to hire the general manager was delayed about a year for several reasons including salary costs. According to Mr Cilissen, however, all agree that this delay has proven to be more costly than any possible savings. Thus instead of being hired in October 1990 (only five months before ground breaking), he should have been hired in October 1989. Local contracts, agreements and discussions had to begin in 1989 so the parents had to hire consulting firms. His earlier involvement would have eliminated this and provided him with more opportunities to get involved. It is important for IJV parents to remember that they are hiring a local general manager to be responsible for their operation. Without providing significant autonomy and responsibility from the earliest possible point, the potential to select the best candidate may be diminished.

The Human Resource Manager

Once appointed, the general manager participated in the selection of the IJV's human resource manager in February 1991. The actual selection process, however, was begun in parallel with the selection of the general manager.

The human resource manager, Mr Jean Theuns, was also brought in through a search firm. His upbringing in Limburg and previous successful work as human resource manager in a Japanese subsidiary in The Netherlands were two very positive qualities for his selection.

The Facility Manager

Concurrent with the appointment of the general manager and the human resource manager was the selection of the facility manager, Mr Herman Vaassen, also Dutch. He was also identified by a search firm and hired based upon the same criteria as the human resource and general managers. Together, these three operated very much like a trio in working their way into the operation that the two parents had already begun to establish for them.

During their hiring process these three had been informed that the operation of the plant was 'up to them.' Reality set in quickly once they were hired. With fairly detailed plans already written by the two parents, the actual degree of freedom these three had over their respective areas was rather minimal. These three suggested that for the purpose of creating greater feelings of involvement and ownership, the parents of the IJV could have at least been more subtle in intro-

ducing their plans, budgets and ways of operating. For example, they could have just introduced rather broad guidelines and policies and then left it up to the IJV managers to develop the specific applications. Perhaps because the two parents were operating in a foreign country, they felt a greater need to structure policies and practices in order to minimize risk and uncertainty.

The degree of freedom given to newly-recruited IJV senior managers is a sensitive matter

While these three individuals could have been brought in even earlier to achieve greater feelings of ownership and involvement, the three were given the freedom to select, appraise, train and compensate the 150-200 employees who were hired in the Autumn of 1992. Although Marley had nominal lead responsibility for initial recruitment, the strategy for recruitment, training and compensation was developed jointly by senior human resource executives at Davidson and Marley and agreed upon by the Davidson Marley board (two members from Marley and two from Davidson). It is now, however, clearly in the hands of Mr Theuns to operate the human resource activities. Because these activities represent an important, and perhaps unique way of successfully operating in The Netherlands, they are described in specific detail in a later section of the article.

Transferability of Human Resources and Allocation of Start-up Responsibilities

Both parent firms are committed to the success of the IJV and have transferred experienced employees to the IJV. For example, Davidson transferred in the first engineering manager and first facility manager. Again, to maximize the motivation of the general manager, these expatriates need to serve under specific conditions. First, they need to serve for a limited and specified period of time. Second, they must work with their locally-hired counterparts. In particular, this means that they must transfer their knowledge and authority quickly to the local managers and then leave. Delay in exit only delays the time the IJV feels it is standing tall and operating under its own direction. To ensure that the general manager has as much start-up responsibility and autonomy as possible (which is necessary), it is also useful for parents to attenuate any desire to establish an extensive book of rules and procedures according to which the IJV must operate.

Conflicts of Loyalty

For both parent companies, the work of the planning teams is essentially completed. The financial controller (a US expatriate) is scheduled for a three-year term after which a local will take over. The staff will then be entirely Davidson-Marley BV, and conflicts of loyalty to either parent company should be minimal - particularly as the venture grows and achieves success. The general

manager and his key staff members are employed by Davidson-Marley BV and as such have career paths anchored within the joint venture rather than the parent companies. Mr Cilissen, Mr Theuns and Mr Vaasen believe that their future is with Davidson-Marley BV. The business potential is very significant for the firm and thus there is a great potential for growth and expansion of the operations in The Netherlands.

Progress to Date

To date, the two parent companies and DavidsonMarley BV appear to be benefiting from a careful, although perhaps too detailed, planning process and a longer-term perspective with regard to profitability. In July 1992 the IJV started its first shipments (one hundred instrument panels for the Chrysler minivan). These shipments were largely assemblies based upon parts supplied by the Davidson plant in Port Hope, Ontario. By 4 January 1993 shipments to its major customer, Ford, commence. These shipments will represent products manufactured and assembled at the Born plant.

As of 4 January 1993 the Born plant will have approximately 200 people, mostly production associates. Because of its sole supplier status with Ford, it operates under just-in-time manufacturing and delivery procedures. Increasingly, however, the trend is for customers such as Ford to insist upon their suppliers using sequential manufacturing and delivery procedures. The managers at Davidson-Marley BV are confident that their associates will be capable of performing effectively even under this more exacting production schedule. Exactly how these people are selected and managed is described in the next section.

Human Resource Management (HRM) in The Netherlands - Realities and Possibilities

Starting a greenfield site always means considerable work has to be done in establishing new policies and practices in every field, including human resource (HR) management. Starting an international joint venture means that not only the perspectives of both parents have to be considered, but also the policies and practices must be kept in line with local circumstances (Zlavs, culture and labor market conditions). Both parents of the Born IJV initially formulated the strategy for recruitment, training and compensation. However, as mentioned earlier, involvement of the HR manager, Mr Theuns, at an earlier stage of the planning process could have prevented some of the necessary adjustments to local and national circumstances which had to be made. Three months after Mr. Theuns was appointed, a detailed HR strategy was formulated wherein quite a substantial number of changes were incorporated with respect to the initial parents' plan. However, both parents fully acknowledge the necessity of these changes and Mr Theuns is now dearly responsible for the human resource activities.

Obviously, the first operational challenge for Mr Theuns, the HR manager, was to fully staff the IJV with the required number of people who possessed the proper qualifications. To do so, however, a number of preparatory activities in the area of *terms of employment* had to be planned and executed. Among others, these involved the establishment of job descriptions, the salary structure, the employment terms and safety regulations. Once these had been approved by the parents the actual recruiting started.

Starting from scratch in The Netherlands made it possible to define an HR strategy without having to consult either the unions or a company works council, simply because there were no parties yet to discuss issues. Once operating, however, unions or work council representatives could become involved in issues related to HR strategy and working conditions.

There were, however, some national laws concerning working conditions and shift work which, together with cultural issues, had to be taken into account when designing a new plant. Also, Mr Theuns firmly believed that companies had a moral obligation to offer attractive work to people with diverse backgrounds. This was in line with the company policy of establishing workforce flexibility, minimal job classifications and use of teams with a total quality strategy. This tradition of group work, and the related sociotechnical systems design, has been widely used by various companies throughout The Netherlands since the 1960s. It was clearly reflected in the way the IJV executes its activities regarding human resource management. This is illustrated in more detail in the following presentation.

Some National Characteristics Affecting Firms in The Netherlands

Before turning to more specific HR issues and practices, more has to be said concerning legal issues, particularly industrial relations, that relate to work and organization in The Netherlands.

Industrial Relations

Dutch industrial relations can be characterized by the great emphasis that is placed on mutual consultation and cooperation at all levels. On a national level, employers' federations and trade unions meet in various institutions, with or without government representatives and individual members. At this level, discussions take place about incomes policies, prices, labor markets and employment and other macroeconomical and noneconomical issues such as social security. Resulting from these discussions are recommendations to the central government as well as to the various employers' federations and unions. However, one of the main characteristics of Dutch industrial relations is that the influence of the unions, at the company level, is relatively small when compared to other countries like the United States or the United Kingdom. It is at the industry/sector level, that the unions play their most important role. The percentage of employees unionized

in The Netherlands is also relatively low when compared to other industrial countries (about 30%).

At the industry/sector levels, employers' federations and unions meet primarily to negotiate collective agreements per sector. The main focus within these agreements is concerned with the terms of employment, but also less financially-oriented aspects are part of many collective agreements, such as working times, holidays, safety and vocational training. The collective agreements contain a general set of agreed-upon regulations which have to be taken into account when establishing individual labor contracts at company level.

On a company level the number of company agreements, replacing the broader industry-wide collective agreements, is growing. On the company level are the company works councils. These councils are regulated by law and the employer is obligated to install a works council if there are more than 35 employees. Members of the works council are directly elected and the management of the company is not part of it. Management and works council meet at least six times a year. Competency and responsibilities of the works council contain the right for advice pertaining to decisions or plans regarding, for instance, restructuring, major investments, major changes in activities of the company, and changes in the geographical place where the activities are carried out. Also important is the right for approval: management needs the approval of the works council regarding decisions about pension schemes, working time and holiday regulations, compensation and job classification systems and regulations pertaining to, for instance, recruitment, training, appraisal, group work discussions, and dealing with complaints. Approval is not necessary, however, when these issues are being dealt with in the collective agreement.

As mentioned earlier, the unions play a rather small role at the company level. Like many individual companies, Davidson-Marley BV prefers to deal with the works council, rather than with the unions because the works council is more likely to be oriented towards the well-being of the company and its employees, whereas the unions are more oriented towards the general relations between employers and employees on a national and industry/sector level. However, in many cases the unions have members taking part in the company works councils, creating a situation in which a works council can be built up of union members of different unions and independent members (nonunion members). Although not the case at Davidson-Marley BV, unions can have some indirect influence at the company level, and recently in a number of companies the union started to discuss technological innovations separately with the management. Technology has for a long time been a neglected issue within the unions and they are now paying more attention by, for instance, establishing so-called technology agreements with the management at -the company level.

A final aspect of the specific Dutch circumstances we

would like to mention here is the Law on Working Conditions. In this law, rules and regulations are formulated pertaining to the safety, health and wellbeing of employees. Regulations are directed towards the quality of work, the quality of working conditions and the perception of the working situation. For instance, work should be adjusted to the person (ergonomics), short-cyclic work or machine-packed work should be avoided, work should add to the technical and personal development of employees and the use of dangerous materials and equipment should be avoided. The law also stipulates that regular consultation should take place between employers and employees concerning working conditions. In this respect, the works council is required to fulfill certain obligations, although in certain related fields it has limited authority.

In general, it is clear that the industrial relations system concerning working conditions has an influence on the organization, on the quality of work, and on physical working conditions such as lighting, noise, ventilation, the layout of offices and production halls, hygienic circumstances, etc. Not complying with the law is considered to be an economic offence.

Organization

The Davidson-Marley IJV is organized as a flexible, flat and lean organization with no more than four hierarchical layers, based on the ideas of group work wherein responsibilities are shared by all members of the group. Production work operates in three 8-hour shifts, headed by shift coordinators. It is obligatory in The Netherlands to rotate shifts and this is being done from day-shift to evening-shift and night-shift (on a three week basis). Each group within the shifts consists of various associates: (1) trainees; (2) semi-skilled operators who execute relatively simple tasks, including maintenance and quality assurance; and (3) skilled allround operators who are responsible for the more difficult tasks such as the adjustment of the machines. In addition, 25 trainer/operators were appointed who are responsible for training the other associates on how to execute the various tasks. These trainer/operators were sent to a Davidson plant in Canada for a general training in operating the machines and teaching skills to other associates. These trainer/operators are being offered normal production associate positions once the initial training has been done and the production is in full swing.

Recruitment and Selection

In a greenfield situation recruiting and selecting the employees is one of the major HR tasks. In June 1992, the IJV was staffed with a number of professionals including the product engineer, quality engineer, tooling engineer and facility engineer as well as some 10 production associates of around 200 started in May 1992, and was executed in a well-planned manner.

The input for the recruitment process was formed by governmental agencies, external recruitment services, and activities carried out by Davidson-Marley BV itself through newspaper advertisements and attendance at a regional job fair. Although one of the reasons for locating the IJV in Born was the relatively high unemployment figure, most of the people who reacted as potential employees were already employed by other companies in the region.

Initially a total of 6000 applicants applied. From the group 2000 were potential production associates. All of these 6000 were soon sent a letter, indicating either nonacceptance of their application or informing them about the IJV and the next step in the selection procedure. This was part of the public relations activities carried out during the recruitment period, aimed at reaching as many people as possible. Of these 2000, some 1500 remained and were invited to visit the IJV for more information. This was done in groups whose function it was also to allow the assessment of the candidates by the HR manager and a production associate. The remaining 600 candidates were given psychological tests, designed by a consulting firm, assessing their personality, flexibility and sociability. They were also sent a videotape, presenting the Davidson-Marley BV plant. Next, 400 people were invited for an interview with the HR manager and one of the production associates to see whether he or she would fit the job and the organization and had the right motivation to work in teams. The last filter in the selection process was a very general medical examination, assessing general physical fitness. Applicants were not tested for drugs, alcohol or AIDS. Finally, 200 people were offered a labor contract.

The entire recruitment and selection process was very time-consuming. However, Davidson-Marley IJV thought it was necessary to execute it like this in order to be able to attract the right people for the teamwork being offered. Since it is very difficult in The Netherlands to fire people once they are hired, a number of people were hired on a temporary contract basis by the

IJV itself and others were temporarily hired through job placement agencies. Both of these alternatives make it easier to terminate contracts when people are not functioning at the desired level, or when the needed (operational) flexibility requires the firm to do so. The goal is to have 80% with appointed contracts on a permanent basis with the other 20% contracts on a temporary basis.

During the entire recruitment and selection process, explicit attention was given to establishing a diverse workforce, containing younger and older people, women and men, experienced and inexperienced people, and individuals of varied ethnic backgrounds. In doing so the IJV aims to profit from the combination of various kinds of experiences, skills and backgrounds that are characteristic of a diverse workforce (Jackson 1992).

Other HR Activities

Since the Born IJV is still in the start-up phase, little can be said about the execution of activities in other areas of HR. However, the Davidson-Marley IJV possesses a remarkable amount of planning and capacity for looking ahead. A large number of other activities have already been put on the agenda and/or planned in detail, such as training and education, coaching and reviewing, and external mobility (turnover). We will now discuss some of these issues in greater detail.

Training

Within Davidson-Marley BV, a lot of the initial training is being executed on the job. As previously mentioned, a number of production associates were trained in Canada to train others in the necessary skills required to operate the machines. This procedure will be maintained in the years to come. In addition to this task-oriented training, a number of in-house 'introductory courses' are also offered by IJV professionals. For example, the general manager gives a course about the relations of the IJV with the two parents; someone from the Sales Department presents information about the customers of the IJV; the person responsible for the Safety and Health informs everybody about how to prevent injuries while at the workplace and offers some basic safety instructions. Other topics covered in these introductory courses include Quality, Finance, Human Resource Management, and the Company Works Council. There are 10 similar courses, offered within a six-month period. The courses are all offered before or after working time and attendants are paid 100% of their wage, indicating that the company feels it is very important to know as much as possible about the entire business, and at the same time requesting a timeinvestment from the side of the employees. All new employees are contractually obliged to attend these courses within one year after being hired; failing to do so might form a basis for termination. Being able to put something like this in a labor contract is permitted in the absence of the unions.

As sole supplier to Ford, Davidson-Marley BV is

operating by just-in-time manufacturing and sequential delivery procedures. This puts special emphasis on production and transport procedures. In order to meet the demands, Davidson-Marley BV is planning to send production associates to the Ford plant for one day to learn about the assembly work there and the issues that may be important for the production work at the Born plant. This is a particularly important aspect of the training effort of the IJV, due to the growing strength of the production and assembly links between Davidson-Marley BV and Ford. At the same time, it clearly shows the emphasis the Born plant puts on the importance and responsibilities of the production associates.

Obviously, being able to set training needs requires detailed descriptions of the work to be executed and the skills needed for the work. Since working in teams is a major aspect of working at Davidson-Marley BV, the IJV decided not to describe every job in detail but to focus on the team level. Assisted by the employers federation, they have focused on making department descriptions rather than job descriptions. The workers in the teams can then divide the various department tasks among themselves and can organize a system of rotation between tasks.

Appraisal and Remuneration

Davidson-Marley BV appraises the performance of every person within the company on a yearly basis. This is in accordance with management by objectives. That is, every year, each employee has a meeting with his or her supervisor and discusses performance and the work itself. Together they will set objectives for the year to come and these objectives will form the basis for the next appraisal.

Directly linked with this appraisal system is the remuneration system used. Salary determination is partly collective and partly individual. Due to the fact that the company will not make any profit during the next few years, there is no scheme for profit-sharing. Regarding holidays: the average number of holidays for production workers in The Netherlands is 23 plus 11 days. These 11 days are the result of a national plan to shorten individual working weeks (work time shortening, ATV) to be able to offer more people a job. The number of these so-called ATV days is typically set during the process of collective bargaining with the unions. Being a new greenfield, Davidson-Marley BV decided to offer employees only 6 ATV days per year. This again is one of the situations where it is evident that the unions were not involved.

Another aspect of the compensation system is closely-related to career development. As previously mentioned, the production associates are divided into four groups, according to the amount of knowledge they possess about the production process. This amount of knowledge also forms the basis for salary. In order to judge this, Davidson-Marley BV is considering using formal tests to establish this. In addition, these four levels of knowledge possession also form the basis for careers

within the Production Department and also for decisions concerning additional training and education.

Security and Safety

Several recent HR issues that receive a great deal of attention in The Netherlands are employees' health, absenteeism, and early retirement for health reasons. It is especially this last issue that has been the center of attention for the last few years. The Netherlands has had a rather generous system for the early retirement of people for health reasons, as part of the entire welfare system. Starting out as a good scheme for taking care of the people unable to work, many organizations were able to transfer people to this retirement scheme, using it as a relatively easy way to layoff its surplus of employees. With the growing number of people now in this scheme and the escalating costs of such a scheme, measures have been taken to make it more difficult to transfer people to the scheme. Also, the Law on Working Conditions has had some influence on employers to direct more of their attention to the working conditions as a means of preventing absenteeism and early retirement due to health reasons.

Davidson-Marley BV is also paying much attention to the health of employees and to absenteeism. The average absenteeism percentage in the region is around 10 to 12%. Initially, Davidson, being one of the parents, had set out a percentage of 5% absenteeism which would be acceptable. General management, however, strives for a figure of 3%, which seems to be a minimum that has to be accepted. The initial responsibility for absenteeism lies with the direct supervisor. Therefore the shift coordinator has to take action when production associates are absent, at least by talking to the person to find out what is wrong, but preferably to really look for a solution to the problem, especially if it is directly related to the work situation. To facilitate this a social team has been installed, consisting of a doctor, a representative of a regional governmental medical agency and somebody from the HR department.

The IJV regards the health and the general well-being of its employees as being very important. Because they expect not only physical work from their employees, but also thinking, working in teams and sharing responsibilities, they also, in return, want to give something back. Feeling at least partly responsible for the well-being of their employees, they also subsidize individual memberships in sports clubs, in addition to the company health services, individual medical evaluation every two years, and subsidized meals in the company cafeteria.

Planning for the Future

Once again, starting a new enterprise involves the establishment of an entirely new package of HR policies and practices. To be able to do this in an effective and efficient manner, planning the activities is very important. Mr. Theuns has acknowledged this from the beginning and indeed has set up an impressive and

comprehensive planning scheme. During our interview with him, when asked about several aspects of the HR issues, he more than once stood up and walked to his planning board to indicate when he had planned for some of the activities to be executed. It is beyond the scope of this article to reproduce the entire planning scheme. Some of the items show, however, the importance of thinking ahead when starting up a new plant.

Under the heading of 'Terms of Employment' activities have been planned in immense detail, activities such as job descriptions, salary structure, employment terms, staff insurances, company regulations, quality procedures, training and education, rewards and recognition safety regulations and work instructions. Similarly, the heading 'Coaching and Reviewing' contains the planning of activities in the fields of career development, function review, personal coaching and sickness program. A similar list could be reproduced for the various HR fields: recruitment, selection and assessment, training and education, external mobility (turnover), recruitment planning for key personnel, and miscellaneous (i.e. culture setting, staff guide, company works council, unions, relations, catering, and cleaning).

Planning for the future is very important but is only one aspect of managing a new IJV initiative. Keeping up the vision is one of the major challenges of the near future. Being a small company, internal communication is not that difficult, but once it starts to expand a stronger focus will have to be put on maintaining the vision at every level of the organization. In the event of growth, Davidson-Marley BV has already considered the installation of more decentralized units consisting of working teams with all their own tasks and responsibilities, keeping in line with the idea of empowerment of personnel and teamwork. To retain the vision they are resisting the practice of wallpapering the entire company with various slogans, productivity reports, etc. They prefer, to accomplish this verbally, by regularly stepping out of the daily routine of business and once again discussing with everybody their intentions, what they are doing at the moment and, finally, where they are going as a company, as teams, and as individuals.

Conclusion

We believe the Davidson-Marley BV case is a good example of an IJV where both partners have worked hard to develop the initial relationship and have taken human resource issues into consideration throughout the planning process. Future success will depend upon how well they work with their IJV, Davidson Marley BV. At this time it appears as if the IJV is a Dutch company fitting in well to the local economy and social community of Born. It also appears that the best relationship the parents can have for the IJV's success is one of initial guidance and structure, supportiveness and independence.

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Note

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