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# **HUMAN RESOURCES MANAGEMENT AND THE INTERNATIONALIZATION CHALLENGE: THE CASE OF A SPANISH PROCESSED FARM GOODS' COMPANY**

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## ABSTRACT

From a practical approach we analyze a company that wants to internationalize. The objective is to propose the design of a human resources plan for a successful implementation of the internationalization strategy.

*Desde un enfoque práctico se analiza una empresa que quiere internacionalizarse. El objetivo es proponer el diseño de un plan de recursos humanos para que la estrategia de internacionalización pueda llevarse a cabo con éxito.*

## BACKGROUND AND OBJECTIVES

The current economic scenario places companies face to an unavoidable challenge: internationalization. In a globalized economy a different blend of opportunities and threats appears; companies need to be equipped with new strengths so that they are able to overcome the growing competition. Firms require a certain set of abilities to match the requirements of a global market scenario.

Many authors have dealt with internationalization related issues; most of those studies are focused on big multinational companies. We have chosen to approach internationalization from a Small-Medium Size company (SMC) perspective. The weight of SMC in Spanish economy is very important in terms of total number of employees as well as for their contribution to country wealth. But these companies find difficult to compete in a globalized economy. In Spain the average size of a SMC is even smaller than in other European countries; this fact makes them more vulnerable and in many cases places them in a fragile bargaining power-position. The need to expand their markets enters in conflict with the need to minimize risks.

We consider that the human factor is highly responsible of the success or failure in the internationalization process of a company. From this perspective strategic Human Resources Management gains increasing significance. Our aim is to illustrate the process through which a SMC undergoes to be able to become international focusing our analysis on the Human Resources scope.

We have initiated our research work by collecting general information related to internationalization. Next, we have explored the company's specific business field. Evidently, company's internal sources have been very valuable as we pursued to base this paper on a real running company.

After a careful analysis of the information collected we will expose our conclusions. The final objective of the essay is to elaborate a human resources plan of action for an effective internationalization of the company.

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# 1 BUSINESS ANALYSIS

## 1.1 The company

This family owned business is rooted back in time. It's been several generations since they began trading with livestock and growing crops for commercial purposes. In the year 1965, seeking to adapt to the new market trends, they balanced their product-mix towards the fodder sector. With the time the initial artisanal methods, very intense in terms of manpower, have evolved to the actual highly mechanized practices combined with the application of the latest innovations appeared from the research conducted in agricultural science.

The blend of tradition and innovation, together with the directive team's aim of getting one step further in the value chain resulted in a new business model. Thus, in 1993 the company, under the legal form of SAT (agriculture transformation society), began a new era based on new processing industrial facilities. This legal form has some peculiarities that match perfectly with the corporate culture, for instance the shareholders are owners of farmland or work on farm related business, and none of the shareholders can have more than one third of the business. It leads to a collegial form of entity where entrepreneurs are shareholders and have working, managing and decision making role in the company.

The organization's purpose and primary objectives are summarized in the mission statement. In this particular case, the pattern by which success is measured has been expressed by the management as follows: *"To become one of the leading industries in Spain on the field of processed farm goods. To become a reference in the market by delivering the best quality and most suitable products to satisfy customers' needs. To achieve sustainable development of rural areas blending tradition and innovation"*

With regard to the vision and the desired future accomplishments that will place the company at the point stated at the mission, they declared: *"We want to be identified by our commitment to help customers every day to breed healthier animals by providing the most adequate nutrients and, by our responsible farming practices as*

*our contribution to society. We intend to show the profitability of environmental awareness; our aim is to match economical sustainable practices with harmonious development of society in rural areas. ”*

Values are also determinants of an organization’s culture as they affect the way in which things are done. Concerning this point they have declared: *“We accord strong importance to basic values as loyalty, respect and trust in relations, compromise with our community and transversal cooperation with suppliers and customers.”*

## **1.2 The business model**

On the agricultural side they combine the annual corps (such as wheat, corn, vetch and peas) with alfalfa and fescue which are perennial ones. These practices are crucial for an appropriate rotation system, always pursuing to respect the edaphic characteristics of the soil. Another area of the business is animal husbandry.

According to Porter, the analysis of the value chain helps us identify competitive advantages but also the areas of the business that could be improved. We differentiate two groups of activities within the company:

- Support activities such as supply negotiation, governance, human resources management, sales and customer service.
- Core activities for example supply logistics, transformation or end-product logistics.

In the following matrix we have marked in blue the points over which the company has full control, the ones unmarked may be susceptible of a highest degree of control if they are to increase the value added to the process. Nevertheless certain activities are externalized seeking for effectiveness; in no case they are critical activities that may constraint the running of the business. In some other circumstances where dependence over external sources is unavoidable, it has been minimized through diversification on suppliers of goods or services.

DEPARTURE POINT	1st. PROCES	2nd. PROCES	PRODUCTION	LOGISTICS	COMMERCIALIZATION
Land owned	Rented land	Industrial design	* DEHIDRATED FODDER		
Shareholders	Seeds Fertilizers Pesticides Water Crops by surface Energy Machinery Outsourced services Work force	Spare parts Packaging Eco fuel Electricity Raw fodder	- Pellets - Bales	- Transport to depot. - Storage - Delivery	- Traders - Livestock owners - Industry
Flock		Animal food Sheep keeping Health control	* RAW CROPS: Corn and wheat  * LIVESTOCK: Lamb	- Harvest - Transport and Storage - Delivery  - Delivery	- Traders - Industry  - Lamb trading association

### 1.3 Products and production

With the aim of delivering customers with guaranteed products that satisfy their needs they have established a tight control of farming practices. This system encompasses the whole breeding and culture activities, and follows the FAO (Food and Agriculture Organization of the United Nations) recommendations on GAP (good agricultural practices); from the planning of the agricultural cycle, preparation of land, seeding, correct irrigation, pest fighting, harvesting at the optimal moment, careful collecting, transporting of the corps, fodder dehydrating, as well as the appropriate handling and storage of end products.

Traceability of food products is applied; this guarantees safeness to end consumers. International Organization for Standardization (ISO) defines traceability as the “ability to trace the history, application, or location of a product”. The levels as well as the ends of traceability may differ but the recent food safety crises have evidenced the relevance of these controls.

According to the product portfolio we can distinguish three main business areas:

- LAMB: They raise and commercialize lamb under the PGI (protected geographical indication) “*Ternasco de Aragón*”; this implies breed selection together with natural feeding and traditional shepherding practices. This farming activity is meaningful in the frame of the sustainable agricultural practices of the company. Besides, they close the cycle as consumers of dehydrated fodder; this fact helps the company gaining a better understanding of the market from a final user’s perspective.

Lambs aged less than three months are commercialized through Casa de Ganaderos, a cooperative form of organization that sells the associates’ production in auction and pays them according to the price that the product has reached. This allows associates to enjoy higher levels of bargaining power.

The company takes also part of a cooperative that works both as sanitary defense association and as a supplies purchasing hub.

- CROPS: Cereal crops are sold directly to nearby big farmers. As we have said, cereals are required for a correct land rotation and it is through this cycle that they become meaningful.

The whole process from seeding to harvesting and storing is done with their own means. The only exception is final conditioning in the case of corn; this cereal needs to be dried and the process is externalized to a nearby plant.

- FODDER: The industry processes the freshly collected fodder within 24 hours to guarantee the best possible quality and the integrity of the plant. Factors such as color and leafiness are crucial for obtaining a quality product. Fresh cut fodder arrives to the factory where it is dried by hot air. The process helps to preserve the main nutrients; besides it is the key to stable depot and to optimization of the logistic chain. This method assures a homogeneous product in terms of feed value, amino acids, protein, fiber, carotene and moisture. Knowing forage quality and animal nutritional needs is necessary to formulate rations better adapted to

the desired animal performance. A homogeneous product is the essential departure point for the design of accurate feed-rations.

Samples of the product are systematically analyzed and certified by an independent homologated laboratory. Another regular control control is based on the supervision of products and processes by regional government agents; they take actions to ensure the correct application of production methods and quality standards according to EU regulations.

#### **1.4 Geographic scope**

The industry is located in the area of Zaragoza, the geographic scope of the farmland are the banks of the Ebro and Jalón rivers.

The Ebro valley has been traditionally a referent in fodder production due to its climate and edaphic conditions. After an era of strong industrialization of the region the agricultural sector represents only a very low percentage of the total working population. Fodder is a highly mechanized crop that has taken over more workforce demanding ones.

Although the Jalón lands have been traditionally producers of fruit, fodder is gaining territory recently. Due to the cost structure that the sector supports in this region, fruit production can hardly compete at markets.

#### **1.5 Degree of internationalization of the firm**

Direct international sales represent 5,88% of the total volume of sales. The geographic span of direct international sales is circumscribed to nearby European countries.

From an attitudinal perspective we can see that the commitment of top management face to internationalization is not too strong at this moment; pragmatism is their main source or motivation for internationalization.

On the other hand, top managers have developed certain knowledge of the international markets through their experience dealing with tenders. Each customer has peculiarities and international ones have required product adaptation and particular negotiation techniques in order to obtain customer satisfaction.

## **1.6 Their markets**

The dehydrated fodder production is mostly addressed for direct animal feeding purposes and only a small part goes to the compounds industry. The traditional domestic markets have been Castilla-Leon, Cantabria, Asturias, Navarra, Madrid, Castilla La Mancha, Aragón and the Canary Islands. In recent years a part of the production is sold internationally to Italy, France and Portugal. Lately, by the means of intermediary trading companies, a high percentage of total national sales have been indirectly addressed to the United Arab Emirates.

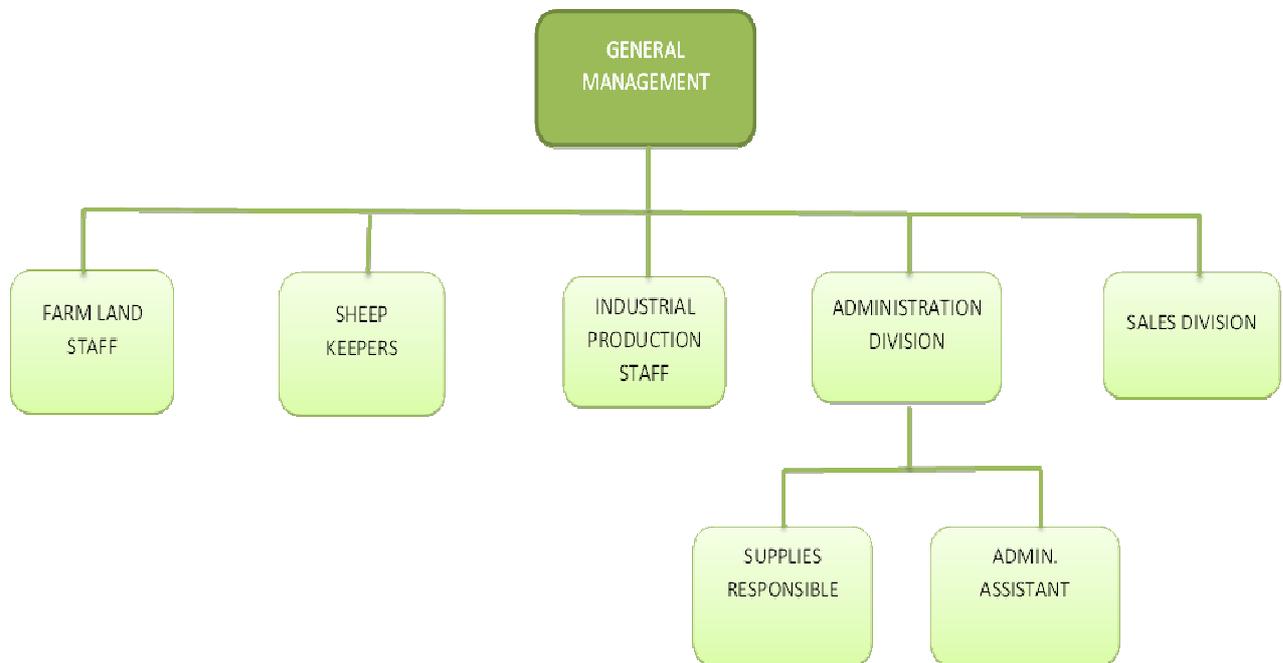
Dehydrated alfalfa in the European area is in a mature phase of the Product life cycle. Besides, we are observing a progressive regression in the number of farm animals in EU countries as farmers supporting heavy cost structures cannot compete with cheaper foreign production.

There are other regions where the market is at a growth stage; those ones offer a greater potential that could be conquered by product qualities.

## **1.7 Structural analysis**

The Organization chart illustrates the case of many SMC. They have undergone a quick growth in a short period of time.

Here we can see the design of the Organization chart at present:



The supervision as well as the decision making is concentrated at the head of the structure. This implies an excess of micromanagement work at this level and few time left for important strategic management actions.

It is based in a functional division of work, specialization has led to individual working and the decision making is centralized at top executive level. Although it is a hierarchical structure the formal and informal relations between members of the organization are flexible and fluid.

There are not explicit written job descriptions but every employee has a clear understanding of the competences and responsibilities of the post held.

The distribution of human resources is divided as follows:

- Animal husbandry: 6,3%
- Farm labor: 57%
- Industrial production: 27%
- Administration and sales: 9,7%

## 2. IN DEPTH STUDY FOR STRATEGIC DECISION MAKING

### 2.1 International diagnosis

We are going to apply SWOT analysis for international diagnosis purposes.

- **STRENGTHS**

- Know-how excellence of all the entire value chain acquired through years of experience.
- The workforce is motivated and committed to the company. They have proven their willingness to accept new challenges.
- Flexibility acquired through constant adaptation to environment and innovations. Their SME structure helps to obtain quick responses to new scenarios.
- Open attitude face to new challenges.
- Tight Quality control methods that guarantee excellent standards.
- Cost control through price setting of raw materials (always within market prices) maximizing profitability and special price discounts based on large orders.
- Supply control: Most of the raw materials for the industry come from own produced crops.

- **WEAKNESSES**

- There is a lack of internationalization strategy; this positions them as followers in international trade related issues.

- Human resource policy is not internationally focused and we evidence deficiency of international skills among the employees.
- Lack of brand awareness at international markets.
- It is a commodity, there is not differentiation in product; hence, purchase decisions are mostly based in price.
- With 76% of the sales through traders and 24% to end consumers the firm depends a lot on intermediaries.
- A large part of total sales are concentrated in a small group of customers which are trading companies. This illustrates Dr. Juran's observation of the "vital few and trivial many" commonly known as Pareto's principle.

- **OPPORTUNITIES**

- Size and growth of the international fodder market.
- Trade regulations that facilitate international trade.
- Good country image of the Spanish agricultural products perceived at international markets.

- **THREATS**

- International competitors have consolidated a strong position (USA, Australia, Canada, France and Italy)
- International price composition is affected by many unstable factors influencing costs such as logistics, energy or exchange rate fluctuation.
- Some distant markets, like the Asiatic one, make our product less competitive in terms of price face to direct competitors.
- The world economic crisis has created difficulties in gaining access to financing. The sector is constrained by the risk of non-payment.

- The business is excessively energy dependent; some scarce resources are consubstantial for the business.
- Uncertainty about the impact of the new EU regulations to be implemented from 2013.

We present a brief summary of the previous SWOT analysis:

### S.W.O.T. ANALYSIS



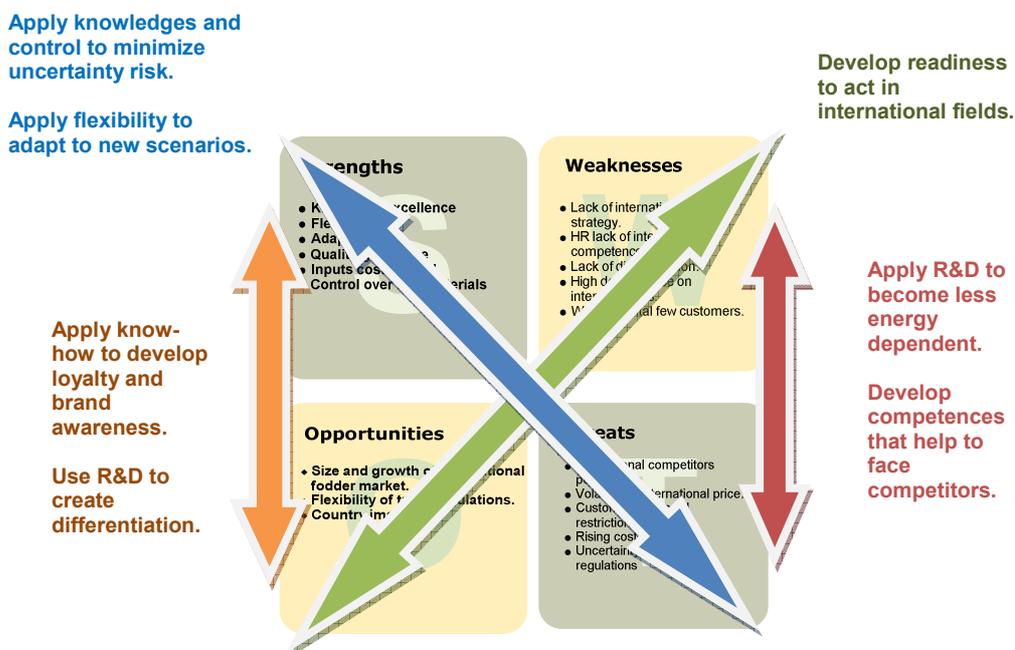
To continue our analysis we can apply the results of our research to carry on Porter's 5 forces analysis:

- Regarding the energy suppliers bargaining power, we have observed a weak relative position. Further, the company seems to be in a safe position concerning the relative low dependence on external sources of raw materials; nevertheless their prices have to follow external equity and be in accordance to general market prices.

- Customers bargaining power is very strong and it affects to price negotiations. Another critical point is the strong dependence on some big customers.
- If we look at competence supremacy both nationally and internationally, a SMC can hardly compete in terms of final price, this evidences the need to differentiate from competitors.
- There are of course substitute products but they have not the same attributes and qualities, therefore we consider that as long as the price stays marketable they are not going to represent a threat.
- The entry barriers for new comers are high investment requirements, know-how of the process and institutional decisions influencing the sector.

At this point we can use a crossed SWOT analysis as strategy generator. This method helps us to come out with ideas about how to maximize our strengths and opportunities while we minimize our weaknesses as well as the impact of threats. The image helps to give a general idea of the process.

### CROSSED S.W.O.T. ANALYSIS



Now we would get into a more detailed examination of the strategies:

- Strengths- opportunities: It consists on using strengths to be able to catch up opportunities.

We can use the company's strengths such as quality and know-how to develop brand awareness and that way to take advantage of the current opportunities. Another strategy recommended is to stay ahead in R&D so that they create differentiation.

- Weaknesses- opportunities: Once the weaknesses have been identified we would undertake the process to overcome them in order to be able to hold on opportunities.

The lack of international skills is a constraint that human resources department should handle; through training and hiring staff appropriately the company can become ready to seize opportunities.

- Strengths-threats: Use the strengths to avoid or diminish the impact of possible threats.

Knowledge and control are their main strengths to minimize risk and uncertainty. Besides the fact of controlling most of the stages of the value chain places them in a privileged position face to competitors.

The sector is under EU regulation and for this reason they will need flexibility to adapt their practices to the new requirements announced for a near future.

- Weaknesses-threats: The purpose is to eliminate weaknesses and elude threats.

Become less energy dependent has been a mantra for the company; it is necessary to continue actions in this direction.

Face to the evolution on world trade it is essential to gain international competences to be able to operate successfully in markets that are distant geographically, culturally and institutionally.

## 2.2 Internationalization frame

To formulate a new strategy we should define precisely aspects such as timing, geographic market scope and product selection.

Once the present situation has been studied and the strategy chosen, the course of action should begin immediately. The time horizon will be in accordance to the goals set and should consist of an immediate short term plan in accordance with the long term objectives.

As a guide for market and product selection we can use the following matrix; it helps us to illustrate the possible strategic business options as stated by Ansoff (1957)

	<b>Existing product</b>	<b>New product</b>
<b>Existing market</b>	<b>Market penetration</b> Increase sales to the existing market. Penetrate more deeply into the existing market	<b>Product development</b> New product developed for existing markets.
<b>New market</b>	<b>Market development</b> Existing products sold to new markets.	<b>Diversification</b> New products sold in new markets.

(Source [http://www1.ximb.ac.in/users/fac/dpdash/dpdash.nsf/23e5e39594c064ee852564ae004fa010/19ea03116484a491652571d00036af2d/\\$FILE/Ansoff.gif](http://www1.ximb.ac.in/users/fac/dpdash/dpdash.nsf/23e5e39594c064ee852564ae004fa010/19ea03116484a491652571d00036af2d/$FILE/Ansoff.gif))

Following Ansoff's terminology, in the particular case that we are analyzing, we consider that the most suitable strategy would be "Market development". As we have seen the traditional home market is in a decline phase while opportunities are found in other markets. Besides, their products might require little adaptation to be sold in new markets.

Due to the fact that economic resources are limited the firm must aim for segments that match better its marketing capabilities. In consequence, we should browse the global market in order to identify groups of consumers. Once the market has been segmented we would evaluate which of the groups have higher potential for our company, that way we would target our marketing actions aiming to optimize the investment.

As regards the choice of the product to start internationalization, the company has selected:

- SECTOR: Animal food as they show good growth potential face to animal production.
- PRODUCT: dehydrated alfalfa in bales and pellets. They have chosen this particular fodder to focus on a high quality market characterized for higher value protein. We have evidenced the size and growth of the international market. For the company those are products that follow the principles of maximization of the value added.

They produce dehydrated fodder in two presentations: pellets and bales. Next we will proceed to an in-depth product analysis.

## **DESCRIPTION**

The pellets need further gridding of the dehydrated product that is subsequently granulated in compact cylinders 6 mm. diameter. The pellets are mostly sold bulk although the product can be bagged on demand.

The bales are made by pressing and packing together the branches of dehydrated fodder. Each bale has a dimension of 2,20 m. length, 1,15 m. width, and 0,8 m. height and weights on average 720 Kg.

## **ACTION**

It provides high levels of vegetal protein together with the required fiber, minerals and vitamins of excellent quality. Dehydration compared to natural drying (hay), reduces the losses of nutritive value (leaves, protein, vitamins) and the risks of soil contamination and avoids moisture by rain or dew that would increase the microbial contamination. It is the most suitable forage for herbivores in general and for ruminants in particular, especially in times of scarcity.

By submitting this alfalfa to the dehydration process the degradable protein is transformed into slowly degradable protein or high by-pass, and the fiber tends to be shorter. The production process and final quality are fairly standardized to be in accordance to the EU regulation of the sector.

## **ADVANTAGES**

The dehydrated fodder has considerable advantages such as high quality forage obtained, along with savings in the cost of logistics such as transportation and storage.

The dehydration process does not alter the nutritional characteristics of forage. The fodder provides protein, fiber, minerals and vitamins, as well as good energy value.

Crude protein content affects its market value. The earlier the fodder is collected, the lower the production per hectare, but the higher nutritional quality because it helps to increase the proportion of leaves on the stem being those ones the main protein holders face to the stem. It is estimated that the protein is a good indicator of energy value and thus a quality indicator.

Alfalfa in particular, is a good source of macro minerals (calcium, phosphorus, magnesium, potassium, and chloride), trace minerals (zinc, copper, iron), vitamins (fat soluble, group B) and pigments.

## **INDICATIONS**

It is very suitable for greater milk production, pregnant animals and livestock fattening. It is used as a basis for the development of feedlot rations or in addition to extensive cattle farms. Besides it is added in the formulation of compound feed by their high protein value.

Pellets are addressed mostly to sheep, goats, rabbits, horses and camels. The bales are also used to feed ruminant; yet they are specially indicated for beef and high-producing dairy cattle as it is important for them to consume large quantities of easily digestible fodder.

## **DOSING**

In the intensive breeding of ruminants, cattle, sheep-milk and goat-milk, alfalfa has a great potential in animal production and growth. Dehydrated alfalfa in this case may represent between 70 - 100% of the diet and would be provided throughout the year, the rest for a diet base is cereal straw.

Moreover, in mono gastric animals like pigs, poultry and rabbits, although to a lesser extent of 2%, alfalfa would also be a good contribution throughout the year.

In ranching, alfalfa availability plays an important role when protein is needed. At least a 20% of alfalfa is recommended for meat production; it enhances the nutritional value of poor animal feeding due to scarce farm corps or when for climatic reasons there are no grazing resources.

## **2.3 Market selection through global market analysis**

We would like to highlight the importance of market research face to internationalization; this would provide helpful information on internationalization opportunities, choice of markets and the most appropriate entry mode, plus comprehensive design of the marketing program.

- To guide our research we have defined the following marketing decision problem: *Which international market is more suitable to begin the internationalization?*
- We have identified some topics of research that will provide input to solve the stated problem. We would need information on demographics, entry barriers, analysis of the competence, consumer habits, size and growth of the potential market, distribution channels and cultural differences.

We may consider that geographical segmentation is a very basic “by the book” method; nevertheless, at initial stages of internationalization it can simplify homologation and other bureaucratic procedures necessary to gain access to a specific market. However, a further insight must tend to identify groups with common needs; this would serve the purpose of finding the best possible target group.

Our research sources have been both internal and external data. The secondary data used for our study has been general data provided by the firm, macroeconomic figures and ICEX reports on this particular sector (illustrated in Annex I). In an attempt to obtain primary data we have interviewed managers and employees of the company. Other sources of information such as end consumer research, as well as investigation of competitors and intermediaries should also be studied for a deeper comprehension of the business environment.

According to the information on trade trends and on the total volume of international commerce obtained from ICEX and UN statistics, we can draw some conclusions about the global dehydrated fodder market and its foreseen evolution.

The amount of worldwide imports of dehydrated fodder bales for the year 2010 was around 1.600 million USD. The average rate of growth between 2006 and 2010 has been 62% and has followed a constant positive progression.

The approximate total amount of world imports of dehydrated fodder in form of pellets for the year 2010 was 450 million USD. We would like to highlight that the year 2010 has observed an extraordinary growth. According to our sources of information the

rate of growth has speeded from an average 17% (2006-2009) to a 130% (2009-2010).

It is important to mention that progressive growth observed up to 2007 declined in 2008 and 2009 parallel to general trade trends. During the year 2010 the tendency has changed; and international trade figures have returned to a positive movement.

The biggest consolidated market for dehydrated fodder has been Japan (see graphs number 2 and 10 for main international markets). According to the figures obtained from ICEX, Japan represented in 2009 a 28,2% while in 2010 they were second biggest worldwide importer with a 12,1% of the total market for pellets. Concerning bales they have passed from 50,5% of the total market in 2009 to 44% in 2010. The main supplier of the Japanese market (see Japan main suppliers at graphs 3 and 12) is the U.S.A. who serves 69% of the bales and 59.7% of the pellets imported, followed by Australian and Canadian suppliers. If we consider its size, this seems to be a very attractive market. Still the strong presence of American (see graph 6 and 15) and Australian (see graphs 7 and 17) imports suggests the importance of the logistics in price composition; in spite of that, Spain has gained a small share of the Japanese market. The evolution of the total amount of imports has been positive; increasing in 10% for bales and 11% for pellets.

The second biggest international market at present is the United Arab Emirates. As in many fields of international commerce they may also act as a hub for the Arab Middle East. Their weight in the international market has experimented recently a sharp growth most in particular during 2010. Between 2007 and 2010 they have reported an astonishing 1178% progression on imports of pellets; regarding the imports of bales they have shot by 248% for the same period.

As we can see at graph number 4, U.S.A. with a 68,4 % and Spain with 14,7% of the trade on dehydrated alfalfa in bales lead UAE's supplier countries. If we consider imports of pellets (graph 13), where the Italians have traditionally dominated this market, the year 2010 has viewed a totally new scenario. Unfortunately the statistic services don't identify the source of 48% of the imports. Their main identified supplier of pellets is Spain with a 44,5% of the Emirates' market. We consider that U.A.E. is a

country to follow; the market seems to be in a growth phase. The sudden change in the total volume of imports as well as in their suppliers makes it a difficult but challenging scenario.

Some traditional markets for Spanish dehydrated products have been EU countries as Portugal, France and Italy. The typical “distance barriers” for international trade are not applicable to the EU zone any longer; cultural and geographical proximity together with the low institutional distance thanks to the harmonization of policies have made possible to ease trade relations. Farther markets have been, opened in many cases by European dealers placing their own production together with Spanish products in a third country.

At present the Spanish companies exporting bales (graph 8) depend on the U.A.E. with a 48% of the total exports. Recently Saudi Arabia has come at scene; The Kingdom is the destiny of 23% of the Spanish exports, Spain leads at this moment the Saudi market. The analysis of graph 19 shows how the Spanish exports of pellets go mainly to U.A.E. in a 76,3%, traditional markets like France represent 7% or 4,5% in the case of Portugal. We can conclude stating that Spanish firms have a heavy dependence on the exports to the Emirates.

Japan and U.A.E. are the biggest markets at present if we consider their size. The data studied shows other markets that are expected to have growing interest in the future as Saudi Arabia, Turkey or China.

## **2.4 Choice of the entry mode**

The entry mode may be different by countries; it varies according to the type of customer, the peculiarities of the market and country legislation.

We are going to review the general strategies considered entering a foreign market:

- Internet and e-commerce in this case through the click-and-mortar way. An internationally oriented WEB design is immediately necessary if the company wish to have international business. We consider that internet presence is

required and that it should be carefully designed as it will be the image of the company. It could be considered to assist sales. At first stages the webpage would be used as a communication tool and link with the customers. However e-commerce is not a priority due to the characteristics of the product and the business framework.

- Exporting is usually the first step chosen for internationalization; it is a way to begin an expansion to international markets that requires the minimum investment.
  - At this moment the company is exporting indirectly through intermediary firms and trading companies. Direct exports are at present the result of answering to bids.
  - A suitable option for the company would be to export through international agents who will market their products within a geographic area under commission on sales. It is important to choose correctly; the person should be loyal to our business, committed to his job and with the required skills and knowledge of the specific market.
- Strategic alliances:
  - International distributors who represent our products and our company but, in contrast with agents, distributors take ownership of the products. We lose control over some important marketing strategies such as price, product positioning, and distribution. Nevertheless we can agree some terms and establish collaboration in communication or other aspects of the marketing mix. Distribution alliances and marketing agreements are non-equity based agreements.
  - Joint ventures in contrast are mainly equity-based; in some of our potential markets they are crucial to overcome entry barriers.
  - Export consortia are a form of cooperation among SMEs as they create a synergy that helps their associates to enhance their individual export potential.
- Foreign direct investment by establishing an international sales subsidiary provides the higher level of control but requires the largest investment of resources and a deep knowledge of the market.

- Licensing and franchising have not been considered a valid strategy as we believe that they do not suit the characteristics of the core business.

## 2.5 International supply analysis

The range of products that will be considered for internationalization purposes is limited to alfalfa pellets and bales at start.

International logistics of the products considered are well developed. Due to the features of the product the best suitable transport is:

- Bulk for pellets.
- FEUHC, high cube 40' feet containers for bales. The inside dimension of the container (12,036 length, 2,35 width, 2,697 height) allows to load 30 units with a net weight around 21 tons. The actual size of the bales has been adapted in order to optimize container load.

Once that the specific market has been chosen it should be verified if further product adaptation is required to match country regulations. It may also be necessary to modify product specifications and of course assure an accurate labeling in foreign languages to match market requirements.

International negotiation should conclude with the signature of a contract that will gather all the terms involved in the agreement. Many factors account when calculating international price; it will depend on the terms of the agreement and price strategy.

Price is always linked to the precise INCOTERM that both parties have approved; the price will change a lot from a FCA at origin to a CIP at destiny. If the importer has a strong negotiation power with a transport company he may obtain cheaper shipping prices. Other aspects such as responsibility or property over the goods influence as well in the choice of an INCOTERM.

When the company has established overseas sales facilities the price has to embody all the cost and margins until that point of sale.

## **2.6 International market plan**

In this area we should coordinate all the marketing tools within the company into a program seeking to maximize the impact on consumers at a limited cost. We would have to take into consideration the national and cultural differences so that we design a suitable marketing program.

If we want to reach the final customer we need to design an international communication strategy suitable for the market that has been chosen. At early stages frequent visits will be required given the great importance accorded by this business frame to interpersonal relations. A high standard customer service is also recommended if we want to gain satisfaction and loyalty to our products. Moreover, endorsements and viral-marketing are common cultural practices in our target markets.

Once that a global strategy has been set and products have been adapted to match requirements, it is necessary to go ahead in the statement of the sales strategy. We should develop a price policy and design clear sales procedures regarding issues like negotiable and non-negotiable terms of the contracts, required margins or sales clearance guidelines.

## **2.7 Design of economic plan**

An economic plan should include an estimated budget of the project, a feasibility analysis and a forecast on medium term impact of the action as well as of the inaction.

We should take into account the required initial investment on hiring and training staff, the need of adaptation of the existing facilities and products, the cost of international certifications and budget all the communication actions necessary to enter successfully the market.

We can consider different scenarios: pessimistic, optimistic and realistic outcomes according to all the possible levels of success. This exercise should anticipate the risks linked to internationalization and it will serve to project contingency plans to be activated in case of need.

## 2.8 Conclusions

Based upon market predictions and company goals the following strategies are chosen:

- World markets selection: U.A.E. and Saudi Arabia. This option has strong implications from a human resources perspective due to the specific abilities and knowledge required to overcome intercultural distance.
- Short term strategy: The Company has acquired international experience through occasional and experimental exports; these have been seen as the way to place the stocks that left unsold through trade companies. Providing that the company applies the proposed internationalization strategy, we consider it is suitable to initiate an “active export” phase.

The short term objective should be to create an export department responsible for stating and activating an international commercial policy in order to make possible to begin the direct exports phase.

In order to overcome bureaucracy difficultness and legal requirements, initially we would recommend a distribution policy based on exclusive agent/importer that will ease access to decision makers and will help to learn the peculiarities of the market.

- Medium term strategy: Once the previous phase has been consolidated they might consider the possibility of establishing overseas sales facilities at key foreign markets.

# 3. INTERNATIONAL CORPORATE GOALS AND HUMAN RESOURCES

## 3.1 Internationalization decision

When asked about the immediate defy for the company, the shareholders answered that their challenge is continuity in terms of time and volume of operations. This could seem a not ambitious goal; however in this answer lays the essence of a continuous struggle for adaptation of the European agricultural sector if they are to survive in a globalized economy.

It is at this point when we realize how the agricultural and commercial practices need a revision to match the new international market frame. The changes foreseen in the agricultural policy of the UE draw a future scenario where row agricultural products are mere commodities, exposed to the waves of these particular markets, ruled by speculation and uncertainty.

Animal rising within the EU is not able to compete in terms of cost with foreign production. The European livestock production needs to differentiate through product characteristics based upon product features. The growing concern about healthy habits opens new opportunities for quality guaranteed food production. Besides, foodstuffs need to be value added, thus it is necessary to go ahead in the integration within the value chain.

We assist to a reduction of the animal farm production in Spain and in the EU. Nonetheless, the redistribution of world wealth is developing opportunities in new emerging economies.

The reasons for internationalization may change from one company to another. However, there are some elements that happen to affect in many cases, they are called “pull factors” (Monir Tayeb, 2004). The case we study seems to be influenced mainly by the opportunity of a growing international market face to the contraction of the home market. We can also identify other factors influencing the decision: size

and total capacity of the company, top management motivation and actual international position.

The choice of internationalization as corporate goal has great implications from the human resource perspective. The role of all the employees is fundamental in any organization; not only they create value by delivering a product or service, they are also the image of the company and the link with external stakeholders. These reasons infer the importance of a strategic management of the company's human resources for a successful implementation of the internationalization plan.

### 3.2 Objectives

After a realistic analysis of the situation we asked the management about the strategic objectives that they envisaged to set, the answer was: "We need to build direct commercial relations in growing international markets. From a short term perspective, the operative objectives for next year would be to implement an internationalization strategy that would allow us to start operating at least in one of the selected target markets."

Following the internationalization strategy that has been chosen and the strategic goals that have been set they should proceed further down in the organizational structure towards individual goal setting for executives, directors and subordinates implied in the process.

It is desirable to set objectives that are S.M.A.R.T., standing for:

- Specific description of the desired end and the person involved.
- Measurable and therefore assessable.
- Attainable although challenging.
- Realistic.
- Time framed within the planned roadmap.

### 3.3 Organizational capabilities for internationalization.

Employees' proficiencies have direct influence in general levels of performance. Moreover, through the analysis of competences we are able to express the way in which the objectives are going to be reached. As competences we consider a blend of knowledge, abilities, skills, attitudes, and business etiquette literacy. Those professional capabilities are visible and measurable and, when they are aligned with business objectives they contribute to the success of the company. Managing by competences seeks to effectively deal human resources to enhance capabilities so that the performance of the company improves.

At the essence of the corporate culture we can identify the so called core competences; those are present at all levels of the firm. In addition, more defined technical competences are necessary at each particular area such as the specific capabilities required to succeed in international grounds. Technical competences should guide in depicting and matching opportunities while minimizing internationalization related risks. At this point it is necessary to assess the employees' knowledge on foreign languages, international trade and intercultural proficiency. Besides, there are attitudes, skills and abilities required at international grounds which help to ease commercial exchanges.

#### 3.1.1 Human resources information system

It is essential to know the talent and potential of the team as well as the drawbacks and needs of development for internationalization. Therefore, we need to create a system containing all the human resources information relevant to achieve the strategic objectives. We need information on education, experience, potential, skills and abilities of all the employees, especially those key employees that are going to be involved in the internationalization of the company.

For that purpose we suggest a basic one-page form enclosed as Annex II. This check list helps us to identify underexploited employees' competences as well as the areas that are required to develop for the internationalization of the firm. From that start point we can elaborate an appropriate training program.

Initially, we had intended to conduct interviews in order to elaborate a complete information system of the employees directly involved in internationalization. Although the company has always shown strongly involvement with the study, unfortunately we have found some limitations due mainly to the high workload of the personnel at the moment of closing this essay. Still, some generalities in this field have been found as result of our interviews with the manager and employees. Primarily, we have evidenced a clear lack of knowledge of English language at a negotiation level. Additionally, it would be required a development of intercultural related competences as well as a deeper knowledge of international trade procedures.

### 3.3.2 Management diagnosis

We should deal with two main weaknesses facing internationalization: The lack of direct experience in trendy international markets and, a high need of availability and involvement at top management level. Both problems can be solved as long as the right human resources management practices are put into practice.

At small family owned business, the importance of compromise at top management level with internationalization is even higher than in other form of organizations. There is a need of investment in both financial and time resources that hopefully will pay results in medium and long term. Besides, the international activity demands the CEO as well as the head of the international department to travel frequently abroad; at early stages it is necessary to get knowledge of the markets and to establish a network of contacts. This implies that on the one hand, the CEO needs to have or acquire intercultural skills and, on the other hand, a qualified team able to work effectively in the absence of a top manager is required at headquarters.

The importance of a corporate culture based on strategic internationalization thinking should be regarded as essential. All the

organization needs to mirror the significance of the international assignment.

## 4. HUMAN RESOURCE PLANNING

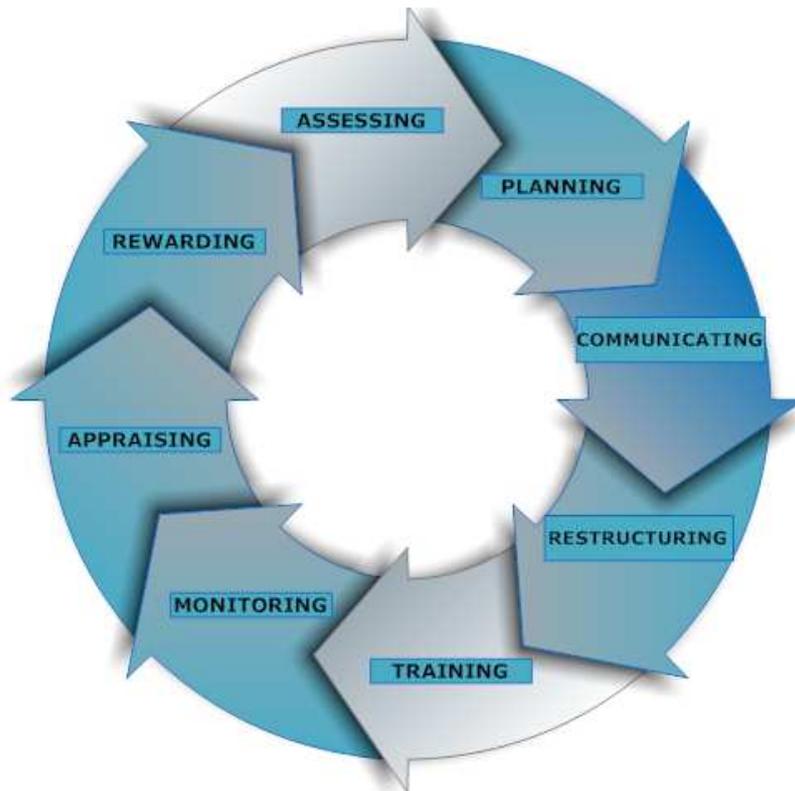
As defined by *Gomez-Mejia* (2008) SHRP strategic human resource planning is “the development of a vision about where the company wants to be and how it can use human resources... to achieve its vision”.

It is necessary that human resources managers participate actively in the design of the general business strategy; for this reason human resource managers should combine human resource knowledge and a business mind.

Given the importance of human capital in internationalization, it is crucial to plan and design a performing structure. It's a fact that many companies find a source of competitive advantage in their employees. If we are to achieve a sustained competitive advantage based on human capital, it is essential to find the workers with the best potentials and to enhance their performance by using the most suitable practices on management of human resources.

The right people at the right time for the best scores; those are the basis of the work-adjustment theory (Dawis & Lofquist 1984). It is central to match personal characteristics with job specificities in order to improve motivation and gain employees' involvement.

The timing of the human resource plan for internationalization could follow the pattern express by this continuous cycle:



- Assessing of the current resources and foreseen needs.
- Planning the new organization arrangement to match strategic goals.
- Communicating the plan appropriately to the employees.
- Implementing the restructuring of posts and hiring the right people if required.
- Training and developing competences.
- Monitoring and motivating.
- Appraising performance.
- Implementing a reward policy linked to performance.

#### **4.1 Human Resource structure**

The analysis of the company leads us to conclude that, to begin with the internationalization process, the first strategy will be to use direct exports as an entry mode to the selected target markets. Nevertheless, exporting represents the beginning of internationalization plans. Once the company would be consolidated in international trade it should be natural to flow towards further international investment.

Next we are going to enumerate the structural arrangements linked to the stages of internationalization through active direct exports:

1<sup>st</sup> Phase of internationalization strategy: The Company starts actions to begin direct exports. According to ICEX sources, most of the companies exporting a 5% over total sales have an export department.

At a first stage it is frequent that the organization creates an export department in dependence of the sales direction, this avoids having diverged sales policies. This structure implies higher levels of responsibility and decision making power at the head of the sales division.

For a successful implementation of the organizational change it is recommended that general management monitors and supports the new export department.

2<sup>nd</sup> Phase: Once that international sales gain importance over the total business or provided that the company was present at several international markets, the international department would need to be given a higher level of independence.

At this point the export manager will head an independent direction, reporting directly to the general manager. This structure implies once again top management in export related issues.

3<sup>rd</sup> Phase: Establishment of overseas sales facilities with possible local partners. That phase should be planned so it can be activated in certain geographic areas when operations increase, and new conditions arise such as possibilities to improve business efficiency in terms of logistics, operations or customer service.

We can apply the “division structure” proposed by Hodgetts (2006). At an early stage, the International division structure should be based on

subsidiaries which would be dependent upon Spanish headquarters. Subsequently, the international division structure should gain self-sufficiency at office operations, marketing and government relations departments.

4<sup>rd</sup> Phase: Global structural arrangements based on geographic areas where each host area has its own structure with a high degree of independence from the home office and where each area reports to the general international direction.

At the particular case that we analyze, up to a medium term horizon, the company plans to launch the first and second phases. In the long term, considering the case of a positive scenario, the company will study to proceed further to the third phase. The company doesn't envisage at this moment arriving to the fourth stage.

## **4.2 Design of the new organization**

When choosing export as the entry mode to foreign markets, it may seem that only small changes are to be made to the actual structure. However, if we want to succeed in internationalization we need to adapt the company in order to fit the long term objectives; we should redesign the tasks, establish new interrelations and develop international competences. This implies a great organizational change that requires everyone's involvement; for that purpose the internationalization plan needs to be effectively communicated.

Due to the characteristics of the company we would recommend a flat structure arrangement. It should consist of only a few levels and new job descriptions adapted to new duties. Many are the advantages of a more decentralized organization; we have considered the positive consequences in terms of involvement plus the possibility to encourage a rapid flow of ideas. All this practices should go together with the appropriate leadership if we are to develop employees' motivation.

Small and medium size companies find easier to be flexible and they tend to react quicker because of the size of their structures. Nevertheless, a certain level of formalization is recommended. We consider that job procedures are helpful for control, effective communication, negotiations or decision making actions. Written job procedures become an action map essential for managers delegating on subordinates, they are also very helpful for training or job rotation.

We have acknowledged the value of job adjustment theory to achieve human resources optimization. However, despite the necessary division of labor, it would be interesting to develop team dynamics on a regular basis. The latest would help the company to gain benefit from synergies generated by people's complementary skills.

The CEO needs to delegate certain amount of micromanagement responsibilities; this will allow redistributing their resources in order to gain more time for strategic management planning and implementation at executive level. Eventually, this decision is relevant for the implementation of the internationalization strategy.

The study of the actual organization arrangement has evidenced the need of creating supervision posts. We would like to highlight the importance of having a coordinator at each area of the business; it has been manifested that the organization requires a responsible heading each area.

The ideal supervisor should act as mentor, trainer and developer of subordinates. Another important role is the coordination and cohesion of the team. In addition, he should overlook that the employees' self-development objectives are aligned with the strategy of the company. Furthermore, he may also become a leader for his team.

Even if the structure proposed is quite flat there is still a gap for career development; as the company grows more challenging assignments would arise. The promotion policy has to be based on achievements, commitment and potential.

#### 4.2.1 The new organization chart

Once a new strategy has been established and short term objectives have been set, it is necessary to evaluate the actual organization structure. Face to a new business strategy we recommend some changes at the organization chart.

We have observed some bare concepts for the design of the new organization chart:

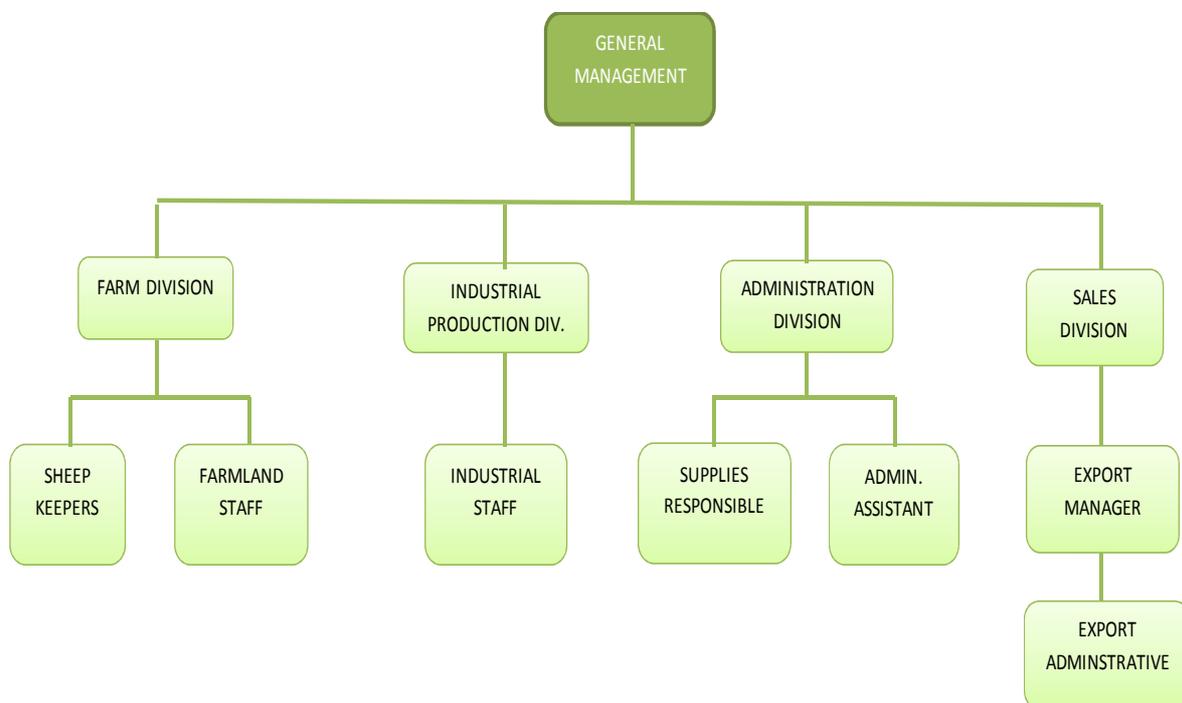
- Unity of command: Each employee has only one manager.
- Chain of command: There is a defined superior-subordinate authority relationship. This relationship should be optimized in order to excel performance. Even in the proposed flat organization it is important to identify a chain of responsibility.
- Consistency of each post linked to the responsibility over work output and the right to make decisions associated to the position. It should establish a link between the level of competences and the responsibility over performance that will help to decentralize decision making.
- Accountability, so that it is simple to monitor and measure performance for organizational and personal development.

The first phase should be activated as soon as possible. As it has been previously said the export department would be integrated in the sales direction. We propose an initial basic structure that consists of two people:

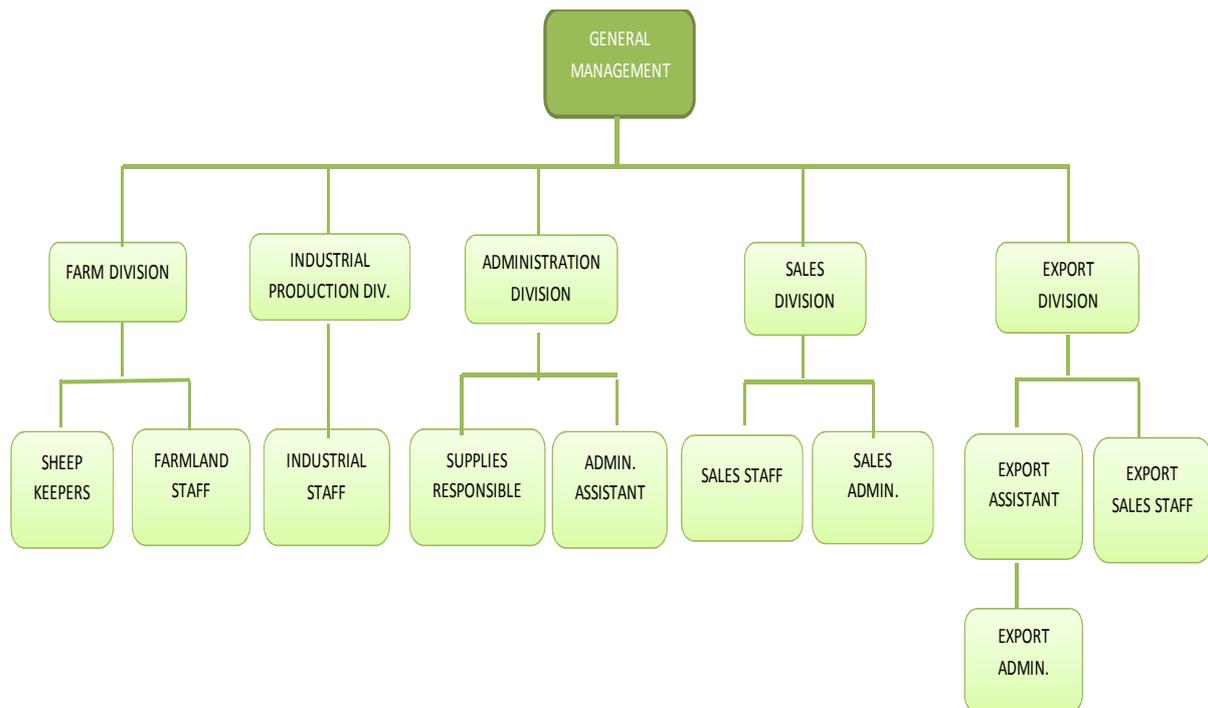
- The **export manager** will assume development and implementation of international commerce actions as well as overall coordination of international operations. Export manager would report to the head of sales department.

- An **export administrative** who should deal with orders, invoicing and payment collection.

We display the proposed organization chart in accordance to the first stage exposed when talking about the different International Human Resource structure arrangements.



As we proceed further in time, and provided that the first step had been successful, the company would arrive to the second phase. We can estimate the implementation of this stage in the midterm. The company should be ready to take the necessary actions to activate this step once that the international activities arrive to a predetermined level.



In this case the company would need one or more **export sales-person** depending on workload. An **export assistant** is also recommended to support the work of the international sales force at the back office.

#### 4.2.2 Job analysis

Job analysis based on interviews, questionnaires and observation show the tasks, duties and responsibilities of each employee. We can use job analysis for job redistribution and restructuring purposes. Besides it helps to review job procedures.

Using the interview method we can gather the information in a simple and comprehensible form (see annex III) based on the Position Analysis Questionnaire PAQ as exposed by Gomez-Mejia (2010). Thanks to this one-page summary we can organize the information about responsibilities, dependences and tasks linked to a job.

We endorse the investment on a serious job analysis; it would pay back as it will assist to design posts appropriately and to adjust the allocation of employees to the post that suit better their competences.

#### 4.2.3 Job description and job specification

The new organization arrangement has job specifications that are different from the ones seen at present. It has been already stated that there would be a need of new capabilities for an effective performance of the job. Job specifications consist of job requirements and qualifications for each post.

In consequence we have elaborated new job descriptions for the posts that are subject to deepest restructuration as well as for the new ones, these job descriptions are presented in annex IV.

The job descriptions enclosed are associated to the proposed organization chart. We have structured them following the guidelines found at human resources texts. They are introduced by a job summary. Next, there is a list of the main duties and responsibilities. Then, we introduce a relation of job requirements that is followed by the qualifications and experience demanded for each post. The job descriptions should be updated and therefore they include the date of last review.

The content is the result of a thoughtful compilation of several job offers found at job research webs that have been adapted to the specific requirements of the company that we are analyzing.

#### 4.3 Human Resources plan

HR planning should be in accordance with the internationalization strategy that has been chosen. From the beginning of this study the board of directors has stated that their wish is to adapt the actual staff to the new organizational arrangement.

Consequently, it would be required to restructure and relocate employees according to the new job descriptions. We should match each post with the people who encompass the requested capabilities to fulfill the job requirements that have been previously identified.

Subsequently, face to the need of immediate deployment of the export department, it would be necessary to hire an export manager.

#### 4.3.1 Selection Recruitment

Building an experienced and knowledgeable team is not immediate. Therefore, if the internationalization has not been planned in advance, hiring experts in foreign trade would be required to start international operations straightaway.

We suggest the company to open a selection process. In order to generate a large pool of candidates for the post it would be recommended to publish the job offer through recruitment web sites. Another option is to choose a recruitment agency; following our requirements and the proposed job description they would facilitate the screening of a few candidates suitable for the post.

Once the most suitable person has been found we recommend an initial orientation program in partnership with his immediate responsible. By this means the new employee gets introduced to the main stakeholders, he learns about the culture of the organization, company policies and work rules. The fact of being accompanied relieves from initial anxiety and reduces turnover.

#### 4.3.2 Training and developing

Another crucial aspect of human resource management is the planning of both training and developing actions. Training programs are focused on correcting existing mismatches between present company needs and current employees' performance; it should deliver immediate improvement. Else, developing programs help to cultivate employees'

capabilities as they address the dimensions that are forecasted to be relevant in the future. Those processes should always be designed to match the company strategic development.

A complete training program has to follow those steps:

- Assessment of needs.
- Training phase.
- Evaluation of the results obtained and reassessment of needs.

#### 4.3.2.1 Assessment of needs

There are two areas to consider:

- Examination of the organization's plans and its requirements in terms of employees' skills.
- Examination of employees' actual skills and forecast on capabilities.

In our particular case some needs have been detected if we are to attain the requirements that have been fixed at the new job descriptions.

At this point it would be necessary to communicate appropriately to each employee concerned with the program the reasons why training is needed and what are the benefits that it can bring to the company.

#### 4.3.2.2 Training phase

When elaborating training programs we should select objectives which are defined, challenging and yet attainable. The objectives have to be clearly stated so that we don't miss the desired targets. There are some basic areas to consider when designing a wide training program that matches the internationalization strategy.

Firstly, there is a need of training on technical and administrative skills related to international trade specific practices. Our precise training objectives in this area are:

- General training on foreign trade for sales personnel.
- Training on the peculiarities of invoicing, credit collection, and documentation of operations at international trade for administration personnel.

Besides, it is a key objective to develop the ability to communicate in English. The needs may range from basic communication skills at assistants and general administration posts, to proficiency level for personnel at sales department who should master communication genres.

Furthermore, intercultural competences should be regarded as a must; the whole corporate culture needs to be infused on this philosophy. The internationalization strategy makes necessary to begin a developing program in this area among the sales staff and top management. The knowledge of the specific cultural dimensions (time related behavior, space, context and communication) will help to overcome communication barriers and to avoid stumbling-blocks.

We should also plan a mentoring program for the new export manager in case he lacks the required knowledge of the sector; herein internal expertise can be used as a resource.

Communication needs to be fluent and efficient internally and externally. In consequence, another aspect to foster is the enrichment of interpersonal skills.

#### 4.3.2.3 Evaluation of the results obtained and reassessment of needs

We have identified the importance of training for a better international business performance. If the company is to become international the administrative staff has to be intercultural skilled, open minded, familiar with international trade peculiarities and fluent at least in English language.

It is meaningful to include successful progress on training actions as one of the goals to set at performance appraisal. It would be desirable that the knowledge acquired was certified by successful results at official exams.

The reassessment of needs opens evaluation of how cost effective training actions have been.

#### 4.3.3 Career orientation

Although it is true that HR departments hold the responsibility in training and developing staff, we have to recognize that every manager plays a key role in the development of his own subordinates.

Carrier orientation plans need also the employee's participation on the design, that way they would be also based on his expectations and motivation. Carrier design becomes more relevant when the employee's needs for self-development are high otherwise there will be a clear turn-over risk.

Effective carrier orientation programs should go one step ahead of the mere definition of carrier paths. That's why managers and proactive employees need to work together to design a roadmap of the steps to follow in order to achieve the established carrier objectives. It may

consist of learning and on-job-training actions that are consistent and relevant for the accomplishment of the employee's career.

In a flat organization the development comes from enlarging the level of responsibilities or gaining independence in decision making. Provided that the company grows larger, careers can advance towards heading departments and supervising teams.

#### 4.3.4 Performance appraisal

Further that just judging how good an employee is at work, performance appraisal may serve to develop employees' potentials and therefore their achievements. Experts recommend departing from job analysis to better identify what are the critical areas, those whose outcome affect the positive progression of the company. Although performance appraisal is centered on a person-post basis the contribution to the team should also be evaluated.

At the center of the assessment there is a judgment system that needs to be fair and homogeneous. The whole organization needs to share a common scale and no divergences should rise as a consequence of different evaluators using different judgment scales.

Due to the cost of assessments, companies tend to limit it to an evaluation session held once a year. However, managers monitoring employees should pursue opportunities to open periodical two-way feedback about work progress as the base of a continuous evaluation system.

Establishing trustful based relations helps managers to develop resilience, loyalty and even to handle office politics. In that sense, it is essential to find recognized and empowered evaluators.

The evaluation criteria and the importance accorded to each item should depend on the post. A pertinent guide for evaluation would be based on accurate job description. For each criterion we propose the evaluation by a supervisor as well as the employee self-evaluation.

If we just stayed at this point we would get to evaluate workers but the investment of resources will not attain full return. Assessment should serve managers to identify the causes of low performance so that immediate action can be taken. Besides, performance appraisal is the bases of a reward policy centered on positive reinforcement theory. Incidentally, management by competences makes use of performance appraisals as a base for coaching programs in order to attain full development of people's potentials. Furthermore, it can be useful to develop compromise and as a source of motivation.

In order to complete the review it is recommended to illustrate the rating with meaningful examples of achievements and downsides; it will give consistency to scores and will warrant equity.

Once this has been achieved it would be time to set objectives for the next period. Managing by objectives helps to set in advance the required performance standards. Depending on the sources goals can be corporate, department related or personal specific goals; but all of them should be aligned to the general strategy. It is important to reach an agreement on consensus goals; otherwise they will not serve their purpose.

We have focused mainly in a one-to-one performance appraisal which we esteem is more adjusted to the characteristics of the company that we are studying. Nonetheless, there are other types of assessments based on diverse sources of judgment (subordinate, peer, customers, etc.). 360 ° Feedback for instance offers the combination of all possible sources of assessment of an employee.

#### 4.3.5 Strategic compensation

Total compensation is the addition of base compensation, incentives and other benefits. The fact of splitting up compensation allows us to link incentive rewards to objectives, this motivates higher performance at work and helps to attract and retain talent.

Regarding the base compensation, our system should consider the environment in order to achieve external equity otherwise we risk having a high turn-over. Another frame to consider is the firm inside network in order to assure internal equity which is essential to avoid conflicts affecting the performance of the group.

The reward system should help to implement the firm's strategy. Positive reinforcement is an appropriate policy to gain motivation. The base to calculate incentives should be the degree of contribution to the accomplishment of goals. In our case the factors to calculate incentives should be the level of fulfillment of pre-established objectives such as sales growth, customer loyalty, quality excellence or attaining training objectives. The Expectancy Theory explains the way in which the interrelation between effort, performance and reward can become a source of motivation.

Benefits are more difficult to design and need to be tailored because not all the people accord the same value to a given benefit. Some workers may prefer children care aids, others time flexibility or stability. At this point it is better to design an offer based upon employees' profile.

## EXECUTIVE SUMMARY OF HR PLAN

We began this essay by presenting the Company which gave us a clear idea of the particular business frame. Subsequently, we have made a deeper analysis of the business and its environment. From that departing point we have remarked the importance of elaborating an internationalization plan. At that early stage we have evidenced up to what extend the human resources are meaningful for the correct performance of a company in general. More in particular, human resources are crucial for the successful implementation of a new business strategy.

The statement of new corporate goals brought along different competence requirements. We have identified the current deficiencies and potentials of the employees; to enhance the company's performance the personnel need to acquire new proficiencies.

Based upon our findings we have introduced our proposals; our purpose is to match human capital development and a successful implementation of the internationalization strategy.

Herein we proceed to outline our human resources. The general scheme proposed follows a cycle of continuous improvement that encompasses: assessing, planning, communicating, restructuring, training, monitoring, appraising, rewarding and reassessing actions.

Regarding the human resources structure we have identified four stages according to the progressive evolution of the internationalization process.

- At a first phase internationalization actions begin; it implies the creation of an export department in dependence of the sales direction. We highlight the importance of a strong involvement of the general manager with the new department; the support and close mentoring it's especially relevant at this early stage and should in our opinion continue in the next phase.

- The second stage takes place in a scenario where international sales would have already acquired relevance. It implies that the export department gains independence and increases its resources. In consequence the export department will become an independent direction reporting to the general manager.
- We have identified a third phase that implies the creation of overseas sales facilities. In the long term the company may be interested in exploring this possibility.
- Although a fourth phase has been signaled the actual management believes that it is out of the actual international plans. This phase would be based in the creation of independent structures in host countries.

As a result we propose a new design for the organization. We have elaborated a new organization chart based upon the evolution of the internationalization plan. Linked to the new organization chart we have produced job descriptions based on the specificities of the new posts. Besides we suggest further job analysis for an effective restructuration of the company.

The human resources plan consists of five fields of action:

- Recruitment of an expert in foreign trade.
- Training and developing employees in line with the internationalization strategy. The training process begins with the assessment of needs, followed by a tailored training phase and concludes with the evaluation of results and reassessment of the situation.
- Career orientation actions conceived to fulfill the needs for self-development.
- Performance appraisal focused on the critical areas of responsibility, results of training actions or team building.
- Strategic compensation including base compensation, incentives and benefits.

Our objective has been to elaborate a realistic response to the human resource related problems of a SMC facing internationalization. The result is an introductory approach to the topic that could be further developed.

The fact that we have based the essay in a real business has been an enriching experience. Obviously it has required an additional effort. We have encountered some limitations in terms of access or availability. But it is fair to recognize that above all we have enjoyed the support of our mentors and the collaboration of the company.

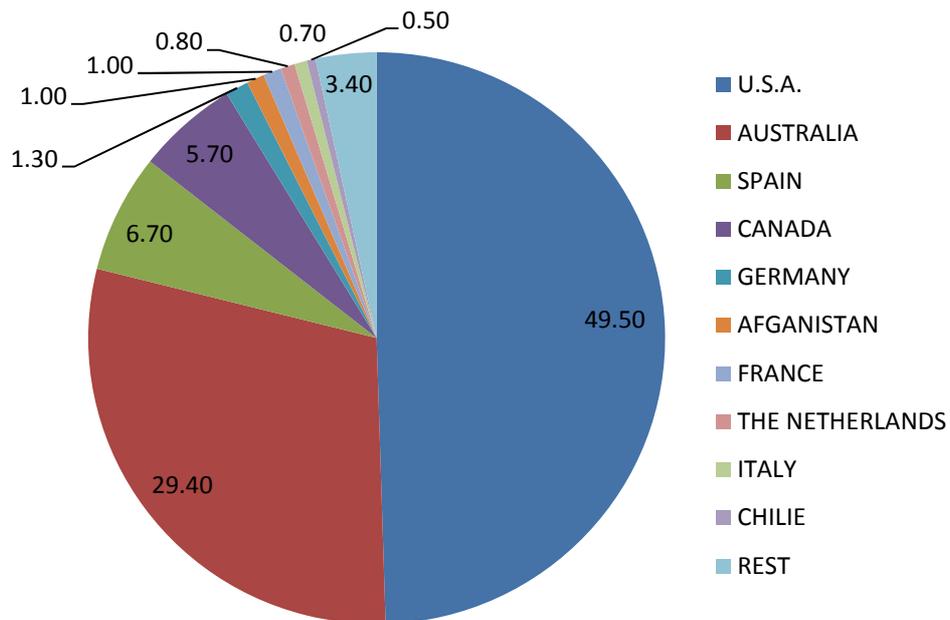
## ANNEX I

World trade figures for alfalfa pellets and bales. The graphs have been design following the ICEX 2009 and 2010 product-country data report.

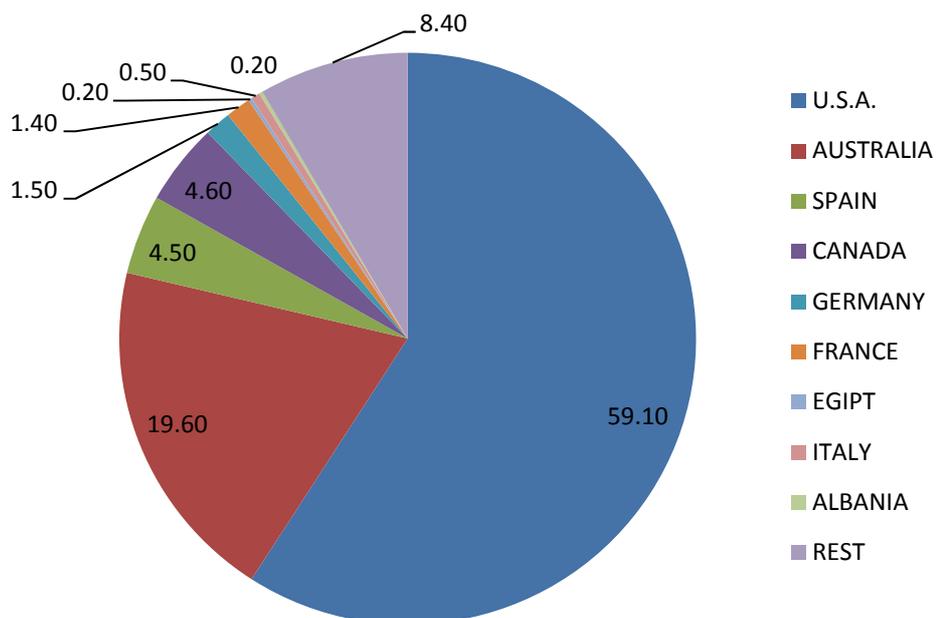
### ➤ PROUCT: DEHYDRATED ALFALFA IN BALES (12149090)

Graph 1:

#### MAIN INTERNATIONAL EXPORTERS 2009

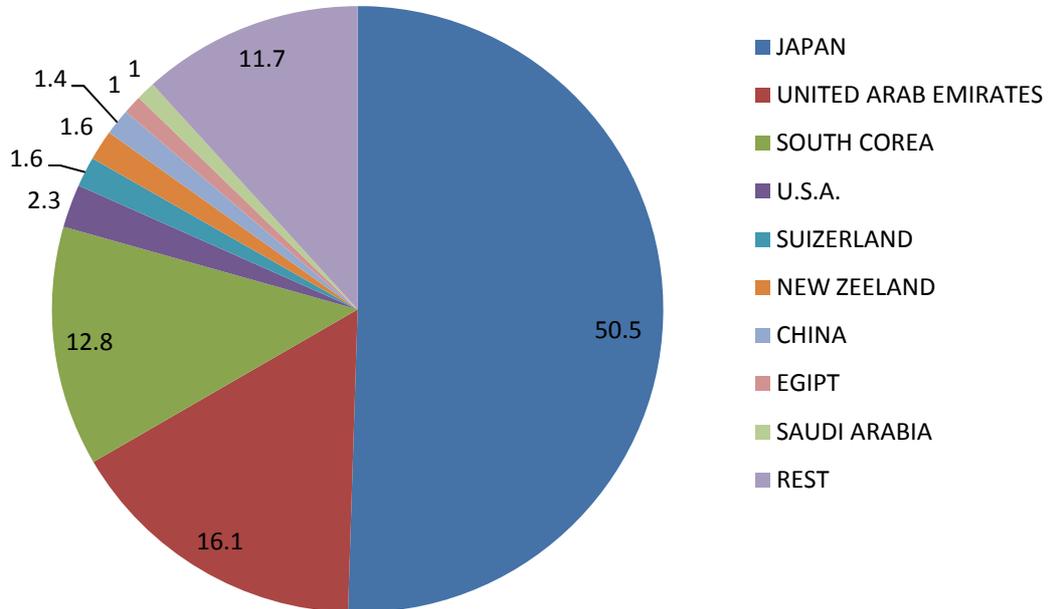


#### MAIN INTERNATIONAL EXPORTERS 2010

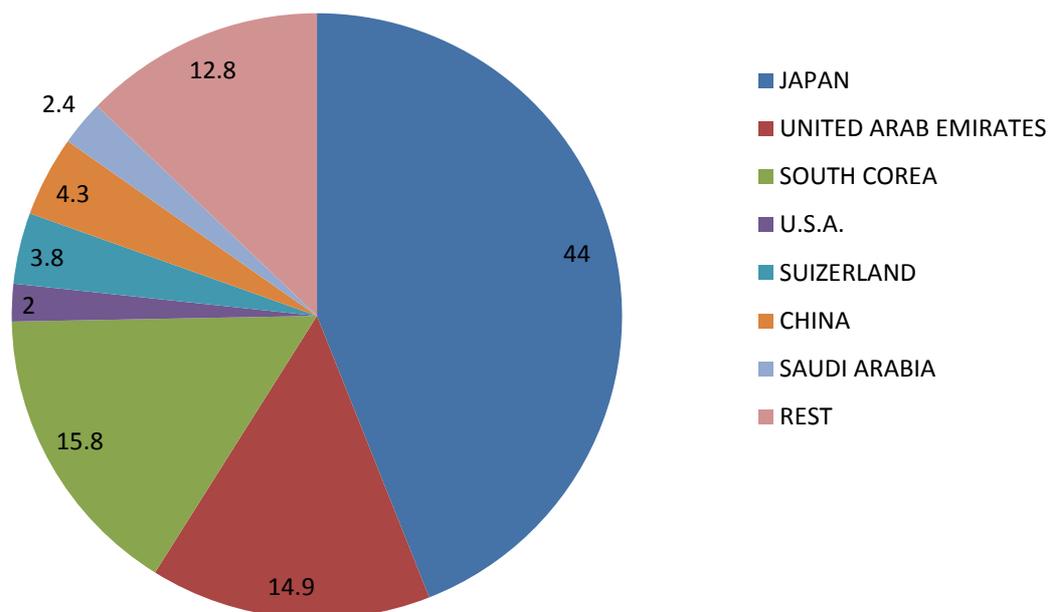


Graph 2:

### MAIN INTERNATIONAL MARKETS 2009



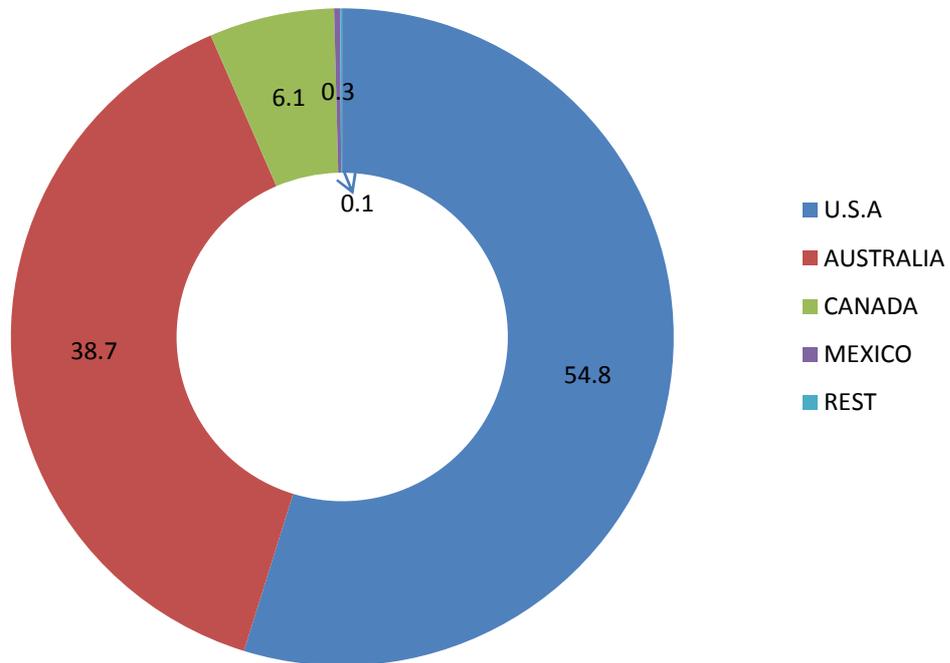
### MAIN INTERNATIONAL MARKETS 2010



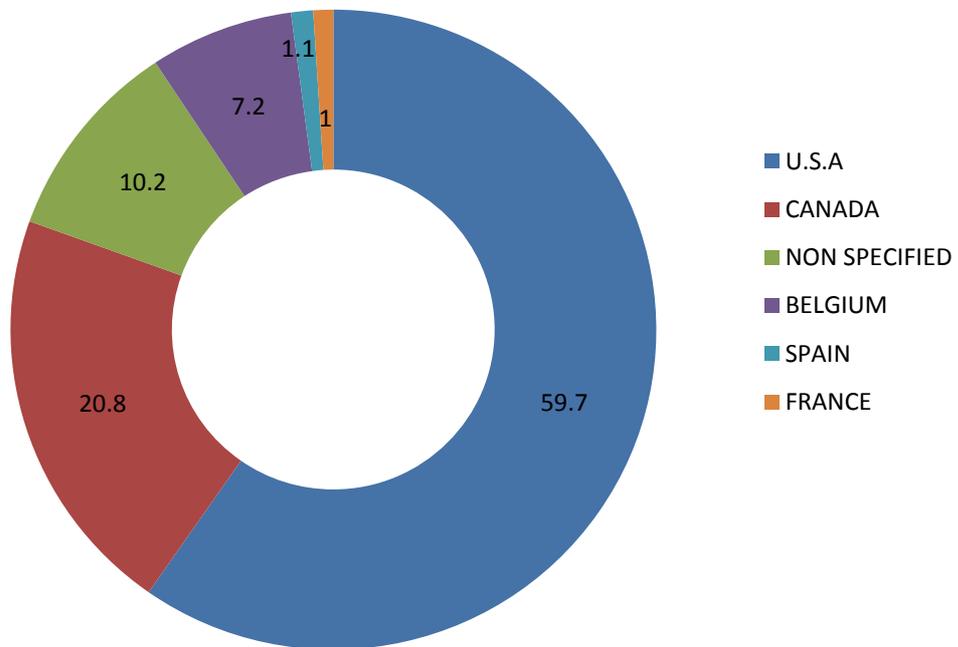
❖ MAIN IMPORTERS ANALYSIS:

Graph 3:

**JAPAN MAIN SUPPLIERS 2009**

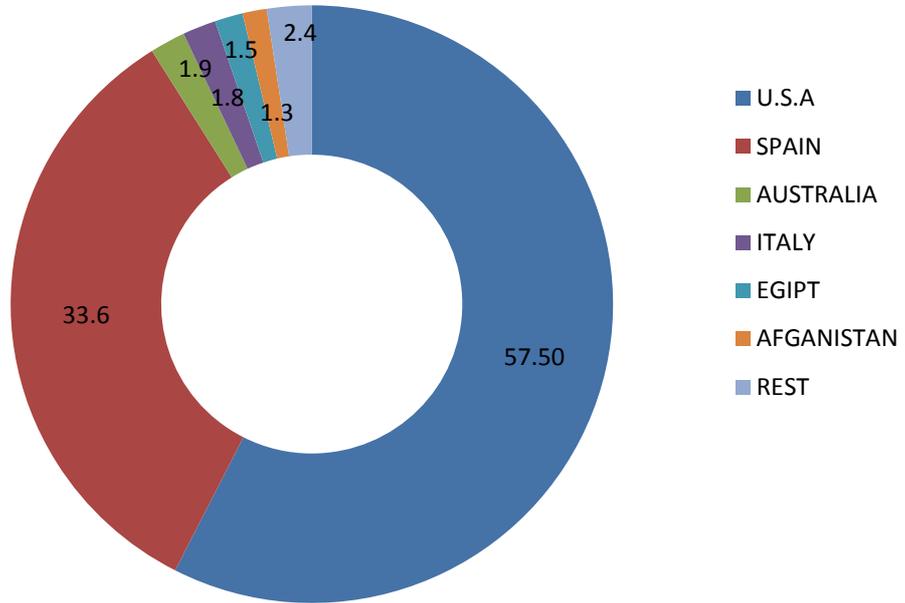


**JAPAN MAIN SUPPLIERS 2010**

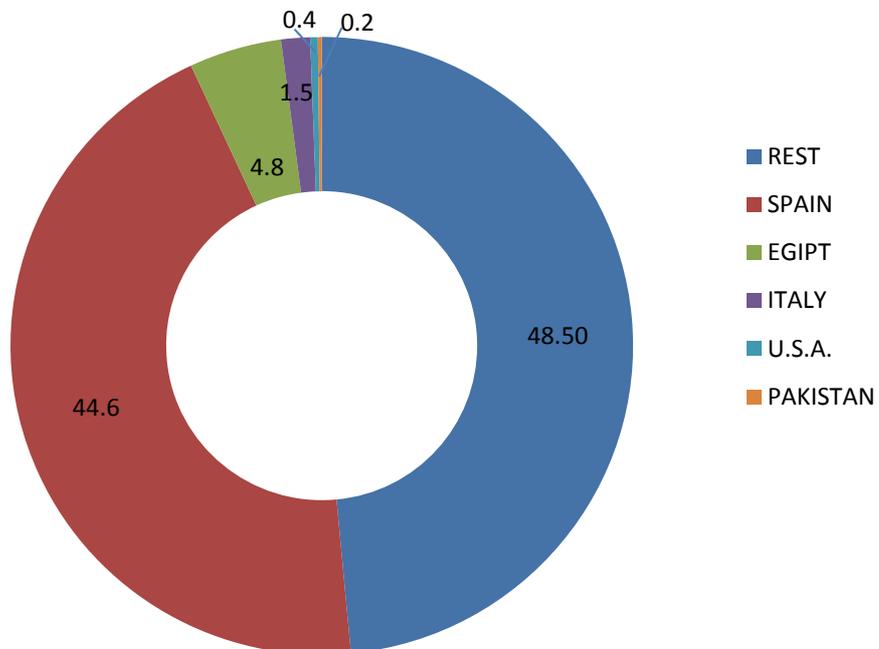


Graph 4:

### UNITED ARAB EMIRATES MAIN SUPPLIERS 2009

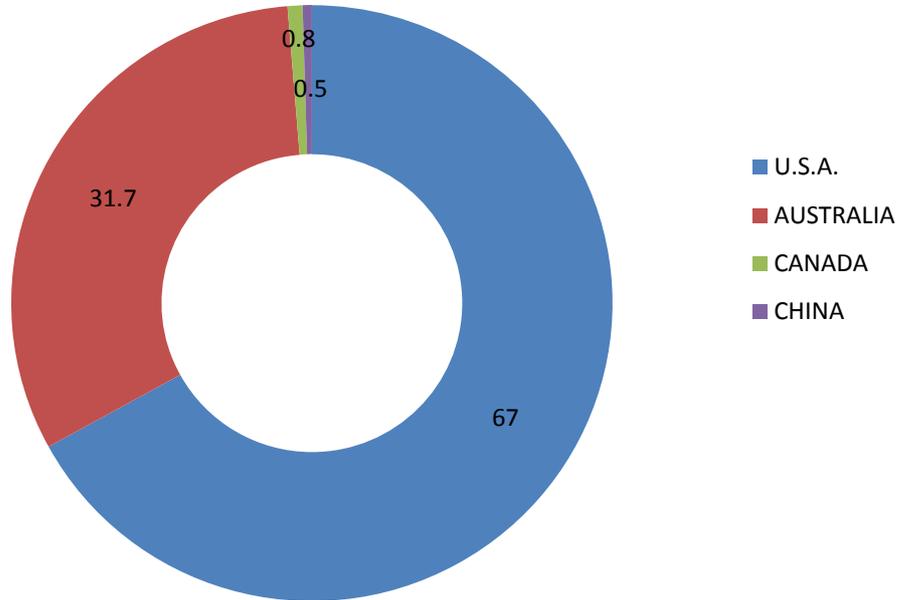


### UNITED ARAB EMIRATES MAIN SUPPLIERS 2010

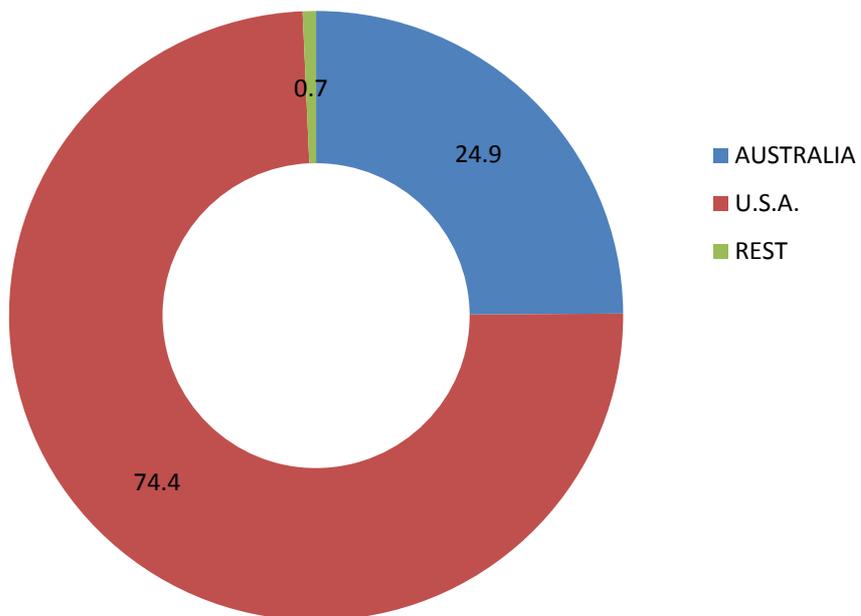


Graph 5:

### SOUTH COREA MAIN SUPPLIERS 2009



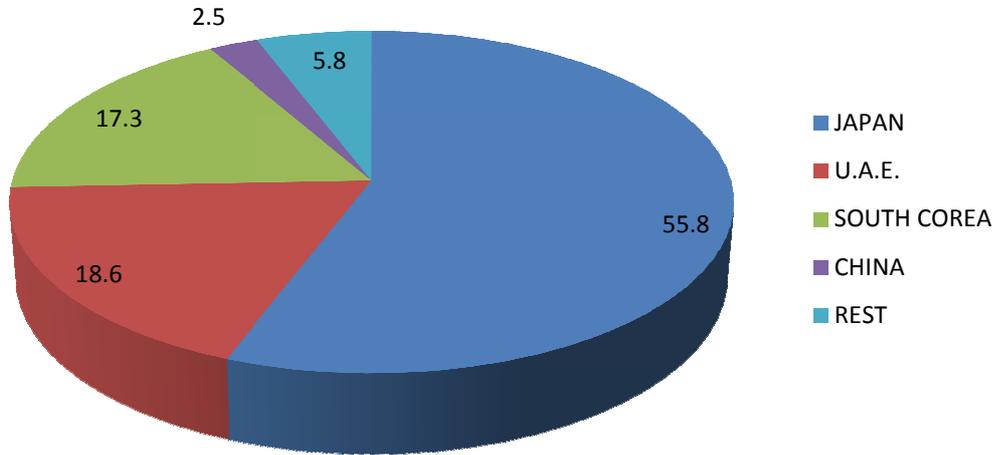
### SOUTH COREA MAIN SUPPLIERS 2010



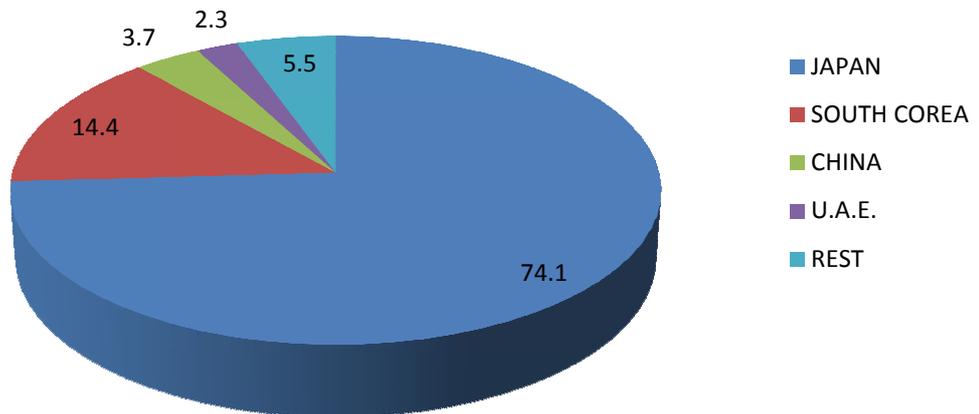
❖ MAIN EXPORTERS ANALYSIS

Graph 6:

**U.S.A. MAIN MARKETS 2009**

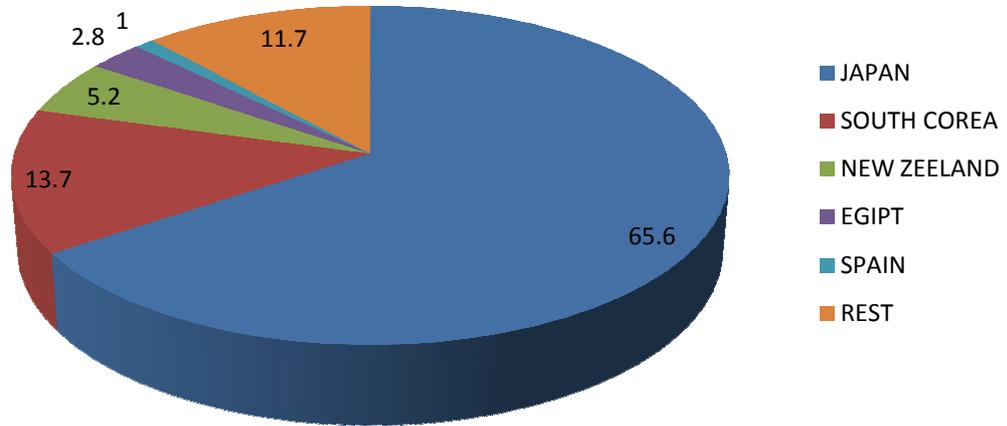


**U.S.A. MAIN MARKETS 2010**

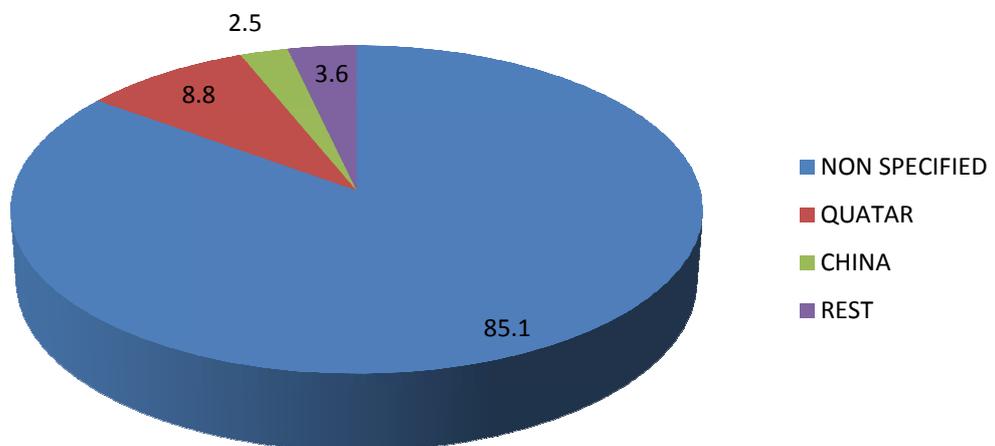


Graph 7:

### AUSTRALIA MAIN MARKETS 2009

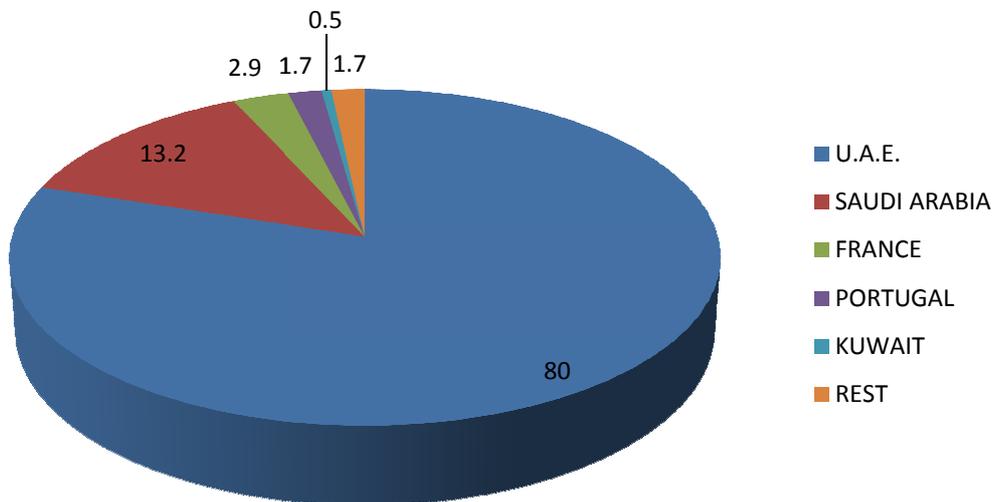


### AUSTRALIA MAIN MARKETS 2010

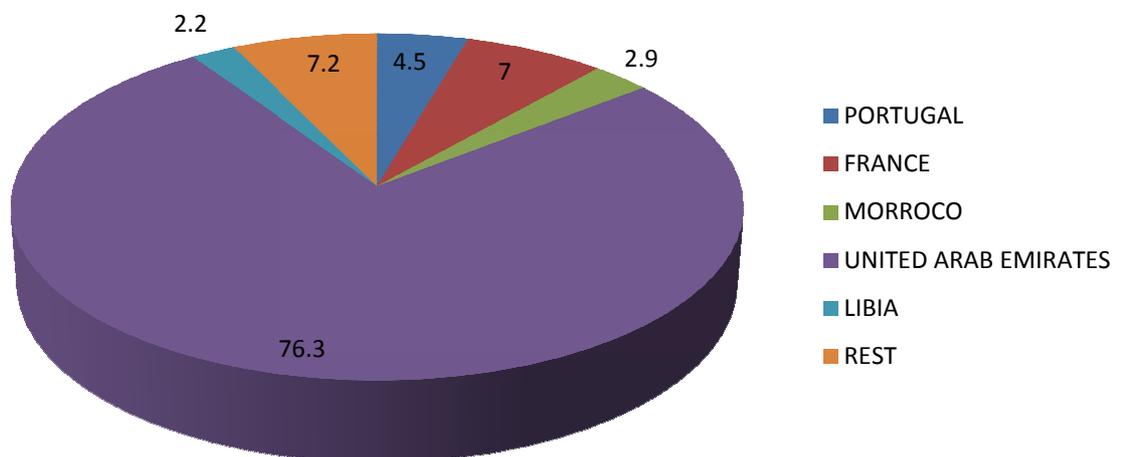


Graph 8:

### SPAIN MAIN MARKETS 2009

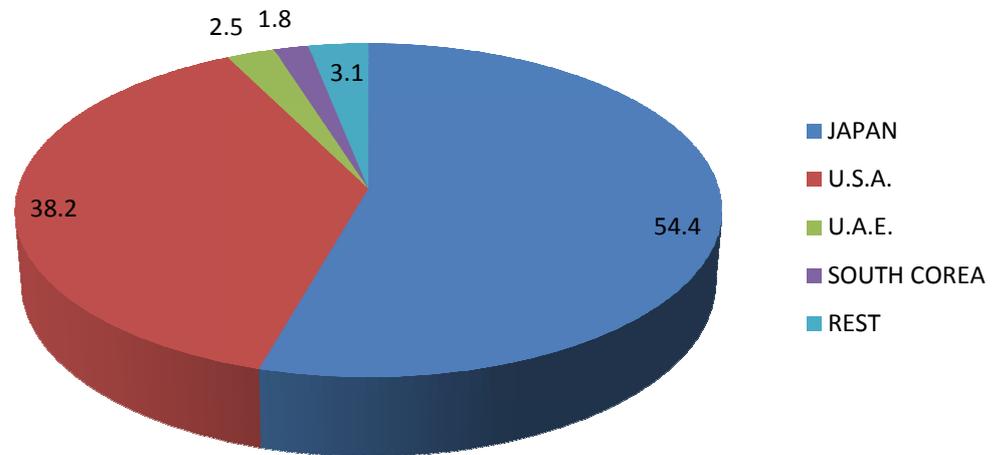


### SPAIN MAIN MARKETS 2010

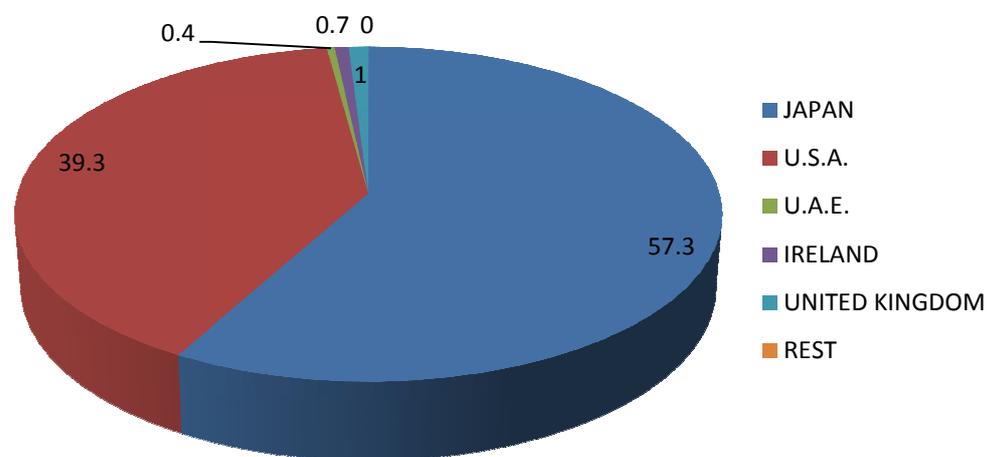


Graph 9:

### CANADA MAIN MARKETS 2009



### CANADA MAIN MARKETS 2010

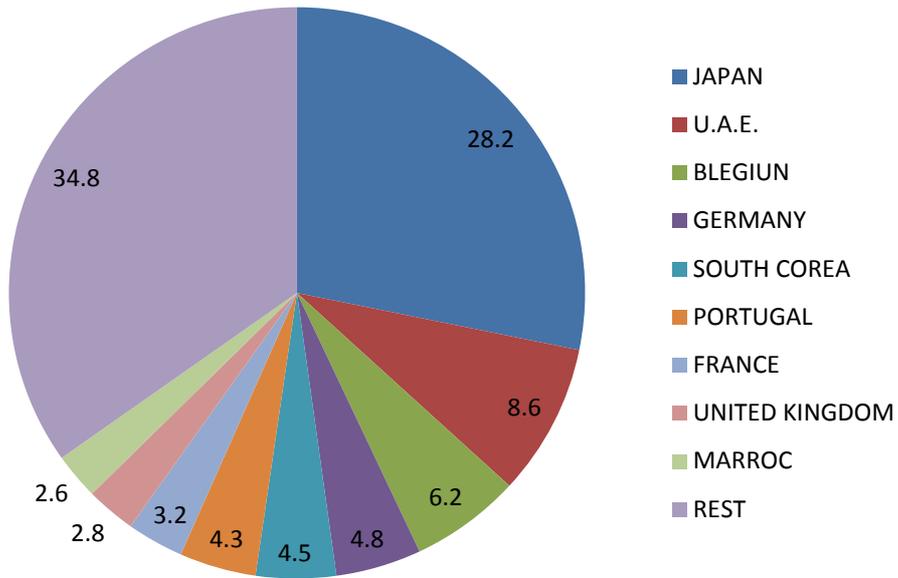


❖ COUNTRIES CONSIDERED TO HAVE GROWTH POTENTIAL:  
SAUDI ARABIA, CHINA, U.A.E.

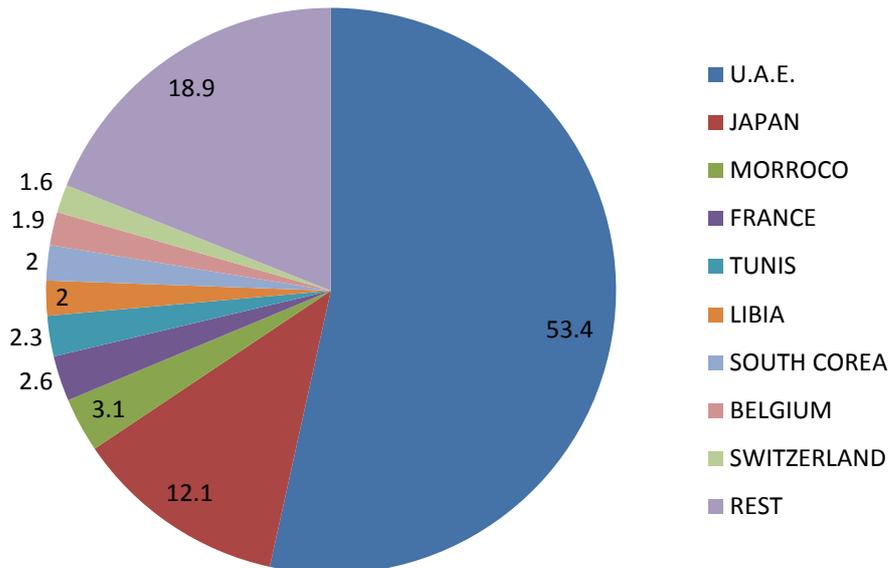
➤ **Product: dehydrated alfalfa in pellets (121410)**

Graph 10:

**MAIN INTERNATIONAL MARKETS 2009**

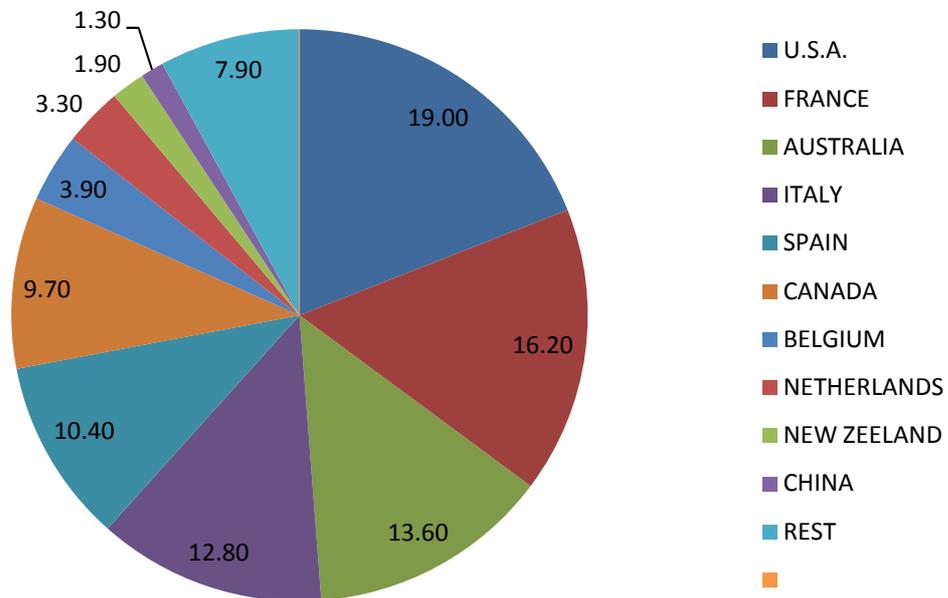


**MAIN INTERNATIONAL MARKETS 2010**

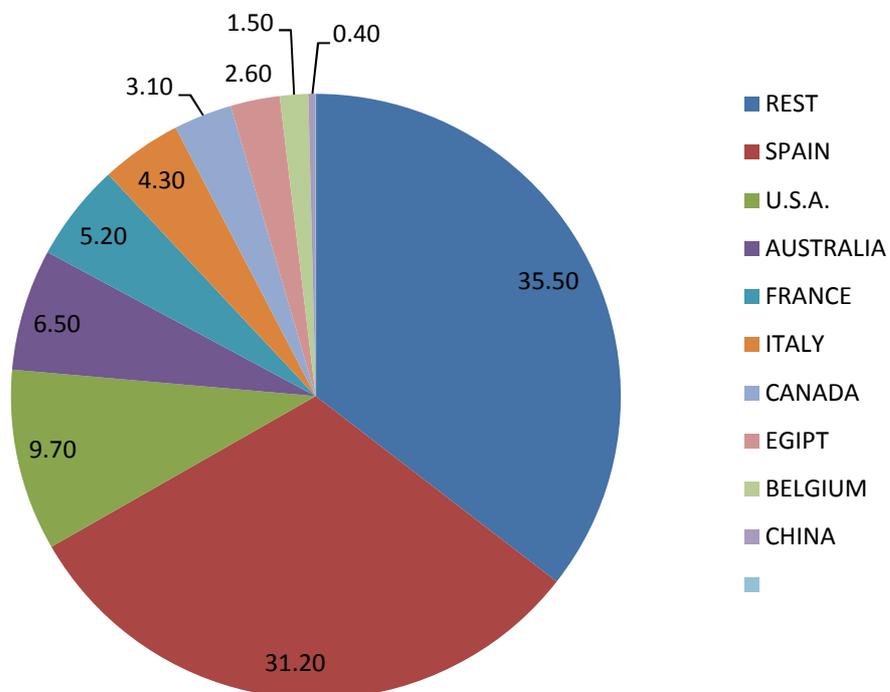


Graph 11:

### MAIN INTERNATIONAL EXPORTERS 2009



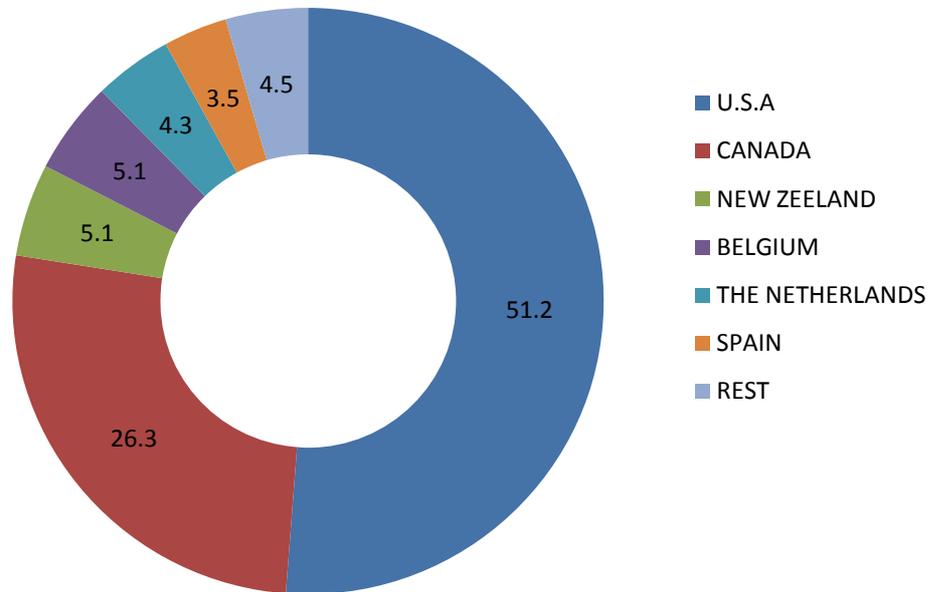
### MAIN INTERNATIONAL EXPORTERS 2010



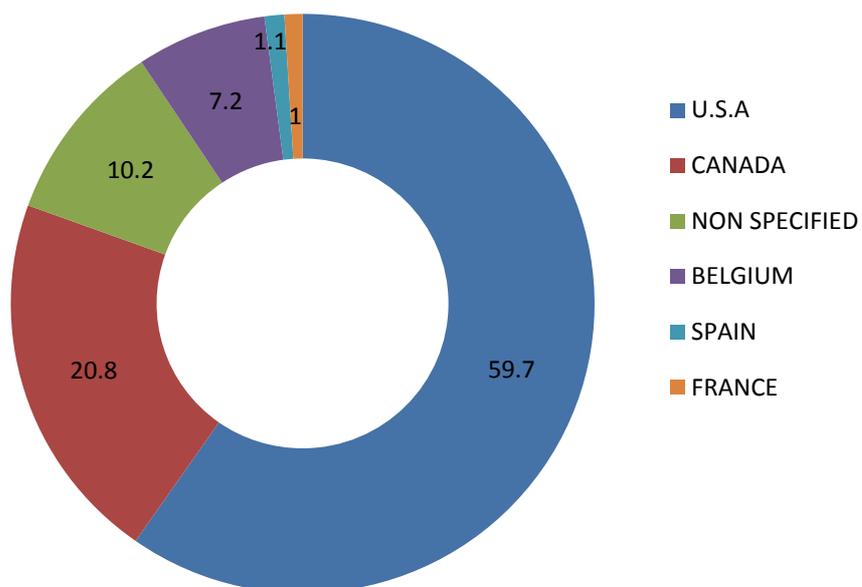
## ❖ MAIN IMPORTERS ANALYSIS

Graph 12:

### JAPAN MAIN SUPPLIERS 2009

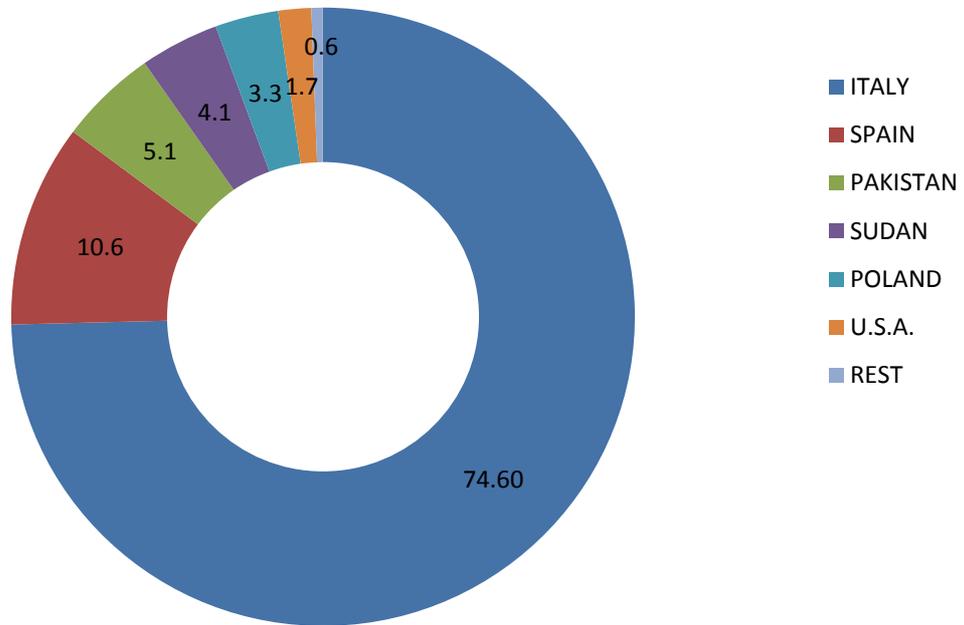


### JAPAN MAIN SUPPLIERS 2010

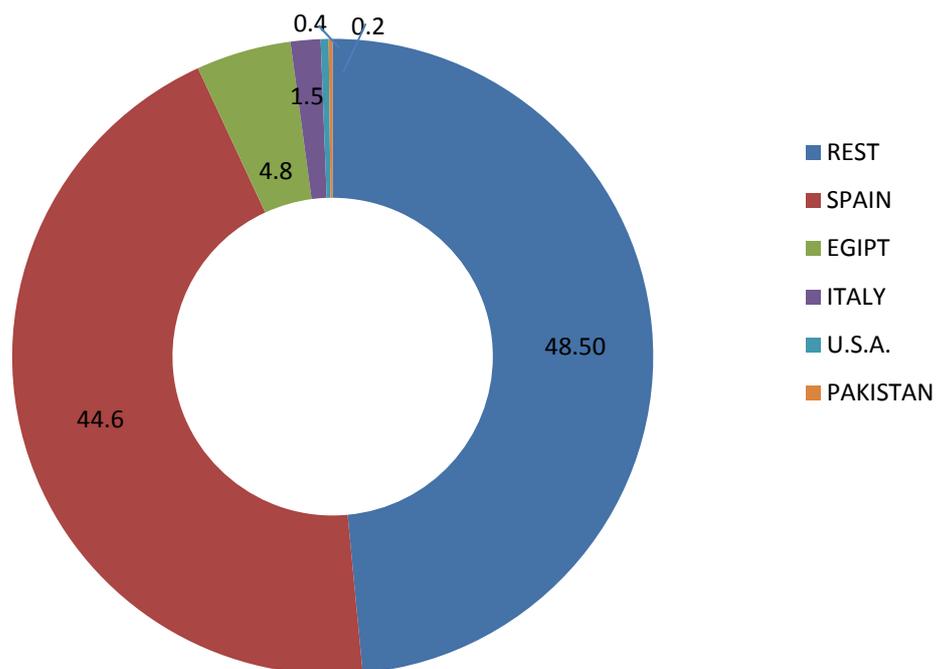


Graph 13:

### UNITED ARAB EMIRATES MAIN SUPPLIERS 2009

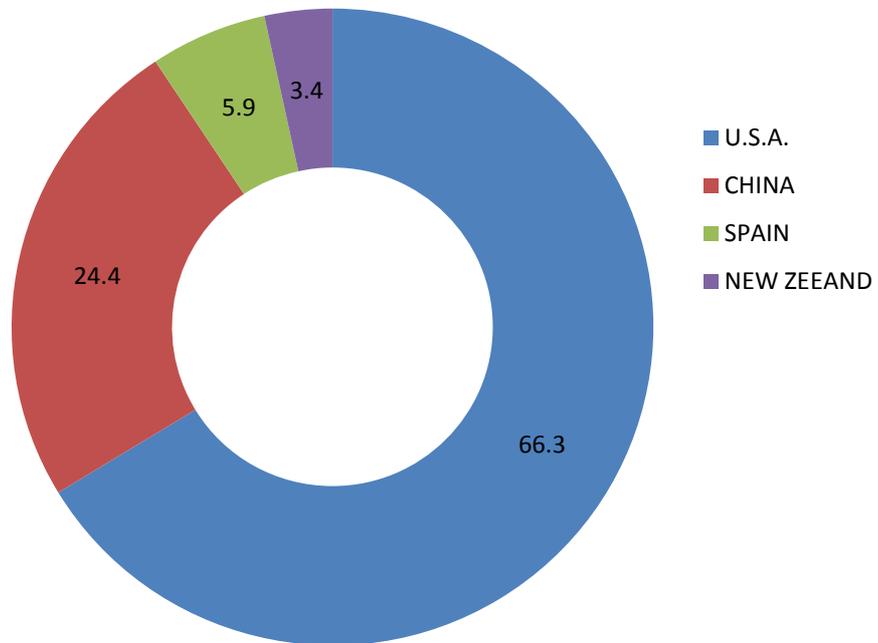


### UNITED ARAB EMIRATES MAIN SUPPLIERS 2010

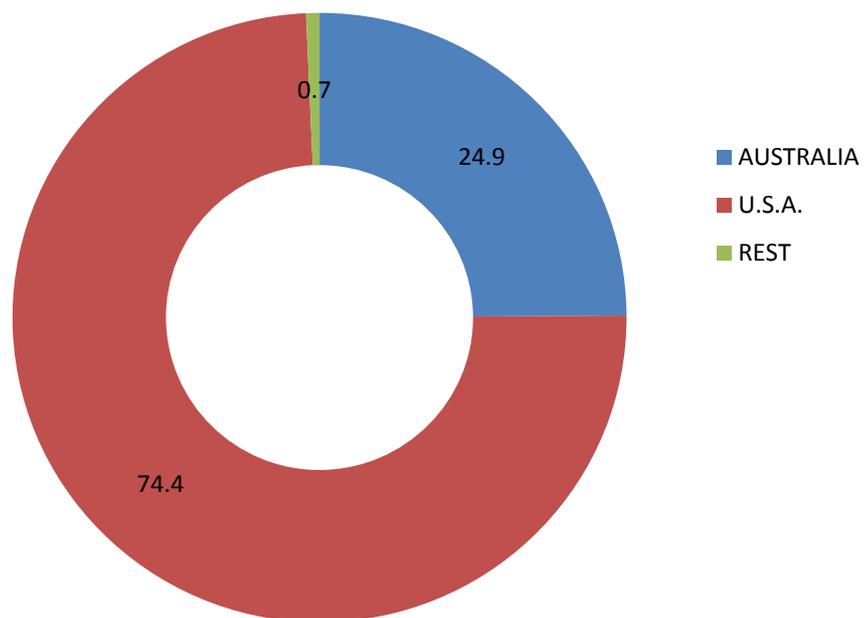


Graph 14:

### SOUTH COREA MAIN SUPPLIERS 2009



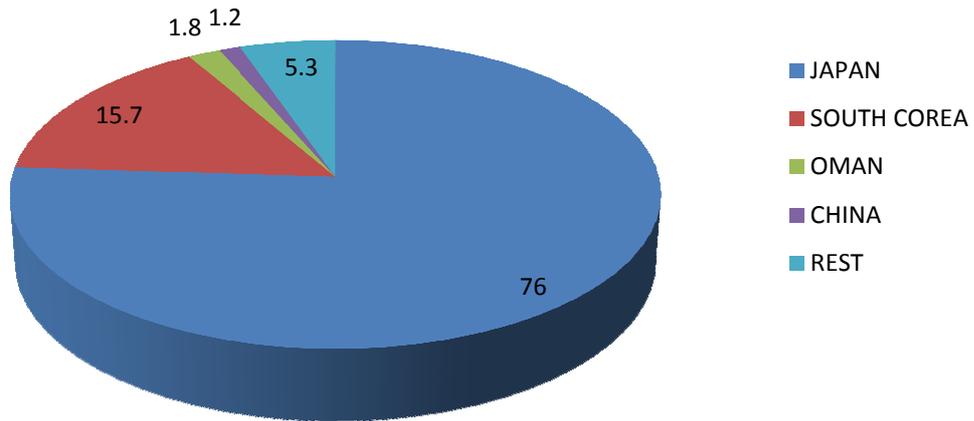
### SOUTH COREA MAIN SUPPLIERS 2010



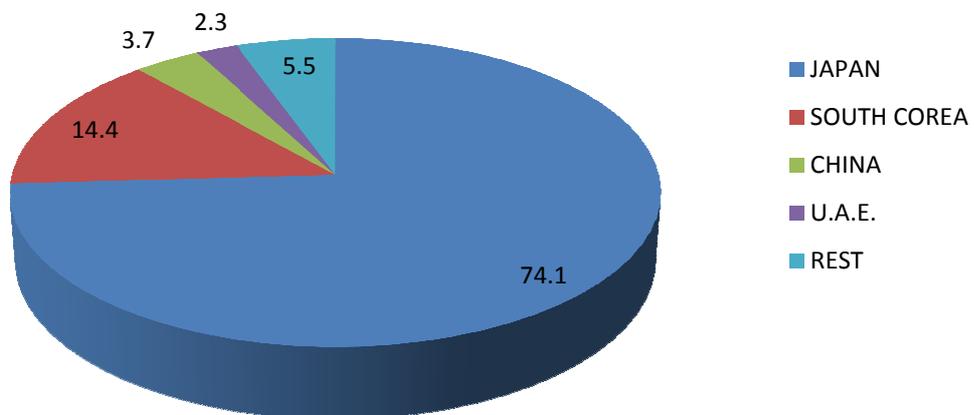
❖ MAIN EXPORTERS ANALYSIS

Graph 15:

**U.S.A. MAIN MARKETS 2009**

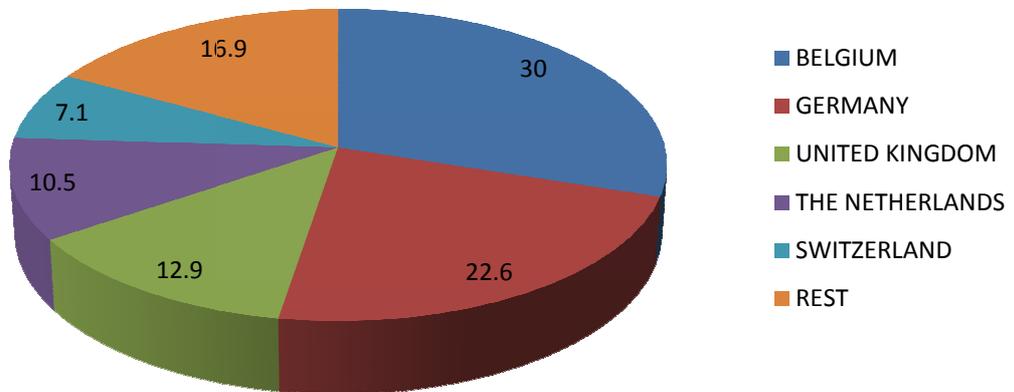


**U.S.A. MAIN MARKETS 2010**

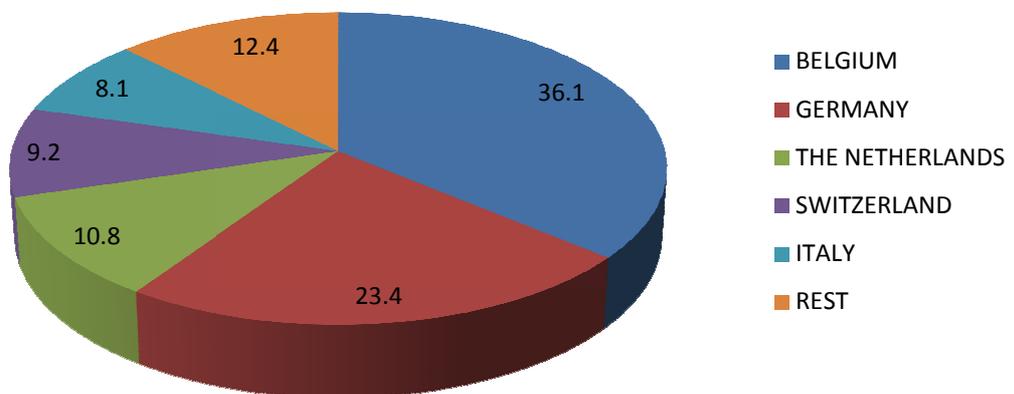


Graph 16:

### FRANCE MAIN MARKETS 2009

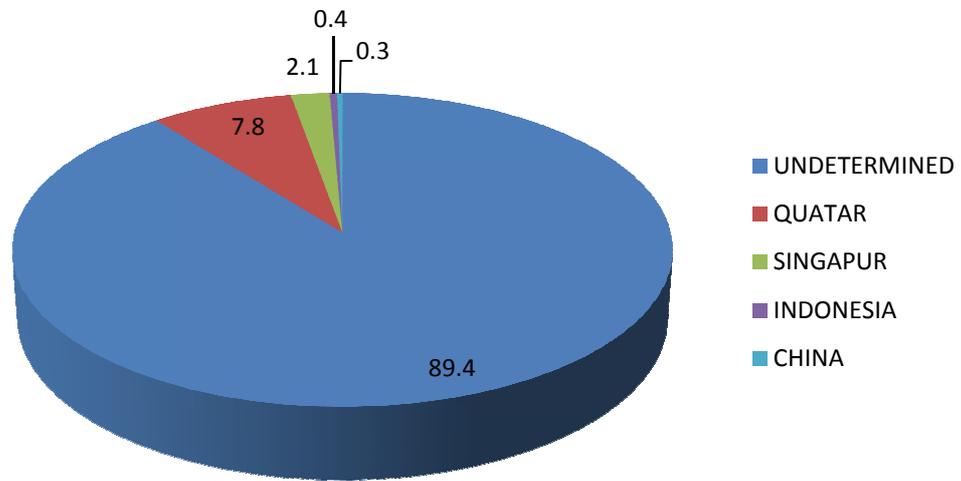


### FRANCE MAIN MARKETS 2010

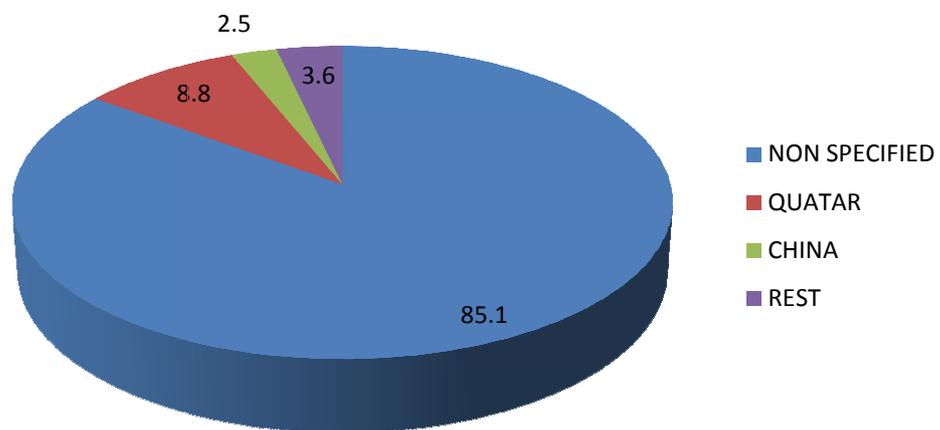


Graph 17:

### AUSTRALIA MAIN MARKETS 2009

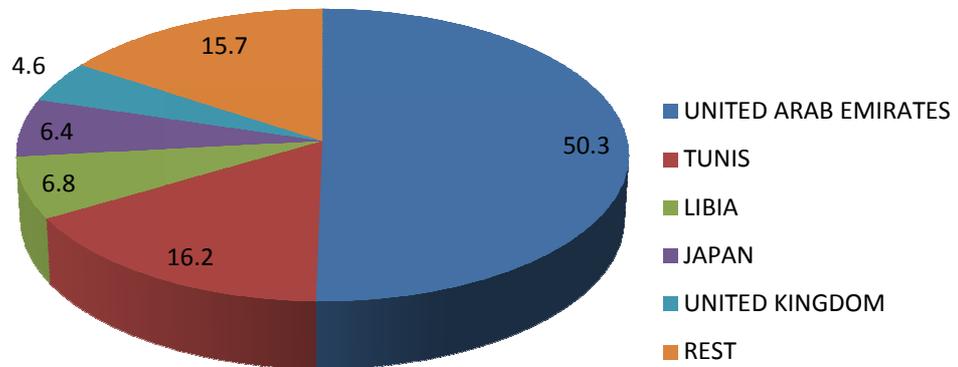


### AUSTRALIA MAIN MARKETS 2010



Graph 18:

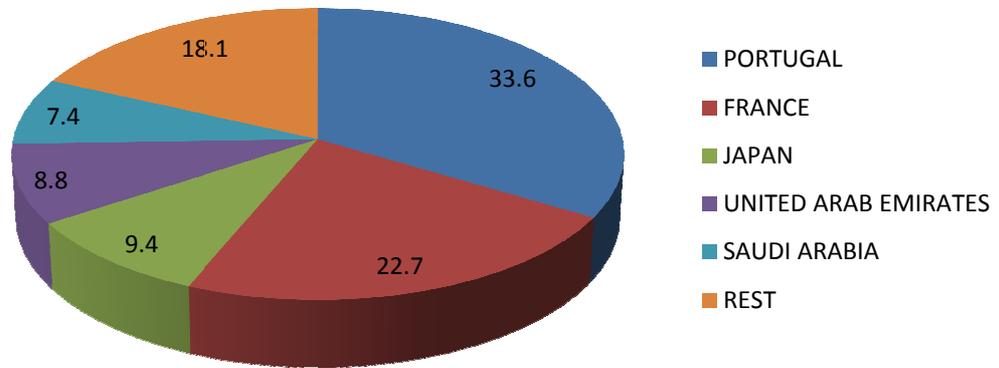
### ITALY MAIN MARKETS 2009



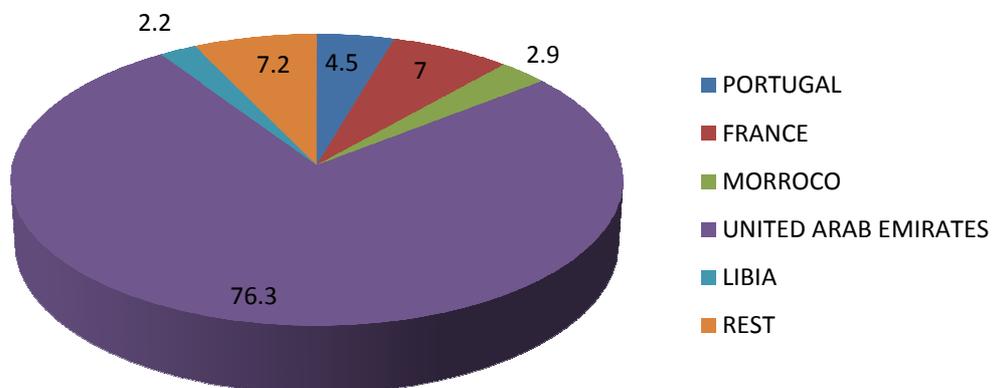
We have no detailed data available for Italian exports in 2010 due to the fact that Italy has passed from being the fourth biggest world exporter in 2009 to become the sixth one in 2010.

Graph 19:

### SPAIN MAIN MARKETS 2009



### SPAIN MAIN MARKETS 2010



❖ **COUNTRIES WITH GROWTH POTENTIAL:  
TURKEY AND SWITZERLAND**

## ANNEX II

### MANAGEMENT BY COMPETENCES: HR information system.

<b>Name</b>
<b>Seniority:</b>
<b>Job title:</b>
<b>Level of studies:</b>
<b>IT literacy (name applications mastered):</b>
<b>Level of foreign languages (written and spoken):</b>
<b>International trade knowledge:</b>
<b>Intercultural abilities:</b>
<b>Experience (length and responsibilities):</b>
<b>International related working experience:</b>
<b>Knowledge of sector (product and competence):</b>
<b>Support tools used at work:</b>
<b>Methods in practice:</b>
<b>Motivation at work:</b>
<b>Team member satisfaction:</b>
<b>Company politics perception:</b>
<b>Motivation techniques used:</b>
<b>Team development actions</b>
<b>Delegation methods:</b>

Annex III: Job analysis

**POSITION ANALYSIS QUESTIONNAIRE**

<b>INFORMATION IMPUT</b>
Where do you get information to perform job
How do you obtain this information
Other people implied
<b>MENTAL PROCESSES</b>
Reasoning on the elaboration of information
Decision making
Effective job Planning
Information processing
<b>WORK OUTPUT</b>
Physical activities
Tools used
Devices used
<b>RELATIONSHIPS WITH OTHERS</b>
Colleges
Responsible
Outsourced jobs relations
Suppliers
Customers

## Annex IV: Job Descriptions

### **Job title: Executive Sales coordinator**

#### **Job Summary**

An executive sales coordinator should supervise the performance of the sale projects and is responsible for achieving the objectives that have been set. He must evaluate the company's revenue-model and strategize new plans to improve sales margins. Moreover, he is required to be in synchrony with the market movements and formulate company plans accordingly.

#### **Job Duties and Responsibilities**

1. Sets sales Strategy that determines the direction of the company. The person will ultimately decide which markets to enter, who their competitors will be, how they're going to brand the company to position it appropriately and who they're going to partner with.
2. Sets the Budget for his department, decides on the allocation of funds, chooses the projects that drive the company forward and decides when to cut funding to projects that are losing money.
3. Instills Corporate Culture, prevents negative work environment that would chase away talented employees, develops a positive environment that will help to retain the best.
4. Works with Board of Directors on general strategy development, advising them on trends.
5. Promotes the Company, approves the marketing and promotion strategies of the company, determines the reputation the company would enjoy in the world and leads it in that direction.
6. Holds meetings with other departments to devise ways to improve the overall business.
7. Comply with Laws.

#### **Job Requirements**

1. Ability to lead, great communication and motivational skills.
2. Result oriented.
3. Excellent analytical and negotiation skills.
4. Blend of empathy, assertiveness, authority and decisiveness.
5. Readiness to work overtime.

#### **Minimum qualifications**

The core academic prerequisite for the job is a bachelor's degree in business, management or finance. A master degree will prove to be beneficial.

The post requires having the right educational background combined with work experience. At least five years of related experience are mandatory.

Up-dated: 01-09-2011

## **Job title: Export manager**

### **Job Summary**

As export manager, the person should design the international strategy of the business, manage the export process of the firm and oversee the whole procedure of foreign sales of the company. He should ensure that all legal requirements are fulfilled, and that the products meet the standards of the destination country as well as consumers' wants and needs.

### **Job Duties and Responsibilities**

1. Develops and implements plans to increase international market share, leads international negotiations and answers bid requests.
2. Oversees the conversion of products to meet foreign standards and specifications.
3. Ensures that export licensing, product routing, shipping, packing as well as customs declarations are organized well and fulfill requirements.
4. Assure fulfillment of sales objectives.
5. Coordinates the production of sales manuals and company communications in foreign languages.
6. Updates information about trade regulations.

### **Job Requirements**

1. The person needs strong interpersonal and presentation skills together with the ability to communicate efficiently both verbally and in written form.
2. He should have good leadership skills and be able to organize and motivate staff.
3. He should be versatile and able to multitask. The export manager should be easily adaptable to fast changing business conditions.
4. A result oriented mindset is necessary.
5. Able to interpret and direct the application of complex regulations that relate to the organization's operation.
  - Knowledgeable about export administration regulations.
  - Able to stay up-to-date with the changes in export laws and regulations that may have an impact on the operations of the organization.

### **Minimum Qualifications**

Bachelor degree in a business and international trade related fields are necessary, as well as international MBA.

International working experience is desirable.

Proven proficiency of English and French is essential.

The person has to be knowledgeable in computer applications and have a good working level of business software.

Up-dated: 01-09-2011

## **Job title: Sales staff**

### **Job Summary**

The person puts in practice plans and strategies to increase the company's sales and revenue within the assigned area of influence. He should develop customers' loyalty within his assigned client portfolio while increasing market-share. He should also ensure that all legal requirements are fulfilled. He should be aware of consumers' wants and needs. The person is responsible for coordinating sales-related details before and after the sale. Handling negotiations and sales contracts is a key part of the sales process.

### **Job Duties and Responsibilities**

1. Elaborates and implements plans to develop market share.
2. Elaborates offers and negotiate sales agreements.
3. Updates information about tariffs, company production data and stock reports.
4. Supervise that the expedition of products agrees with the terms of the sales arrangement.
5. Ensures the accomplishment of quality standards.
6. Organizes the logistics of end products.

### **Job Requirements**

1. The person needs strong interpersonal and presentation skills; the ability to communicate efficiently both verbally and in written form is essential.
2. He should be versatile and able to multitask.
3. A result oriented mindset is necessary.
4. Able to apply complex regulations that relate to the organization's operation and to stay up-to-date with the changes in regulations that may have an impact on the operations of the company.

### **Minimum Qualifications**

Graduate in a business administration or commerce fields.

**OR** five years of proven working experience as salesperson within the sector.

The person has to be proficient in computer applications and have a good working level knowledge of business software, especially spreadsheet programs.

Good working level of English is required.

Up-dated: 01-09-2011

## **Job title: Export Administrative**

### **Job Summary**

The person in charge handles clerical duties for the sales team. He needs to have a firm comprehension of the goals of the sales department.

### **Job Duties and Responsibilities**

1. Performs at high standards: invoicing, filling commercial information, customs relations, tax clearance, and all the administrative duties assigned at export department.
2. Relations with transport and insurance companies.
3. Deals with clerical work in expedition of sales.
4. Supervises the correct delivery of orders.

### **Job Requirements**

1. Knowledge of IT and sales-related programs that enable him to enter accounts and data into the system.
2. Organized, rigorous, trustful and objective oriented.
3. Skilled at organizing, able to multitask and proactive attitude.
4. Ability to work well alone and as team member.

### **Minimum Qualification**

High school diploma on business administration or commerce needed, besides a proactive attitude which is as important as education.

Up-dated: 01-09-2011

## **Job title: Export Assistant**

### **Job Summary**

As export department support person, he provides a valuable link between salespersons and their clients. He needs to have a firm comprehension of the goals of the sales team.

### **Job Duties and Responsibilities**

1. Holds permanent contact with customers.
2. Documents and answers appropriately bids, produces commercial communications, translates documents.
3. Coordinates external related services (banks, assurances, chambers of commerce, embassies trade department).
4. Collects payment and gathers commercial risk information.
5. Coordinates interdepartmental international activity.

### **Job Requirements**

1. Knowledge of IT and sales-related packages.
2. Interpersonal abilities and excellent customer service abilities are required; export assistants must be courteous and conduct themselves professionally.
3. Ability to deal with complaints and customer satisfaction oriented.
4. Skilled at organizing, able to multitask and proactive attitude.
5. Expert on commercial genres.

### **Minimum Qualification**

Grade on business administration or commerce needed, fluent in English and French and computer skilled.

Previous international related experience is required.

Up-dated: 01-09-2011

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