Journal of Intercultural Management
Vol. 3, No. 1, March 2011, pp. 109–124

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Personal Union as an Instrument of Personnel Policy in International Capital Groups (holdings)

1. Introduction

An international capital group (international holding)[1] can be defined as an organization formed with the purpose of achieving common economic goals or as a capital-based grouping consisting of legally independent economic entities in the form of capital companies (limited liability companies and joint-stock companies) located and operating in different countries. Those entities are linked by durable capital ties and assorted supplementary ties, also in the form of personal connections. One of the most important factors determining the success of economic groupings is a well-designed and efficient personnel policy, understood here as a set of the most important premises and principles for strategic management of human resources. Professional literature presents a wide range of approaches to the subject of personnel policy, from general philosophy of human resource management (narrow approach) to formulation of fundamental goals and tasks of the organization, with the precise definition of tools assigned to each goal and task at hand (broad approach).

In terms of the broad approach, the personnel policy of a capital group is equated with its personnel strategy. Personnel policy is carried out using a wide range of instruments, including a personal union. The range and utilization of individual personnel policy instruments in international holding groups is complicated, due mainly to the cultural context of their operation – in particular, the multicultural environment and the resulting social and organizational

[1] This monograph employs interchangeable terms of: a company grouping, capital group, and holding. It should be noted here that the term holding is a common reference to a capital group in English literature, equivalent to the German term 'Konzern'.

consequences observed in individual economic entities that make up the holding group.

This monograph aims to analyze the personal union as an instrument of personnel policy in international holding groups and to evaluate its usefulness in solving personal, cultural and organizational problems resulting from multicultural setting of such supra-national groups of companies. The epistemological basis adopted in this monograph consists of research results on domestic and foreign professional literature, as well as empirical studies conducted by this author in companies of Wroclaw and Jelenia Gora region that were subject to acquisitions by foreign sectoral investors and operating as subsidiaries within international holding groups.

2. The objective extent of personnel policy as a determinant of the available range of its instruments.

Depending on the approach, personnel policy can be defined as: a general philosophy of an organization related to its social potential [Kostera 1999, p. 23], long-term goals related to the use and development of social potential [Kożusznik, Adamiec 2000, p. 49], a set of general principles of human resource management in a company or a grouping of companies [Pawlak 2003, p. 24], or durable guidelines for methods employed by a company in realization of its human resource management tasks [Armstrong 2000, p. 234].

A. Pocztowski defines personnel strategy as a cohesive set of activities including formulation of goals, plans and programs oriented towards the development and use of the organization's human resource capital for the purpose of safeguarding a durable competitive advantage [Pocztowski 2007, p. 60]. In this approach, the personnel strategy may be viewed as a solidification of personnel policy. The personnel policy carried out by a company functioning within a capital group determines the functional, instrumental and institutional dimensions of its personnel function. It provides indicators of the range of authorizations and responsibilities of individual members of the group in relation to their human resource management tasks, to allow and facilitate the integration between the personnel strategy and the general strategy.

The objective scope of personnel policy in the practice of a capital group operation is varied. This diversity is particularly evident in the analysis of the three forms of capital groupings, namely financial, strategic and operational capital group.

In case of financial capital groups, the personnel policy involves formulation of principles, norms and directions adopted when appointing and compensating board members and key specialists who, as a result of a personal union, combine different functions in the management of the parent company and of its subsidiaries. Members of the board in such groups can freely utilize the full range of benefits resulting from personal union, as detailed in a later chapter of this monograph.

The narrow subjective and objective scopes of personnel policy in financial capital groups is the consequence of its specificity, as set by the fundamental goals of the group. In particular, this form of grouping is formed with the purpose of maximizing the investment benefits of the parent company, while minimizing its financial risk. The minimization of the investment risk is typically associated with high level of diversification of principal activities (production and/or services) of the subsidiaries. The parent company strives to maximize its asset portfolio value through acquisition and resale of subsidiary companies, based on the value of those companies and on their financial results [Trocki 2004, p. 83]. Consequently, it seems advisable to limit the objective scope of personnel policy in financial capital groups to the appointment of key managers and specialists on the basis of personal union, while leaving the remaining aspects of personnel policy to the autonomy of subsidiary companies.

In case of strategic capital groups, set up with the purpose of generating and making use of strategic effects based on co-operation of the subsidiary entities, the personnel policy should cover principles and guidelines of all the activities involved in appointing, developing, motivating (remuneration) and transfer of board members and key specialists, as well as shaping cultural values and norms across the company. These activities should support the realization of fundamental (strategic) objectives of the group. As in case of financial capital groups, the subjective range of personnel policy in strategic capital groups is strongly influenced by their specificity, i.e. the character of activities undertaken by the parent company and its subsidiaries. The former concentrates on the task of managing the group as a whole and managing the shares of individual subsidiaries, refraining from operational activities of their own. The subsidiaries, on the other hand, are involved in complementary, relatively diversified operational activities, usually based on a particular phase of production process. Consequently, the subsidiaries should be relatively independent in the process of designing and carrying out the remaining aspects of personnel policy, in conformity with the guidelines set up by the parent company across the group. This applies, in particular, to the subsidiaries' autonomy in creation of cultural artifacts, which offers the chance of improving the integrating function of organizational culture, supplementing its role of a social and organizational 'binding power' in the general structure of a strategic capital group.

Operational capital groups display a wide subjective range of personnel policy, covering regulations and principles in such areas as selection, appointment, personal development, motivation (remuneration), appraisal and mobility of all employee groups, together with the principles of workplace formation, working conditions and organizational culture. One characteristic trait of this form of capital groups is the strengthening of the parent company in its operational activities through the provision of supplementary activities of its subsidiaries. The most pronounced characteristics of operational capital groups, in contrast with the architecture of financial and strategic groups, is the strength of ties between the parent company and its subsidiaries. The internal organizational structure and principles of operation of operational groups bear close resemblance to the architecture of multi-factory companies. Hence the underlying need to create consistent, comprehensive personnel policy across the group, covering all the employees, from production to management level.

The personnel policy of a capital group, based on the model of human capital, favors integration of general strategy with personnel strategy. This model of personnel policy is employed in those companies and groups that perceive human resources as a genuine form of a company capital. In terms of 'operational' dimension, this model places employers in charge of all human resource activities. They invest financial and organizational resources in programs designed to improve and develop personal skills of both regular employees and managerial staff, wage and non-wage motivation systems and instruments (both material and immaterial), as well as safeguarding the most favorable organizational climate. Human resource management based on human capital model prioritizes teamwork and various forms of employee participation, as well as provision of organizational culture based on cooperation and shared activities.

Capital groups that employ personnel policy based on the human capital model, especially those operating on international level, can freely profit from organizational climate that favors the integration of general and business strategies with personnel strategy of a parent company (and/or of the subsidiaries). The executives of both parent company and subsidiary companies strive to employ and retain skilled personnel as well as take interest in developing long-term personal and vocational development activities for both regular employees and the managerial cadres. Such an approach presents favorable conditions for maintaining the atmosphere of cooperation, involvement and loyalty, thus increasing the motivation of workers and managers to undertake effective and efficient realization of goals and tasks entrusted to them by the employer. This also creates a strong incentive for maintaining and developing durable personal ties, an important building block of the overall organizational structure of a capital group operating on the global market.

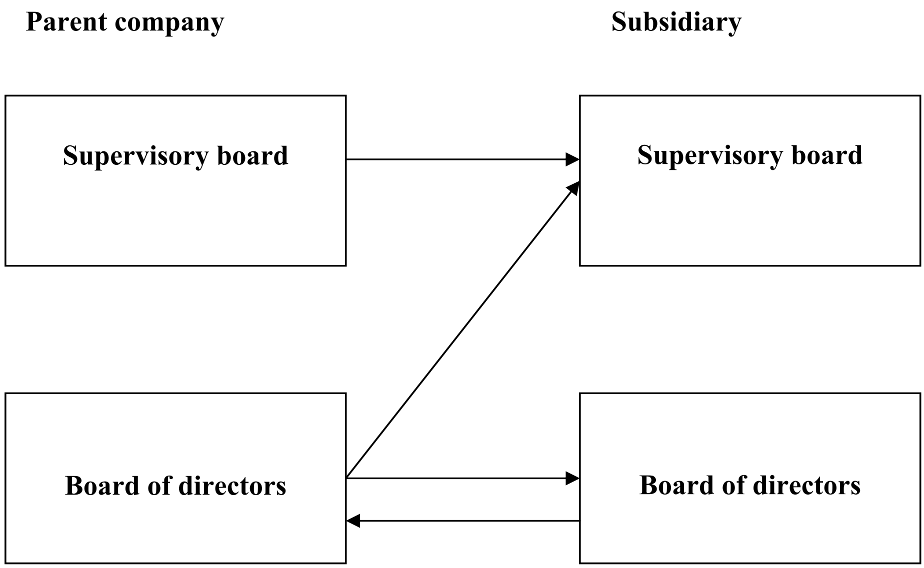
The personnel policy and personnel strategy of international capital groups, designed in accordance with the human capital model and supplemented by personal and cultural elements, form a much more spacious social dimension with improved potential for employing a relatively wide scope of instruments, such as selection and appointment, regular evaluation, wage- and non-wage-motivation, as well as training and vocational development of employees and managerial staff in international holdings.

3. Personal union as a source of personal ties in international capital groups

Personal ties in capital groups are generated when individual persons are appointed to perform separate managerial functions in at least two different companies within a given capital group [Trocki 2004, p. 51]. In the company practice, this kind of ties is obtained through the personal union, involving appointment of key managers of the parent company as members of supervisory boards in subsidiary companies. Personal ties may take on a vertical structure, with one person performing management functions in both parent company and one or more of its subsidiaries, or a horizontal one, when individuals combine different management or supervision functions in several parallel subsidiaries. The act of performing different functions in the management of several separate and legally distinguished economic entities by a single individual is undoubtedly a manifestation of the strive to strengthen the influence (control) of the parent company over its subsidiaries, both domestic and foreign.

Variants of such personal integration of management within international capital groups are presented in Fig. 1.

Figure 1. Variants of personal integration in the management structure of capital groups



Source: Hoffmann F., 1993.

3.1. Personal union and supervisory boards as factors enhancing the strength of personal ties in international holding groups

A personal union as an organizational instrument generating personal ties within capital groups, can also be perceived from the perspective of supervisory boards operating within the structure of the grouping. Supervisory boards are viewed as an element of dynamic equilibrium between the companies of the group. It may also be useful to present both the benefits (merits) and negative facets of a personal union in the context of its potential functions in maintaining the internal cohesion of international groups.

Supervisory boards can be perceived as a key element of the triad of power groups within a company, i.e. the owners (shareholders), the board of directors and the supervisory board.

The significance of supervisory boards in the functioning of the aforementioned power balance within a company is a result of responsibilities conferred to members of supervisory boards in respect to financial results generated by the company (maintaining the results within the level that is satisfactory for the owners). To perform these functions in an efficient manner, members of supervisory boards should not only produce satisfactory level of competence, but also have sufficient access to all information that may be required for the purpose of maintaining control and taking up informed (rational) strategic business decisions. According to D.A. Nadler, this requirement is in stark contrast with the relatively low supply of highly-qualified staff to man the boards, as observed in the practice of corporate supervision on the global scale [Nadler 2006, pp.102, 107].

Balancing out the operation of the aforementioned triad of corporate governance requires unrestrained exchange of information that warrants control and full responsibility for carrying out the company mission and meeting the most important company's strategic goals. In practical application, however, the equilibrium is often disturbed by insufficient information and lack of effective methods of exercising mutual influence and control, as well as dilution of individual (personal) responsibility [Sonnenfeld 2004, pp. 98–106; Montgomery, Kauffman 2004, pp. 89–97]. Factors that contribute to proper equilibrium of powers within the organizational structure of a capital group include selection of a suitable model for appointing and functioning of supervisory boards and the instrument of personal union.

Professional literature postulates the following models of supervisory boards: passive, legitimizing, involved, intervening and governing [Nogalski, Falencikowski 2010, ss. 359–360].

Passive supervisory boards are characterized by the low level of activity in the area of management board control as well as the limited range of responsibilities for company operation.

The legitimate supervisory boards safeguard corporate governance through supervising the activities of the management board president as well as appointing successive presidents. This particular model of the supervisory board reflects the obligations of its members to the stockholders and the importance of outside (non-executive) directors in the operations of the supervisory board.

The involved supervisory board is actively concerned with the supervision over the management board operations by forming partnership cooperation with the president and taking up full responsibility for the company financial results.

The intervening supervision board model is adopted in response to a critical situation, such as an economic crisis. Those boards are closely involved in current management affairs, typically issuing their business decisions to the president, often under stressful circumstances.

The governing supervisory board model is characterized by the most pronounced involvement in corporate governance processes. Governing boards actively participate in decision-making, passing their decisions to the management board. This model of supervisory board is recommended for early stages of company development, when key managers lack business experience required to take up informed and rational decisions.

The personal union, along with selecting an appropriate model of supervisory board's operations, constitute an organisational solution which positively influences the corporate line-up. Its impact on creating personal ties inside an organisation may be significant within an international capital group. Performing professional functions by the same persons, as the so-called expats[2], in management bodies, in particular in supervisory boards of at least two companies which are a part of a group, frequently located in different continents among various national cultures and in the environment of various organisational cultures, involves a range of benefits and problems alike. The benefits include above all strengthening the integration of a capital group, streamlining the information flows, and a wide transfer of knowledge and skills in the form of good management practice and professional standards of work among companies located in different countries. This, in turn, creates possibilities for a controlling company to have a more thorough insight into the operation of its subsidiaries, and thus makes an owner's supervision easier.

Benefits arising from personal unions result also from the functions they perform for a group of companies. These functions and their synthetic characteristics are presented in Tab. 2.

[2] The term "expat" is an abbreviation of the word "expatriate", which defines a representative of a controlling company (parent company) who was seconded to work in the supervisory board or management board of a subsidiary which is part of a holding, located outside the country where the controlling company is located.

Table 2. Functions of personal unions in capital groups

Function	Synthetic characteristics
Complementary	Complementing capital ties through personal union of managers of the controlling company and its subsidiaries, which ensures transferring decisions from the level of the controlling company to the level of subsidiaries without distortions, and "sealing" the network of its influence on the subsidiaries.
Propagating leitmotif	Increasing the probability of executing and propagating the leitmotif of the founders of the capital group in its clear unchanged form among subsidiaries by the controlling company.
Integrating	Performing functions of the supervisory board members or the management board members of various companies operating within the capital group, which are located in different countries, by the same persons brings the opportunity to create ties uniting the group into one organisational team. Thus, conditions are created to understand the leitmotif in the same way and to transform it into a vision, which is also understood as a value common to all members of the group.
Orientating	Orientating actions undertaken by entities of the group in accordance with its leitmotif, e.g. configuring the work of managers and of executive employees.
Inspirational	Transferring ideas from one company to another one by persons who perform personal unions is an inspiration for their activities. This, in practice, may facilitate undertaking actions which increase the effectiveness of the executed goals and tasks by the managers and employees of subsidiaries on a global scale.
Reduction of conflicts	Soothing and reducing influence on potential conflicts and tinderboxes in subsidiaries by transferring higher formal positions occupied by persons performing personal unions in the controlling company to its subsidiaries.
Using most qualified human resources	Achieving the synergy effect by employing their own highly-qualified managers in supervisory boards or management boards of subsidiaries. The simultaneous management of the controlling company gives ground to perform all the above enumerated functions of a personal union on a global scale.

Source: own work based on: Nogalski, Falencikowski 2010, pp. 363–364.

The above mentioned threats may concern, among others, expats' difficulties to assimilate, cultural shock resulting from a strong clash of different standards, values and cultural artefacts within a corporation, as well as of the phenomenon of multiple power which consists in the necessity to subordinate high-rank managers in subsidiaries to several high-rank superiors based in the country which is the location of a subsidiary, and - at the level of the controlling company management board - problems with convergence of organisational cultures, and manifestation of the so-called corporate cynicism [Zając Cz., 2009, pp. 50-58]. The phenomenon of corporate cynicism consists, on the one hand, in the excessive use of manipulation by the management staff [Winn 2003; Miroński 2000], awarding the employees who, at the price of promotion, are capable of disposing of numerous "inconvenient" employees, and, on the other hand, at the same time, in publicly promoting the application of the principles of fair and subjective treatment of subordinates and professional solving social problems in the enterprise, and popularising employees' behaviour based on duplicity and ruthlessness, and even insincerity towards superiors and co-employees. The phenomenon fairly frequently accompanies the stay of the expats who are employed under the personal union in the management boards of the subsidiaries in the same subsidiaries of international holdings.

2.2. The results of expats' stay in subsidiaries of international corporations located in Poland – synthetic research results

The results of the research carried out by the author indicate the following manifestations of problems arising from expats' stay in subsidiaries of international holdings located in Poland [Zając 2008, pp. 381–392][3]:

– difficulties with getting accustomed to each other by the Polish managers and their foreign counterparts caused by the language barrier (2 cases). Another social problem resulting from the lack of command of the English language among some of the Polish constructors arose in one of the enterprises (after the first acquisition). It was necessary for the manager to solve a personal conflict which arose between new specialists from outside of the enterprise employed by the director representing the new owner, who had a command of English but did not know the reality and specificity of the new work environment,

[3] The research was carried out in years 2006–2008 in 10 large enterprises located in Wrocław and Jelenia Góra representing the financial, chemical and machinery industries, and services. As a result of acquisitions, the enterprises became part of international corporations as subsidiaries. The research concerned a variety of social (including cultural) and organisational problems accompanying the operation of those entities following their acquisition by foreign industry investors. The research was conducted with the focused interviews method through a categorised questionnaire and a survey. Its results were presented in: Cz. Zając, Social Problems of Mergers and Acquisitions (M&A) of Enterprises, [in:] Herman A., Poznańska K., (ed.) Przedsiębiorstwo wobec wyzwań globalnych, vol. II, Oficyna Wydawnicza Szkoły Głównej Handlowej w Warszawie, Warsaw 2008, pp. 381–392.

and some of the Polish engineers who did not have any command of English. As proved by the interview conducted, the conflict began to result in wrong design and engineering decisions taken by the employees who did not have sufficient professional knowledge but who were supported by the new owner. The problem was solved by introducing English classes conducted for the management staff and specialists, and paid for by the employer;

- indicators of authority shown by managers employed by the representatives of the new owner, which cause bitterness and the sense of being "second-class" employees in the enterprise (2 cases);
- personal "clashes" caused by different approaches to standards of work, business priorities and manners of operation, among others while managing projects by Polish and foreign managers (3 cases); the reason was a low level of management competence on the part of the Polish management staff in those enterprises;
- uncompromising, quickly taken HR decisions resulting in making some members of management boards redundant, and replacing the key management staff (such changes appeared in nine out of ten examined enterprises – but their scope and pace were different), and business decisions causing the above discussed social results, without planning means and actions to amortise the social costs of those changes;
- disparity between the necessity of making savings promoted by the managing expats and the gigantic level of costs generated by them (luxuriously fitted-out houses for foreign managers, extremely high salaries in comparison with the level of remuneration on the Polish labour market, premium class cars);
- indication of corporate cynicism of expats (2 cases);
- problems other than professional, related to finding appropriate schools for expats' children (1 case).

All those problems were a subject of special interest on part of HR directors, who tried to solve them in a manner which would fully satisfy foreign managers. The interest was caused by the desire to gain recognition of new bosses, and, as a consequence, high evaluation of their work, fear of being made redundant, and awareness of the necessity to prevent the permanent antagonistic division into "us" and "them", which makes complete social integration impossible. They coincide with the requirements presented in foreign and Polish publications: professional (appropriate competences), personal (personal characteristics, above all predispositions towards quick assimilation into a different work environment), and family-related (moving houses by the family, selecting schools for children, job for the spouse, etc.), and problems of employees seconded to work abroad within an international corporation [West, Count 1997; Cartwright, Cooper 2001, pp. 90–97]. The source of the problems, as it is emphasised by certain authors, is to be found in the cultural differences of various countries [Cartwright, Cooper, Jordan 1998; Olie 1990, pp. 206–315] and differences in the organisational cultures of acquiring, acquired and merging enterprises.

Unsolved expat problems in the processes of international mergers and acquisitions may lead to stress and cultural shock [Marx 2000], and consequently, apart from personal costs incurred by these people, to serious social problems for entities – both sides of those processes, which prevent forming proper relations between the parent company and its subsidiaries.

The interviews conducted by the author, based on a research questionnaire with HR managers of the acquired enterprises which, following the acquisition, became subsidiaries of holding groups of international corporations, also indicated positive results of seconding representatives of foreign owners to work in Poland in the management boards of the acquired entities. The transfer of good managing practice, the introduction of new standards of expats' work and professional behaviours , and the necessity to learn English fast, at least at the level ensuring fluent communication, were considered most important (eight enterprises). In the majority of cases, Polish managers were forced to improve their professional qualifications and change their behaviour in a short time. In one case, two crucial managers directly admitted, independently of each other, that due to the standards of team work and strong customer orientation mastered during the cooperation with American expats at the time when the enterprise was controlled by an American corporation the enterprise based in Jelenia Góra was able to survive following the bankruptcy of that corporation.

Acquisitions by foreign corporations and international mergers in the examined enterprises also enabled overcoming a strong mental barrier which hampered the need for changes and mobility of numerous managers and employees. They also shaped their business attitudes and the desire to learn, which, from the viewpoint of both enterprises and their employees, should be considered a positive result of the change of an owner. They were a strong impulse for transformations of organisational culture in the values and behaviour applicable in those enterprises until then.

There is also a standpoint to be found in the literature which says that cultural conflicts will not arise only if superiors and subordinates come from the same type of culture, and there is a principle in international business that a foreigner employed in a particular country shall follow local customs [Gesteland 2000, pp. 16].

As it is emphasised by D. Schweiger and J. Walsch, the most crucial cultural issue for the merging enterprises discussed from the point of view of the merger effectiveness is not what the differences between the organisational cultures of the entities are, but whether maintaining those differences is beneficial in the long term [Schweiger, Walsch 1990, pp. 143–145].

In all nine enterprises where the acquiring part was a foreign institutional investor, their influence on the organisational culture of the enterprises was visible. In four cases its nature was direct: it consisted in introducing new values and initiating managing processes through values (2 cases), changing organisational behaviour standards (2 cases), implementing a system of monitoring employee feelings, which are one of the manifestations of the "operationalisation" of organisational culture (3 cases), as well as attempting to change organisational culture thoroughly (1 case).

In five other cases, new owners began to have an indirect impact on the creation of values and behaviour standards among managers and employees by introducing formalised reporting systems, corporate standards, managing methods and management practice based on strong business and customer orientation.

4. Personal union as a tool of selecting key managers in subsidiaries in international holdings

Forming a personal union and creating an HR policy allow to notice instruments of human resources management in capital groups. However, they are embedded "deeper" in the areas determined by both of the "management tools". The decomposition of HR policy into specific actions related to gaining managers and employees, and shaping profiles of their professional competences commensurately with the needs and organisational and financial capacity of a capital group allow only to pass to the set of human resources management instruments which may be used by the group's management.

The personal union should be considered as a reinforcement of the performance of the personal function in a capital group. In the international holding operation practice it may be introduced by, among others, seconding members of the management board, and in larger holdings even by lower rank managers of the controlling company to the management boards or supervisory boards of subsidiaries located beyond the country of the corporation headquarters (location of the parent company) [Jagoda 2000, p. 320].

Taking into consideration the subject of the discussion, forming a personal union may be treated as a form of selecting and employing management staff in holding groups and as an instrument of communication inside the organisation. Only "entering" the selection process provides the possibility to choose particular instruments of recruitment and selection of management board members of subsidiaries. Forming conditions for the development of managers and specialists in international capital groups and their motivation should be linked with applying a variety of tools used in the process of human resources development. Those tools fill in the space defined by planning, organising, conducting and evaluating the effectiveness of trainings, preparing the so-called personnel reserve programmes, succession programmes, planning professional carrier paths, periodical evaluation of managers, and broadly understood motivating, where remuneration for key managers of the capital group plays the crucial role. Proper matching those tools to the organisational specificity of a particular capital group, its needs, financial resources, and organisational culture undoubtedly has an impact on management effectiveness and positively affects the social integration level within the group.

Staffing key positions in capital groups on the basis of a personal union between the controlling company and subsidiary managements is one of the instruments belonging to the set of staff tools for managing a company. Along with constitutive, strategic, financial, and functional tools, they compose an "arsenal of means" to be applied by managers of capital groups [Romanowska, Trocki, Wawrzyniak 1998, pp. 138–153]. The personal union, as a basis for selecting managers for the most crucial positions in international capital groups, entails a number of benefits. They include:

- facilitating and broadening information inside the group,
- reinforcing the effectiveness of the owner's supervision,
- increasing the possibility to execute a personnel policy common to the whole group,
- increasing the possibility of promoting the managers of subsidiaries to managing positions in the group, which increases their motivation to work for the whole group,
- reducing costs of recruitment and selection of highly-qualified management staff,
- inflow of "fresh blood" as a result of seconding expats to work in subsidiaries located abroad.

In the opinion of the author, the above listed benefits, which lead to the acceleration and reinforcement of social integration of a capital group, ought to be supplemented with a lower risk of selecting management staff presenting the highest managing level, in comparison with external sources of candidates.

Such a way of selecting management staff in capital groups is not free from disadvantages, which include:

- higher probability of transferring personal conflicts from the level of controlling company management board onto the level of subsidiary supervisory boards and management boards,
- improper introduction of new cultural values to the social structure of a capital group,
- lower possibilities of increasing competences of the group's management staff due to limited sources of recruitment and selection,
- primacy of interests over the criterion of professionalization of activities concerning the personnel function of a capital group, which reduces the need to reach for various tools to recruit and select candidates for the highest

management positions, including those from the labour market; this may lead to the decrease in the qualification potential of the capital group as a participant of the market gambling in the long term.

- personal, cultural and organisational problems related to the assimilation of expats, which were discussed in the previous part of the paper.

5. Conclusion

The approach based on applying a variety of methods and tools for recruitment and selection is a factor which minimises the negative sides of a personal union as a tool of selecting key managers for crucial management positions in the management bodies of subsidiaries in international holdings. Such an approach allows, in the opinion of the author, to diagnose professional competences of candidates for the highest management positions, and thus, increases the probability of employing persons who have proper qualifications for the positions, and not only those who represent certain stakeholders present inside the group. The wide spectrum of instruments for selecting employees includes, in the opinion of the author, the Assessment Center method and psychological tests as potentially useful for assessing professional competences of candidates for the highest management positions in capital groups. The Assessment Center method (or its elements)[4] seems to be the most appropriate one in meeting the recruitment needs of an international capital group. It allows to assess comprehensively the managing potential of candidates for the highest management positions in subsidiaries, which decreases the risk of making wrong personnel decisions.

Abstract

The paper presents the personal union as a tool of HR policy in international holdings. Disadvantages and advantages of the personal union in such groups of enterprises are presented from the perspective of their specificity which arises from the phenomenon of multiculturalism. An analysis of the personal union and supervisory boards as factors strengthening personal ties in international capital groups was conducted. The results of research on the effects of activities performed by expats who were seconded to work in management boards of subsidiaries of international holdings operating in Poland are presented here. The personal union is also evaluated as a tool of selecting candidates for key management and specialist positions in subsidiaries within international capital groups.

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[4] Assessment Center characteristics means a complex multi-criterion method of assessing candidates for managing and specialist positions , used also in the process of periodical evaluation of employees representing the management and specialists staff in enterprises.

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