

College of Business and Economics
CHED Center of Development in Business and Management Education

**The value of international degrees:
Does it increase a Filipino's
marketability?**

SERIES 2005-02

Ma. Andrea L. Santiago, DBA

De La Salle University – Manila, Philippines

The *CBERD Working Paper Series* constitutes studies that are preliminary and subject to further revisions. They are being circulated in a limited number of copies only for purposes of soliciting comments and suggestions for further refinements. The studies under the *Series* are unedited and unreviewed. The views and opinions expressed are those of the author(s) and do not necessarily reflect those of the Center. Not for quotation without permission from the author(s) and the Center.

For comments, suggestions or further inquiries please contact:
Center for Business and Economics Research and Development (CBERD)
2nd Floor, Medrano Hall, La Salle Bldg., 2401 Taft Avenue, Manila, Philippines
Tel Nos.: (632) 3030869 and (632) 5244611 loc. 149; Fax No: (632) 3030869;
Email: cberesearch@dlsu.edu.ph
Or visit our website at <http://www.dlsu.edu.ph>

About the Author

Dr. Andrea Santiago is an associate professor at the Business Management Department of the College of Business and Economics (CBE) of De La Salle University – Manila and holder of the Don Jose Fernandez I Professorial Chair. She earned her Doctor of Business Administration Degree from the Graduate School of Business, De La Salle University and her Masters in Business Management from the Asian Institute of Management. She teaches strategic management, human resource management, family business management, and corporate social responsibility. Her research interests include family businesses, international higher education, sustainable development and business ethics.

Abstract

Regardless of how globalization is viewed, its consequence is the meeting of cultures and the desire to share not only the experience but the goods and services as well. Presumably in this environment there will be greater motivation for local businesses to invest in managers who already have the international exposure to shorten the learning curve. This investment is reflected in a compensation premium. Consequently, if businesses in the Philippines are willing to pay a compensation premium for international exposure, then the marketability of an individual naturally increases.

Table of contents

	page
1. Introduction	6
A. Philippine environment	7
2. Hypotheses and research design	9
A. Hypotheses	9
B. Research design	12
3. Summary of results	18
4. The influence of attributes on the value given to international exposure	37
5. Major findings	50
6. Conclusions and practical applications	53

List of tables

1. Analysis of inflow of completed survey	17
2. Profile of respondents against total base in terms of sector	19
3. Profile of respondents against total base in terms of industry	19
4. Profile of respondents against total base in terms of continent of origin	20
5. Profile of respondents against total base: countries in Asia	20
6. Profile of respondents against total base on gross revenue	21
7. Profile of respondents against total base on net sales	21
8. Profile of respondents against total base on net profit/loss	21
9. Profile of respondents against total base on net profit ratio	22
10. Profile of respondents against total base on total assets	22
11. Frequency table. Use of external sources for managerial and executive positions	23
12. Use of external sources for managerial and executive positions grouped by country of origin and local/multinational dichotomy	23
13. Frequency table. Use of executive search firms for recruitment	23
14. Cross-tabulation of those who source externally and the use of executive search firms for recruitment	24
15. Summary of means on managerial/executive attributes	26
16. Summary of means on role of local experience in developing listed managerial/executive attributes	29
17. Summary of means on role of international education in developing listed managerial/executive attributes	30
18. Multiple mentions tabulation on critical functional areas	31
19. Critical functional areas per industry	32
20. Means of relevance per functional areas	33
21. Means of relevance per organization ownership	33
22. Means of relevance of international education for each functional area per organization ownership	34
23. Means of relevance of international experience for each functional area per organization ownership	35

24. Means of value given to international exposure by use of executive search firms	43
25. Means of value given to international exposure by use of executive search firms	47

List of figures

1. Graphical representation of ANOVA on ownership and leadership	25
2. Graphical representation of ANOVA on ownership and multi-culture appreciation and global business perspective	28
3. Graphical representation of ANOVA on ownership and effect of international education on communication skills	31
4. Histogram of the value given to international exposure	36
5. Graphical representation of the value given to international exposure by type of organization ownership	38
6. Graphical representation of the value given to international exposure by sector	39
7. Graphical representation of the value given to international exposure by industry	40
8. Graphical representation of the value given to international exposure by global presence	41
9. Graphical representation of the value given to international exposure by presence of foreigners	42
10. Graphical representation of the value given to international exposure by number of foreigners	42
11. Means of value given to international exposure by organization leadership	44
12. Graphical representation of the value given to international exposure by number of foreign degree holders	45
13. Graphical representation of the value given to international exposure by culture	46
14. Graphical representation of the value given to international exposure by continent of origin	47
15. Graphical representation of the value given to international exposure by gross revenues	48
16. Graphical representation of the value given to international exposure by gross revenues	48
17. Graphical representation of the value given to international exposure by net income	49

The value of international degrees: Does it increase a Filipino's local marketability?

*By Ma. Andrea L. Santiago
De La Salle University - Manila*

1. Introduction

Around the world, the demand for international education has increased. Altbach (2004) reported that there were about 2.0 million international students worldwide and it is expected to increase to 8.0 million by 2025. The primary choices of international students are still major English speaking destination countries (MESDC), namely the United States, the United Kingdom, Australia, and Canada. These international students come from Asia, particularly China, Taiwan, Japan, Korea, India, Malaysia, Singapore, and Thailand (Altbach; Larsen, Martin, & Morris, 2002).

There are relatively few international students that come in and out of the Philippines. The records of the Commission on Higher Education (CHED) show that last year, there were 4,600 students, mostly from Asia, who came to the country to study. There are no readily available statistics on Filipinos who studied abroad but in 2001, OECD (2004) reports that there were over 4,000 Filipino students overseas in contrast to the 2,300 international students who entered the country. Compared to other countries, the inbound of international students and the outbound of Filipino students are on the low side. In India, for instance, there were 7,000 students from the around the world who went to study in the country, while there were 61,000 Indians who studied abroad, for the year 2001. In that same year, there were 18,000 Thai's who studied abroad while 2,500 international students came to study in Thailand (OECD).

Many of the students who study abroad come from middle to upper class homes. Reports (Altbach, 2003, 2004; Koh, 2001) show that 75 percent of international students finance their education through sources outside the foreign country, most of which come from their family. This covers their tuition and living expenses during the 2 to 4 years that they stay in the foreign country to complete their degree. The costs can be quite exorbitant especially in MESDCs that charge higher tuition fees for international students (OECD, 2004). In a 2004 study of the International Development Programme (IDP) of Australia, Follari reports that the total cost to a student of a Bachelor of Business degree, can reach a low of US\$60,000 in Australia to a high of US\$167,000 for a private university in the United States.

There are various reasons why students would opt to obtain their higher education degrees from abroad, despite the personal costs to their families. For non-English speaking countries, students would like to gain a better command of English and they can use this as a source of competitive advantage. Many also perceive that the

quality of education abroad may be superior to that in their home country and that it opens more doors for career opportunities, not only in their home country but in the host country as well (OECD, 2004; Resiberg, 2004).

The United States has had the largest number of international students, accounting for about 50 percent of the total pie. They also have the highest stay rates, meaning foreigners who stay in the country after graduation, most often times to work. In a study of foreign doctorate recipients in 2001, Finn (2003) disclosed that China and India had the highest stay rates of 96 percent and 86 percent respectively compared to average stay rates of 58 percent. These figures imply a strong desire of students to stay in their host countries, especially the United States, to work. Of late however, the United States government has become even stricter in their visa regulation prompting more foreign graduates to return to their home countries. But, are there opportunities available for them in their home countries and does their international degree improve their ability to land better jobs? In the Philippines for instance, how do sought-after employers view international qualifications? What benefits does it provide and what premium, if any, are companies willing to give for this?

A. Philippine Environment

The managing directors of five executive search firms in Manila (hereinafter referred to as executive search consultants) were separately interviewed to determine their perception on the value of international degrees and how they perceived their clients to view managerial applicants with international degrees. It was believed that their experience with clients would provide a better understanding of the selection criteria of many corporations and their willingness to pay for individuals with international qualifications.

Based on the collective views of the executive search consultants, the advantage of international education was not so much the knowledge gained but the perceived assimilation of attributes that are not readily seen in local graduates. On the intellectual side, international education, most especially from IVY leagues schools, is said to shape the thinking process of an individual. Unlike the predominant teacher-centered education system in local higher education institutions exemplified in pure lectures, foreign schools are more student-centered, prompting students to question and discover for themselves the “truths” in their areas of specialization. Thus foreign-educated Filipinos are expected to be more inquisitive and motivated to seek the truth.

The exposure to a different learning environment away from home is also said to contribute to independence and in so doing, hasten maturity. In a foreign country, there are lesser luxuries available and the absence of a family support system causes an individual to be resourceful and to rely on oneself. These are attributes that employers are said to look for in their managers.

The advantage of international education also hinges on the ability of the individual to interact with people of different cultures. Local education exposes a person to the “same culture, same mindsets, and same economic strata”, as observed by one of the executive search consultants. In contrast, foreign education brings about a total mix and surviving in that mix makes one more sensitive, more curious, and more insightful. Further, it enables one to establish relationships and thus a wide network of people to contact sometime in the future. Again, these are attributes needed especially in a global business environment.

Finally, foreign education is said to improve both oral and written communication skills. While the top universities in the country emphasize English in their curriculum, it is the experience in the business sector, as expressed by the executive search consultants, that the facility to communicate in English, while present, is not impressive. In contrast, they perceive that education particularly in a MESDC, forces an individual to express oneself clearly and in a language that is required and understood in the business world. Thus, communication skills are more superior than that developed in a local environment.

There are executive search consultants who believe that an undergraduate degree has as much value as a graduate degree, while others do not believe so. There are those who emphasize the need for an Ivy League education for competitive advantage. But all agree that international education alone is insufficient without the relevant work experience, whether acquired locally or abroad. The advantage of local work experience and an international degree is that it combines foreign acquired knowledge and attributes with sensitivity to the local environment.

For a multinational company however, there is nothing that can surpass both relevant international education and international experience. Moreover, there are certain positions that are in demand as well as industries that are fast growing and highly competitive that could benefit from a manager who already has the international exposure. Thus individuals are encouraged to take a position of responsibility in the host country in the fields that are sought after prior to returning to the Philippines to reap the most benefit from the investment in international education. According to the executive search consultants, multinational companies and local companies striving to compete in the global environment have the capacity and the flexibility to grant a compensation premium in these circumstances. Actual dealings with clients have shown a range of 10 to 50 percent given to individuals with these additional qualifications.

2. Hypotheses & research design

A. Hypotheses

This study explores whether the Philippine business sector attaches a compensation premium to individuals with international degrees and/or international experience. The premise is that corporations are interested to hire the most qualified individuals for their management team and for this reason, are willing to compensate for better qualifications. It is assumed that the greater the compensation premium afforded by business, the higher is the marketability of Filipinos with international exposure either in the form of international education, international work experience, or both. Conversely, businesses that do not give a compensation premium to international exposure, do not believe that the international aspect brings comparative advantage thereby implying that it does not improve an individual's marketability in the labor market.

It is believed there are many factors that may determine a business' propensity to grant compensation premium to individuals with international exposure. This paper explores these factors in an attempt to establish relationships. Obviously, it is a combination of factors that would eventually determine the magnitude of a compensation premium, if any. This shall likewise be investigated.

Hypothesis 1: Corporations are likely to place a greater value on international experience, rather than on international degrees.

Intuitively, one would expect that between an international degree and international work experience, corporations are likely to place greater weight on the latter, as they would between local education and local work experience. Education is not likely to counterweigh the benefits of the actual experience on the job. The learning from concrete decisions made at the work place has greater impact than theories can ever hope to have. For this reason, work experience is more likely to surpass education and in this instance, an individual with international work experience shall be better compensated than one with international education.

Hypothesis 2: Multinational companies and joint ventures between a foreign and local business, are likely to value individuals who have international degrees and/or international experience.

Hypothesis 3: Corporations that have global offices outside of Asia are likely to value international exposure.

Businesses that are wholly or partly owned by multinational companies are expected to adapt global recruitment standards. This means that managers and executives are required to possess certain attributes that fit a global culture. It is

presumed that generally, multinational companies would like their managers and executives to think and act globally, thereby likely to appreciate potential managers and executives who already have international exposure gained either through education, experience, or both.

In the instances that global recruitment standards are not adapted by multinational companies, it is assumed that there is still a propensity to value international exposure due to global production and markets. Consequently, corporations that do have global offices are likely to appreciate the international exposure of managers and executives and thus are perceived to be willing to put a monetary value to it. The more globally oriented a firm is, by virtue of presence in a larger number of continents, it is assumed that the greater the likelihood of compensation premium.

Hypothesis 4: Corporations that are recognized to be primarily family-run are less likely to value international degrees/experience.

Hypothesis 5: Corporations who serve only the local market are less likely to value international degrees/experience.

In contrast, there are companies that are very local in their orientation. These are firms that relate only with the local market and in many instances are predominantly family-owned. For these types of businesses, it is conjectured that owners seek for managers and executives who understand the local environment very well and will thus have a tendency to overlook the international exposure. Moreover in family-owned businesses, it is the family members that often hold the sensitive positions in the organization. It is likely that, if there is any international training, it is granted to the family. Thus, the owners are not likely to regard highly others with international exposure and conversely individuals with international exposure are not likely to be attracted to join family-owned businesses where their chance of climbing up the corporate ladder is restricted. Obviously, a professionally managed family business is a different scenario altogether.

Hypothesis 6: Corporations that are led by foreign executives are likely to give a compensation premium to individuals with international exposure.

Hypothesis 7: Western-oriented multinational companies from countries that value individualism and whose culture is characterized by low power distance are likely to value individuals who have international exposure.

Foreigners, because of their presumed exposure to the international market, are likely to value individuals with international exposure. However, the perception of foreigners is expected to differ depending on the country of origin of the leader and of the multinational firm. Executives from countries like the United States who value individualism and are unafraid to consider others as equals are likely to have top

executives who are not prone to feel threatened by managers and executives who have comparable educational and work experience as themselves.

Conversely, countries that are group-oriented like Japan and that have rigid hierarchy and prefer autocracy, tend to breed executives who would like to maintain superiority over others. In this regard, executives from these countries are afraid of competition and are not likely to consider individuals with international exposure as assets in their organization. In such organizations, only the nationals of the owning company are allowed to hold the top positions and benefit from a different compensation scale. Usually, the next in the hierarchy are line managers who are probably sent abroad for short-term training simply to expose them to the technology in the mother company. In all likelihood, these multinational companies are in the Philippines more for production activities.

Hypothesis 8: Industries that are highly competitive are more likely to appreciate individuals with international exposure and thus willing to pay a price for this.

Companies considered to market fast moving consumer goods (FMCG) constantly have to outdo themselves and their rivals. It is presumed that this drive to outperform leads them to seek highly effective managers and executives and to develop compensation packages meant to attract these individuals to their organizations. They seek highly innovative and aggressive individuals and these attributes can be acquired through international exposure. Thus, they are likely to grant a compensation premium.

There are other industries that are in a highly competitive environment in the country at the moment. For instance, the telecommunication industry is characterized by cutthroat competition especially with the entry of a third major competitor. While the companies within the industry position themselves differently, the desire to dominate is compelling. In their desire to be one step ahead, they seek only the best employees and in certain instances, individuals with international exposure can provide that edge.

Hypothesis 9: Depending on the industry, some functional areas are more critical than others in maintaining competitive advantage. Consequently, it is only these functional areas where a compensation premium is likely to be granted.

It is envisioned that companies are willing to give a compensation premium but only for positions that they believe are critical to the successful performance on their business. For instance, a production-oriented firm would likely seek individuals with international experience in technology, quality assurance, and research. An individual with international experience in controllership or finance would not be perceived as providing any additional value and thus would not likely receive a compensation premium for international exposure.

Hypothesis 10: Corporations with larger profit margins are likely to be more generous and thus can afford to and are willing to grant compensation premium for international exposure.

There are companies with very large gross revenues but whose operations are not profitable. Thus, these companies are motivated to control costs to improve their financial position. In this regard, they are not likely to provide a compensation premium for international exposure, or if so, can only provide a small premium. Conversely, profitable organizations are seen to have the flexibility to invest in human resources. This investment is reflected in higher compensation packages for their employees, most especially to those who possess qualifications that are not readily available. Should they value international exposure, they are likely to grant a compensation premium higher than those with smaller or negative profits.

Hypothesis 11: Corporations that used the services of executive search firms are more likely to give compensation premium to managerial and executive applicants, who have had international exposure.

The use of executive search firms has been on the rise in the last decade. However, this is an expensive method of recruitment. Industry rates place the success fee rate to be anywhere from 18 to 25 percent of the expected annual gross salary of the candidate that is eventually placed. Thus, only corporations who can afford and who have special requirements are likely to use the services of executive search firms. Since these corporations recognize the costs and benefits of this recruitment method, they are likely also to have an open mind regarding compensating individuals who have the added qualification of an international degree and/or international work experience. As evidence, executive search consultants have confirmed increased compensation packages for individuals they had successfully placed with these qualifications.

On the other hand, corporations who do not use the services of an executive search firm are more straightforward in their approach to recruitment. They are likely to advertise in newspapers and are very specific with the qualifications they want. An applicant who comes in with international qualifications is not likely to be treated any differently than someone who does not have these qualifications. Thus, the likelihood of a compensation premium is small.

B. Research design

The study used multiple methods to gather a better appreciation of the variables that may affect the decision to give a compensation premium for international education, international work experience, or both.

As mentioned earlier, managing directors of executive search firms were separately interviewed to provide an initial assessment on the value of international education. Their insights helped in shaping the first draft of the survey instrument.

Subsequently, a focused group discussion (FGD) was conducted to broaden the observation, solicit viewpoints from human resource (HR) managers themselves, and determine the perceived receptiveness of other HR managers to the study. With the help of an executive search consultant, a small group of five human resource managers were gathered in an informal but contained environment. It was a good mix of participants, with 2 managers coming from local firms and the other 3 from multinational companies. One of the HR managers was from a Japanese firm while the 2 others were from an American firm. The differentiation in the origin of the multinational firm was important because it brought to light the possibility that not all multinational companies would think the same way. The thinking is perceived to be affected by the culture from where the multinational company originated.

Finally, the mailed survey method was used to gather the opinion of HR managers on the research topic. The participants to the FGD had suggested having the survey endorsed by organizations such as the Personnel Management of the Philippines (PMAP) or the Philippine Chamber of Commerce and Industry (PCCI). They believed it would improve the response rate. Attempts were made to contact these organizations but due to time constraints, the survey instrument had to be released without their endorsement.

Instrumentation. There were 2 prior versions of the research instrument before the final instrument found in Appendix A was finally used.

The first survey was drafted immediately after the interviews with the five executive search consultants. It was premised on the notion that indeed there was a strong likelihood that businesses in the Philippines do value international degrees and/or experience. The instrument tried to capture a lot of information and on hindsight appeared cluttered and confusing. This instrument served as the jumping point during the focused group discussion.

As a result of the FGD, what emerged is that local firms may view international degrees and experience quite differently than that of multinational companies. And multinational companies, depending on their origin, would also view the international attribute differently. It also became more apparent that certain functional areas could benefit more from an international degree or international experience. Moreover, the perception on international exposure is expected to change depending on the profile of the organization and the background of both the HR manager and the chief executive. Finally, the HR managers emphasized that they constantly receive requests to participate in surveys by students and organizations and these were transmitted either through regular mail, facsimile (fax), or electronic mail (e-mail). Consequently, the survey

instrument should be brief and should show that the results may be of benefit to the company. Due to the additional information presented, the survey was redesigned.

The second survey instrument was put to a test. A handful of HR managers were tapped to complete the survey on a face-to-face session. This step was important so that the researcher could anticipate the reactions of the managers to particular questions. It was also used as an opportunity to determine how long it would take to complete the survey.

The test revealed that the presentation of certain questions was a stumbling block. In one instance, the HR manager felt obliged to stand and get the information needed to complete the survey with greater accuracy, as when the total number of personnel, degree holders and number of foreigners per broad band level (rank and file, supervisors, managers, executives) was asked. To resolve this, ranges were put into place. Also, a question that asked the respondent to indicate the degree of relevance of international degrees and experience on certain functional areas was met with momentary delay. This indicated that the respondent had to think twice on how to respond to the question. Thus, the presentation of the question was improved so that the response could be more natural.

Moreover, there was a question that asked the respondents to indicate how critical each of the functional areas was to the organization. It was observed that the HR department was always rated most critical to the organization. This indicated a bias since the respondent was from the HR. The question was eventually rephrased so that the respondent had to force rank the different functional areas, and therefore the most critical function emerged, reducing the bias for HR.

Finally, the arrangement of the questions caused the respondents to pause on certain questions before proceeding because it required more thought. Consequently, the questions were rearranged so that information that were likely to make one ponder, for instance the qualifications of the top executive, was pushed to the end of the survey. Thus, the respondents were expected to accomplish about 95 percent of the survey prior to experiencing any difficulty. It was hoped that the ease by which respondents completed the survey would contribute to a higher response rate. This is also why in all versions of the survey instrument, financial data was not asked. Instead, it is taken from other sources.

It would have been ideal for the third version of the survey instrument to be likewise tested. However, due to time constraints and the expected high volume of work for the HR managers during the year-end, the instrument was released without a pilot test. Thus respondents had to pencil-mark qualifications to their responses, when the choices presented were limited. For instance, the upper boundary of the question on work experience was only 20 years. But there were those who worked in the company for 30 years and therefore the respondents did not know where to tick mark their

response. In these cases, they simply indicated in side notations how many years they had worked for the company.

Essentially, the survey instrument was broken into two parts, with Question 1 as a qualifying question. This means that corporations that never used external sources to fill up vacancies in their middle and top management positions were not in a position to render an objective view on whether a compensation premium could be granted to managers with international exposure. Questions 2 to 5 was asked to learn about some HR practices while Question 6 to 10 was meant to capture the attributes sought by HR managers in their managers and executives and their views on whether these attributes¹ could be developed simply by local experience or through international education. Also asked were the importance of enumerated functional areas to the organization and whether international exposure is important for these positions. Finally, the HR managers were asked whether they were willing to provide a compensation premium for international exposure with Question 11, and what was considered relevant international work experience in Question 12. Questions 13 to 16 on the other hand were used for correlation and profiling purposes. These were primarily demographic data on the corporation, respondent, and chief executive officer.

Research procedure and experience. The respondents to the survey had to be identified. The idea was to tap the business sector. Initially, the listing of the PMAP was used as the base population. Of over 1,000 PMAP members, 67 randomly selected companies were drawn for a 90 percent confidence level. Upon review of the 67 companies however, many were eliminated since they were either government institutions, educational institutions, or non-profit organizations. A second-run of random numbers also resulted in a reduced number of companies. This was untenable. It then led to the use of the listing of the highly cited, Top Corporations of the Philippines, a yearly release of the Business World, a local business newspaper.

Based on records submitted to the Securities and Exchange Commission, the Business World ranks the top 7,000 Philippine businesses according to gross revenue, net sales, and net income in a given year. The resulting publication is then used by many companies to benchmark against their competitors, and by other organizations for research purposes.

The top revenue grossers are expected to be highly competitive organizations. It is perceived that these are companies driven to outdo their rivals and in their desire, strive to hire the best managers and executives in the country so that they exceed or maintain their position in industry. With this premise, this research focused on the top 200 organizations in terms of gross revenue. When the list was matched to the PMAP listing, it was revealed that only 98 of the 200 corporations were PMAP members.

¹ The attributes emerged from the interviews with executive search consultants, participants in the FGD, and lists presented by the International Labour Organization in a presentation at an international conference (1997) and by Kniest in another international conference in 2001.

While this may be interpreted in many ways, what is simply obvious is that the PMAP listing would not have captured the views of the 102 non-members.

From the list of 200 corporations, the government institutions were removed since it is unlikely they have the flexibility to top the compensation of its prospective managers. Moreover, due to lower compensation structures than industry, it is unlikely though not impossible that individuals with international degrees or experience would voluntarily apply with these organizations. With the elimination of government institutions, the survey base was reduced to 186.

Attempts were then made to contact the 186 firms to confirm their business addresses and to obtain the names of their HR directors/managers. The individual with the highest position in the human resource department was identified as the respondent because it was assumed that these individuals had a better appreciation of the corporate and human resource strategies of the business. They also were expected to have a better grasp of the recruitment and training policies and practices of the organization and were expected to respond to the survey with more certainty and ease.

Twenty-six of the firms contacted belonged to groups of companies that adapted uniform HR practices. Many of these had the same HR manager, so the base was further reduced to avoid redundancy. Of the remaining 160 corporations, two refused to divulge the name of their HR managers and thus were likewise excluded from the base. Another 6 were eliminated since the companies were based in the Visayas-Mindanao area without branch offices in Manila and it was anticipated that there would difficulty in monitoring these companies. And finally, 19 more companies were removed from the list because various attempts to identify, locate, and contact these firms were met with failure.

The survey instrument together with a covering letter was sent to the remaining 122 pre-identified HR managers via courier services. The decision to use courier services was prompted by the following considerations: the survey had a higher probability of being received by the addressee since there was a confirmation receipt that could be easily traced; it could be quickly received by the HR manager thereby giving more time to respond; and, it created a better impression than regular mail that could be mistaken for an application letter and thus possibly be re-routed and accidentally misplaced. Whether this was more effective than a mailed survey cannot really be determined as the method itself was not tested.

After one week from the release of the letters and survey instruments, the HR managers were contacted by phone. Due to the courier packaging, there appeared to be a high recall of the mailed instrument. However, twelve of the managers claimed not receiving the letters or was unsure whether it was still with their internal mailing system so facsimile copies were sent. Eleven of the managers preferred soft copies of the survey and thus it was sent via electronic mail. Finally, 3 managers requested both a facsimile and a soft copy of the survey.

There were 17 HR managers that returned the accomplished survey instrument, within one week from receipt of the letter, without need for any follow-up calls. Others required a single follow-up call, while still others needed persistent follow-ups. In about 60 percent of the instances, there was direct contact with the HR managers. The rest were either not reached at all or were referred to the secretaries and assistants. In some instances, the researcher had to find an internal connection for the HR manager to just complete the survey.

Of 122 mailed surveys, 3 did not answer the survey because they do not use external sources for their managers. This brought down the base to 119. From this list, 75 returned completed surveys and 2 HR managers claimed having sent the completed survey either by facsimile or through messenger but this was not received. Five refused to answer the survey because it was not applicable to them and they saw no benefit or they were not allowed to disclose corporate practices, while another did not respond to the survey because she was retiring. Nineteen companies could not be reached by phone at all, either because the manager was always out and there was no one who could take the call, or there were no answers to the phone. Another 5 surveys were lost in the bureaucracy since the addressee was either on maternity or vacation leave and the letter was either left on the table or passed to others and could no longer be traced. The balance promised to complete the survey but the year-end activities made responding to the survey a last priority.

In a five-week period, the influx of completed surveys was highest on the second week and began to slow down by the fourth week. Frequent response to the inability to attend to the survey right away, was the onrush of Christmas celebrations, year-end activities such as the release of bonuses, and preparation for the new calendar year with peak recruitment activities. After the Christmas break, twelve submitted accomplished forms after a reminder. Table 1, shows the cumulative response rate over a 5-week period.

Table 1. Analysis of inflow of completed survey

Week	No of Responses	Cumulative Responses	Response Rate
First	6	6	5.04%
Second	26	32	26.89%
Third	22	54	45.38%
Fourth	9	63	52.94%
Fifth	12	75	63.03%

Documentation Process. The interview proceedings of the five executive search consultants were immediately transcribed. The discussions in the FGD were likewise documented. Copies of the 3 versions of the survey instrument were retained including the accomplished surveys during the pilot test.

The completed surveys were returned via facsimile, electronic mail, or delivered to the university. In two instances, the HR managers responded to the survey over the phone so the researcher had to accomplish the form through dictation. The responses were confirmed before it was finalized. Notwithstanding, all completed surveys were compiled and properly stored for reference.

Analytical Procedure. The responses to the survey were encoded first in excel file. Some information was added to each data entry and was tabulated, particularly the effort exerted to gather the completed the survey and the methods used to ensure that the HR manager received a copy of the survey. Moreover, information on industry sector was standardized for classification purposes. The companies were primarily grouped into 3 categories: production/manufacturing, service, and trade, and subsequently grouped by industry. There were also answers that were collapsed to make more evident, differences in means. Finally, financial data taken from the Business World publication was also included in the data fields.

Once tabulated, the data was then imported to a form acceptable using Statistica. The following tools in Statistica were used: descriptive analysis, frequency tables, cross tabulations, correlation matrices, one-way Anova, and multiple regression.

3. Summary of results

For a better appreciation of the results of the study, the profile of the population base and ultimately the respondents were determined. 37.5 percent of the total targeted population participated in the study. However, since only 61 percent of the 200 companies were contacted, and 3 of these did not meet the criteria, actual response rate was 63.03 percent. Closely following the proportions in the base population, 61 percent of the responses came from those in the production sector, 31 percent from the service sector, and the balance from trading. In actual numbers and in proportion, there were more respondents from the production sector (table 2).

Table 2. Profile of respondents against total base in terms of sector

Sector	Total Base	Letters Sent	Respondents
Production	115	69	45
Service	59	39	24
Trading	26	14	5
Total	200	122	75

As seen in table 3, the industries with the most number of companies belonging to the top 200 corporations are in semiconductor/computer, food manufacturing, and banking/financial/insurance businesses. Of the three, better response rate came from the financial services industry. On the other hand, the firms in the telecommunication industry were combined with the broadcasting industry and six of the nine firms who were sent letters responded to the survey. In the petroleum industry that included refining operations and distribution, all those sent letters responded to the survey.

Table 3. Profile of respondents against total base in terms of industry

Industry	Total Base	Letters Sent	Respondents
Telecom/Broadcasting	9	6	6
Banking/Finance/Insurance	26	21	14
Holding Company	5	2	0
Transportation	6	5	1
Cargo	5	3	2
Restaurant	2	2	2
Food	30	20	11
Consumer	14	9	6
Pharmaceutical	8	8	3
Semiconductors/Computers	36	21	12
Motor Vehicles	13	6	4
Industrial	2	1	1
Petroleum	9	5	5
Utilities	15	6	5
Others	20	7	3
Total	200	122	75

The corporations belonging to the population base originated from 3 continents: Asia with 76 percent, North America with 19 percent, and Europe for the remaining 5

percent. Table 4 shows there were higher response rates from companies that originated from Europe (90%), followed by North America (63%), then Asia (57%).

Table 4. Profile of respondents against total base in terms of continent of origin

Continent of Origin	Total Base	Letters Sent	Respondents
Asia	152	85	49
North America	38	27	17
Europe	10	10	9
	200	122	75

A closer look at the companies originating from Asia shows that 71 percent are from the Philippines but only 56 percent were sent the survey. Many of the Filipino companies were not included because they were either government-owned and/or controlled corporations (14), were part of a business conglomerate with centralized HR operations (20), did not have Manila offices (3) or could not be located or reached (10). Of the 38 firms that originated from the Philippines, 10 of these developed partnerships with foreign companies.

There were quite a number of Japanese firms but only 52 percent of the Japanese firms were sent letters (see table 5). Four of the firms could not be located, nine could not be contacted by phone, two were from the Visayas-Mindanao area, and one had a sister company.

Table 5. Profile of respondents against total base: countries in Asia

Country	Total Base	Letters Sent	Respondents
Philippines	108	61	38
Japan	36	19	9
Korea	4	2	1
Others	4	3	1
	152	85	49

A review of the profile of the top 200 companies by financial indicators (see tables 6 and 7) showed there were better response rates for companies with higher gross revenues. The same was true in terms of net sales.

Table 6. Profile of respondents against total base on gross revenue

Revenue Range	Total Base	Letters Sent	Respondents
Less than 5 billion	40	24	10
5 to 10 billion	85	53	32
11 to 50 billion	64	37	25
51 to 100 billion	5	5	5
More than 100 billion	6	3	3
Total	200	122	75

Table 7. Profile of respondents against total base on net sales

Net Sales Range	Total Base	Letters Sent	Respondents
Less than 5 billion	50	29	14
5 to 10 billion	82	54	32
11 to 50 billion	61	35	25
51 to 100 billion	1	1	1
More than 100 billion	6	3	3
Total	200	122	75

Seventy-seven percent of the top 200 corporations and the 75 respondents had net profit less than P5.0 billion. The second largest group were companies with net loss no more than P5.0 billion. Sixty percent of those were sent letters, participated in the study. Table 8 shows the breakdown of respondents by ranges in net income/loss.

Table 8. Profile of respondents against total base on net profit/loss

Net Income/Loss Range	Total Base	Letters Sent	Respondents
Net Loss more than 5 billion	2	0	0
Net Loss between 0 to 5 billion	30	20	12
Net Income less than 5 billion	154	95	58
Net Income between 6 to 10 billion	10	4	2
Net Income between 11 to 20 billion	4	3	3
Total	200	122	75

Since there was little variability in the profile of the Top 200 corporations in terms of net profit or loss, the net profit ratio was computed. Table 9 shows that participation was quite evenly distributed among the categories except for the top range of 41 to 50 percent profit over revenue that had only 1 respondent of 5 letters sent. The rest show response rates of about 60 percent.

Table 9. Profile of respondents against total base on net profit ratio

Profit Ratio	Total Base	Letters Sent	Respondents
Losses	32	20	12
0% to 10%	103	64	41
11% to 20%	29	17	11
21% to 30%	12	10	6
31% to 40%	8	6	4
41% to 50%	16	5	1
Total	200	122	75

The top 200 corporations were more spread out in terms of asset base. The largest group of respondents came from the asset range between US\$51 to US\$100 billion, followed by companies belonging to the asset bracket US\$11 to US\$50 billion. This is shown better in table 10. It can be observed that companies with total assets of less than US\$5 billion were not as motivated to participate in the survey, than those belonging to the other ranges.

Table 10. Profile of respondents against total base on total assets

Asset Range	Total Base	Letters Sent	Respondents
Less than 5 billion	76	45	23
5 to 10 billion	34	25	15
11 to 50 billion	53	27	20
51 to 100 billion	15	10	8
101 to 200 billion	13	9	5
More than 200 billion	8	6	4
Total	199	122	75

Proceeding to the survey instrument, table 11 shows 55 of the 75 respondents sometimes use external sources to meet the requirements at the managerial and executive levels. This implies that there is a tendency to promote from within. Further investigation (see table 12) shows that while majority of the firms are wholly or partly

owned by Filipinos, foreign companies are also not inclined to hire managers and executives from external sources that often.

Table 11. Frequency table.
Use of external sources for managerial and executive positions

	Count	Cumulative	Percent	Cumulative
All the time	3	3	4.00	4.00
Most of the time	18	21	24.00	28.00
Sometimes	54	75	72.00	100.00

Table 12. Use of external sources for managerial and executive positions grouped by country of origin and local/multinational dichotomy

External Hires	Asia	North America	Europe	Total	Non-MNC	MNC	Total
All the time	1	2	0	3	2	1	3
Most of the time	13	4	1	18	12	6	18
Sometimes	35	11	8	54	34	20	54
Total	49	17	9	75	48	27	75

The results also show there is a greater tendency for the surveyed companies not to use the services of an executive search firm. In fact, one of the respondents noted that they used to work with executive search firms but have stopped in the last few years and another elaborated that while they use the services, they have not had a successful hire from an executive search firm. The breakdown is shown in table 13.

Table 13. Frequency table. Use of executive search firms for recruitment

	Count	Cumulative	Percent	Cumulative
All the time	5	5	6.67	6.67
Most of the time	23	28	30.67	37.34
Sometimes	36	64	48.00	85.34
Never	11	75	14.66	100.00

The cross-tabulation between tapping external sources for managerial positions and users of executive search firms reveal that those companies that usually promote from within are also not likely to utilize the services of an executive search firm on the occasions that they do tap external sources to meet their managerial requirements. Organizations that do seek for outside talent, most if not all the time, are more likely to use the services of executive search firms.

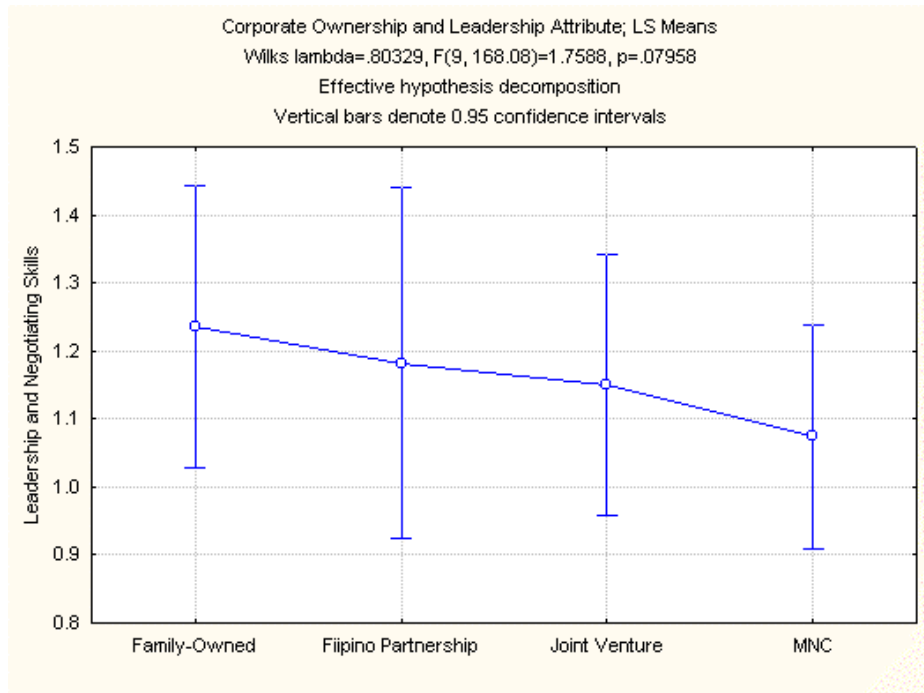
Table 14. Cross-tabulation of those who source externally and the use of executive search firms for recruitment

External Hire	Do not use Search Firms	Uses Search Firms	Total
All the time	1	2	3
Most of the time	3	15	18
Sometimes	43	11	54
Total	46	28	75

The respondents were then asked to rate certain attributes that they thought were important for their managers and executives to possess. The highest rated attributes (lower means) were leadership and persuasive abilities, self-confidence, technical expertise, adaptability, resourcefulness, and creativity. The lowest rated attributes, while still important, were advanced education in an appropriate field, multi-culture appreciation, and global business perspective. The lower rating for the attributes just mentioned suggests a lack of multi-cultural environment in businesses in the Philippines and therefore presumes a lack of appreciation for global business. In fact, when the companies were asked if they send their managers abroad for international assignments or specialized training, 30 percent said they did not, although 40 percent of the companies would send managers but for a period no more than 3 months.

The perception on attributes was compared among 4 categories in corporate ownership, categorized from variables drawn out from the survey and from corporate websites. The first type referred to family ownership, the second to Filipino partnership, the third category to a joint venture with a foreigner, and the last category referred to foreign-owned entities. The analysis of variance (ANOVA) shows that there is a difference in means, though not disparate, between groups with foreign-owned entities valuing leadership and persuasive abilities more than family-owned businesses. This is clearly seen in figure 1.

Figure 1. Graphical representation of ANOVA on ownership and leadership



The same trend is also observed with the attribute that pertains to the ability to communicate well with stakeholders. Family-owned businesses tended to give lesser importance to this attribute than the other three groups. Similarly, foreign-owned business tended to give greater importance to this attribute than the other groups. It is likely that foreign-owned businesses appreciate this attribute greatly because of their constant dealings with different types of stakeholders not only in the Philippines but in other countries as well. Since their business operates in a multi-lingual environment, they regard good communication as essential to their managers.

The summary of means on managerial and executive attributes is presented in table 15. Highlighted are those that presented the lowest means as compared to the other groups. It can be observed that compared to other groups, family-owned businesses have higher means indicating they give lesser importance to most of the enumerated attributes. Of all attributes, they agree that technical expertise is very important for a manager to possess.

Table 15. Summary of means on managerial/executive attributes

	Family-Owned	Local Partnership	Joint Venture	Foreign-Owned	Total
No. of Cases	17	11	20	27	75
Attributes					
Corporate Training	1.412	1.182	1.550	1.444	1.427
Advanced Education	1.765	1.545	2.200	2.259	2.027
Technical Expertise	1.059	1.000	1.200	1.481	1.240
Leadership	1.235	1.182	1.150	1.074	1.147
Independent Thinking	1.412	1.273	1.450	1.370	1.387
Assertiveness	1.412	1.273	1.250	1.444	1.360
Self-Confidence	1.412	1.182	1.100	1.259	1.240
Resourcefulness	1.412	1.182	1.200	1.259	1.267
Creativity	1.353	1.182	1.200	1.333	1.280
Adaptability	1.412	1.273	1.050	1.148	1.200
Multi-Culture Appreciation	2.235	1.636	1.950	1.296	1.733
Ability to Network	1.824	1.455	1.500	1.333	1.507
Global Perspective	2.059	1.455	1.850	1.370	1.667
Communication	1.588	1.455	1.450	1.296	1.427

It is interesting to observe that businesses grouped under category 2 (Filipino partnership) are not responding as expected, which means they were expected to have lower means than family-owned businesses and higher means than joint ventures and foreign-owned businesses, but did not. In general, they rated many of the attributes as being very important to their managers, especially for six attributes, where they presented the lowest means compared to the other groupings. They regarded as very important, exposure to corporate training, advanced education in the appropriate field, technical expertise, independent thinking, resourcefulness, and creativity. It appears that the businesses in this category are relying on the expertise and abilities of their managers to maintain their level of competitiveness. Their high regard for corporate training would indicate a strong need to conform to organizational culture, structure, and strategy. Their need for managers with resourcefulness and creativity may indicate their businesses require a lot innovation but are hoping this would not require additional expenses on their part.

Regarded as very important to joint ventures are the attributes of assertiveness, self-confidence, and adaptability. Adaptability is understandable since joint ventures are a fusion of cultures that have to get along with one another. Moreover, business practices may be quite different. Consequently, a highly adaptable manager is likely

seen as someone who understands the desires of the foreigners and the needs of the locals. Assertiveness and self-confidence are also viewed as highly important compared to the other groups, perhaps again in the need for managers to deal with the foreigners.

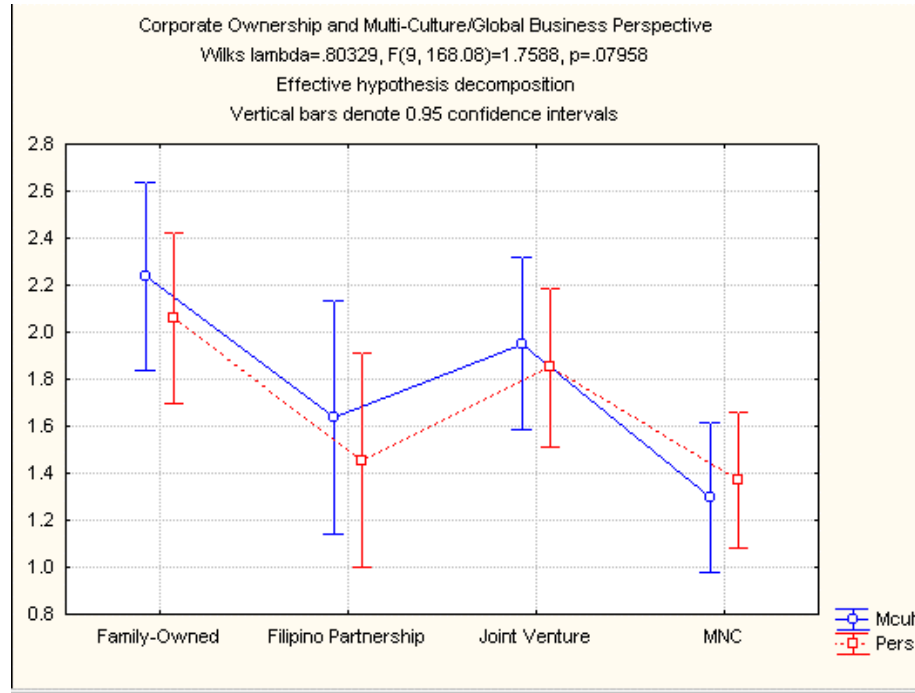
Least important to joint ventures is advanced education in the appropriate field. It is interesting to observe that between groups, joint ventures regarded independent thinking with lesser importance. This, taken together with lower means for multi-culture appreciation and global business perspective, seems to indicate that these joint venture arrangements were created for very specific purposes, generally for production, or the businesses were basically Filipino run but had foreign investors who later on joined in but are not involved in day-to-day operations of the business. The latter seems to be supported by the cross-tabulation that showed 50 percent of the joint ventures had origins in the Philippines.

For foreign-owned businesses, the attributes rated as the “most important” as compared to the other groups were leadership and persuasive skills, multi-culture appreciation, ability to network, global business perspective, and ability to communicate with all stakeholders. Also rated as most important was the attribute of adaptability (1.148), though joint ventures presented the lowest mean (1.050).

The attributes with greatest disparity in means were advanced education in the appropriate field, multi-culture appreciation, and global business perspective. On advanced education, multinational companies did not regard this as very important to their managers. It is suspected that these firms rely on business and technical knowledge gained from actual work experience. On the other hand, they placed greater weight on multi-culture appreciation and global business perspective even across the different groups. This is understandable because of their global reach.

Figure 2 graphically shows the different means for the attributes of multi-culture appreciation and global business perspective. It is apparent that family-owned businesses and foreign-owned businesses view these attributes differently. However, it is intriguing to note that Filipino partnerships tend to place more importance to these attributes than joint ventures. A possible explanation for this is that the Filipino partnerships are looking into benefits of global markets while the joint ventures look into benefits of global production. Thus, in their desire to reach out to markets outside the country, they need managers who can appreciate what is happening past the Philippines. On the other hand, joint venture companies as explained earlier are more interested in gaining benefits from cheaper production and better skilled manual labor than reaching out, or are simply points of entry for foreign firms.

Figure 2. Graphical representation of ANOVA on ownership and multi-culture appreciation and global business perspective



There are three attributes that the respondents believe could be developed with local experience. These are leadership and persuasive ability, independent thinking, and resourcefulness. On the other hand, those that could not be developed to the same degree were the attributes of multi-culture appreciation, ability to network, global business perspective, and the ability to communicate well with all stakeholders. Among the four groups, it was expected that Filipino firms, whether family-owned or local partnerships, were more likely to agree that the attributes of a manager could be developed with local experience. Table 16 shows this to be true. The data also shows that compared to the other groups, family-owned businesses, in particular, were more likely to agree, though not strongly agree, that multi-culture appreciation and global business perspective could be developed in managers with local experience.

Table 16. Summary of means on role of local experience in developing listed managerial/executive attributes

	Family-Owned	Local Partnership	Joint Venture	Foreign-Owned	Total
No. of Cases	17	11	20	27	75
Attributes					
Technical Expertise	1.353	1.182	1.300	1.630	1.413
Leadership	1.235	1.091	1.150	1.296	1.213
Independent Thinking	1.176	1.091	1.350	1.370	1.280
Assertiveness	1.235	1.091	1.300	1.444	1.307
Self-Confidence	1.176	1.091	1.400	1.519	1.347
Resourcefulness	1.118	1.091	1.400	1.370	1.280
Creativity	1.294	1.091	1.500	1.481	1.387
Adaptability	1.235	1.182	1.600	1.519	1.427
Multi-Culture Appreciation	1.941	2.364	2.400	2.037	2.160
Ability to Network	1.412	1.364	2.200	2.000	1.827
Global Perspective	1.882	2.091	2.500	2.370	2.253
Communication	1.176	1.091	1.800	2.000	1.627

There appears to be a belief that education, whether locally or foreign obtained, cannot develop certain attributes expected of managers in the same way as work experience can (see table 17). At best, it could probably help broaden business perspective, create a better appreciation of various cultures, and enhance technical skills. Otherwise, all other attributes are best developed in the work place.

Of the 4 groups, businesses that were joint ventures consistently were more inclined to disagree, although they would sometimes agree, that the managerial attributes could be developed with international education. Multinational companies, on the other hand, tend to have a more positive outlook compared to the other groups regarding the ability of international education to develop attributes such as leadership skills, assertiveness, and self-confidence, consistent with what executive search consultant reported. Global business perspective is the attribute regarded by multinational companies that would most likely be developed with international education. Again, figure 3 would show that the ability to communicate well with all stakeholders could be developed with international education rather than local work experience. It is constant exposure, presumably to the English language, that enhances better communication skills. In local education, students normally slide back to use of the vernacular or a strange mix of English and Filipino combined in words, phrases, and sentences.

For joint ventures however, they do not strongly believe that international education can develop communication skills. One posits it is their experience with their foreign partners that may have affected their notion.

Table 17. Summary of means on role of international education in developing listed managerial/executive attributes

	Family-Owned	Local Partnership	Joint Venture	Foreign-Owned	Total
No. of Cases	17	11	20	27	75
Attributes					
Technical Expertise	1.647	1.636	2.050	1.667	1.760
Leadership	1.882	1.909	2.500	1.852	2.040
Independent Thinking	1.882	1.818	2.300	1.926	2.000
Assertiveness	1.824	1.909	2.300	1.815	1.960
Self-Confidence	1.941	2.000	2.150	1.704	1.920
Resourcefulness	1.941	2.091	2.500	2.037	2.147
Creativity	1.941	2.091	2.450	1.926	2.093
Adaptability	1.941	1.818	2.300	1.852	1.987
Multi-Culture Appreciation	1.529	1.364	1.800	1.556	1.587
Ability to Network	1.647	1.636	2.100	1.556	1.733
Global Perspective	1.529	1.364	1.700	1.296	1.467
Communication	1.824	1.909	2.150	1.519	1.813

The respondents were then asked to rank the top 3 critical functional areas in their organization. Marketing and sales were considered the top priority by 32 respondents, second priority by 16 respondents, and third priority by 7 respondents. This means that 73 percent of the respondents believed that this functional area could determine how well they performed in industry. Table 18 summarizes the number of times a functional area was mentioned as being critical.

The functional area that stood out as second most critical was production and operations although only 16 respondents cited this as their second priority. In total, production and operations was mentioned 35 times as being a critical aspect of business. However, if other aspects of production and operations are combined such as engineering, technology, quality assurance, as well as research and development activities, then the combined times mentioned would be 72, even surpassing that of marketing and sales.

Figure 3. Graphical representation of ANOVA on ownership and effect of international education on communication skills

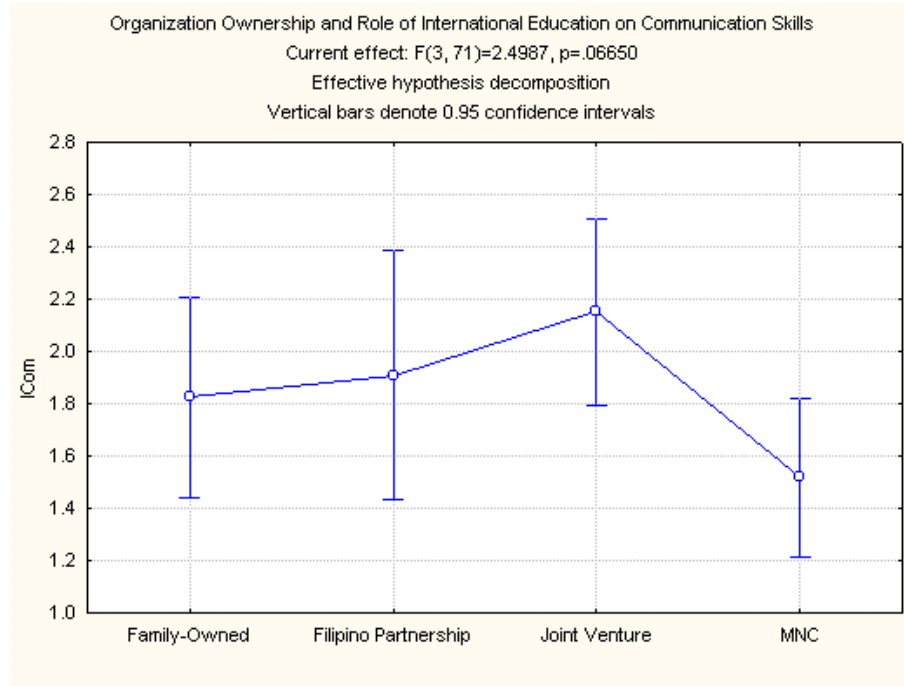


Table 18. Multiple mentions tabulation on critical functional areas

Functional Area	First	Second	Third	Total	Percent of Responses	Percent of Cases
Controllership and Accounting	0	3	3	6	2.67%	8.00%
Finance and Investment	5	7	11	23	10.22%	30.67%
Corporate and Legal Affairs	0	1	1	2	0.89%	2.67%
Human Resources	6	9	22	37	16.44%	49.33%
Information Technology	0	4	11	15	6.67%	20.00%
Marketing and Sales	32	16	7	55	24.44%	73.33%
Engineering and Technology	8	10	6	24	10.67%	32.00%
Production and Operations	12	16	7	35	15.56%	46.67%
Quality Assurance	2	3	3	8	3.56%	10.67%
General Management	8	4	3	15	6.67%	20.00%
Others (Research, Actuary)	2	2	1	5	2.22%	6.67%
	75	75	75	225	100.00%	300.00%

Finally, the third most critical functional area was human resources, identified by 22 respondents. There may of course be a bias to this since the respondents to the survey instrument were from the human resource department. Combining all categories however, the human resource department was mentioned as being critical, in varying degrees, to the company's competitiveness by 37 of 75 respondents. This surpasses the 35 mentions of production and operations, though lower if production-related activities were combined.

Tabulating the data according to industries (see table 19), it is no wonder that engineering would be most critical for the industries belonging to telecommunication, broadcasting, semiconductor, as well as for the businesses dealing with water, power and energy. In the cargo industry, business operation is a critical aspect. For practically all other industries, marketing is deemed the lifeblood of the organization.

Table 19. Critical functional areas per industry

Industry	No. of Cases	Critical 1		Critical 2		Critical 3	
		Function	Count	Function	Count	Function	Count
Telecom/Broadcasting	6	Engineering	5	Marketing	4	IT/Gen Mgt	2
Banking/Finance/Insurance	14	Marketing	14	Legal Affairs	9	InfoTech	6
Transportation	1	Marketing	1	Operations	1	Human Res	1
Cargo	2	Production	2				
Restaurant	2	Mktg/Prod	2				
Food Manufacturing	11	Marketing	10	Human Res	6	Production	5
Consumer Manufacturing	6	Marketing	5	HR/Legal	3		
Pharmaceutical	3	Marketing	3	HR/IT	2		
Semiconductors/Computers	12	Engineering	10	Production	7	Human Res	5
Motor Vehicles	4	Mktg/HR	3			Production	2
Industrial Products	1	Human Res	1	Operations	1	Marketing	1
Petroleum	5	Marketing	5	HR/Prod	3		
Water/Power/Energy	5	Eng/HR	3				
Others	3	Prod/HR	3				

Given the critical functional areas, the human resource managers were asked to indicate to what extent international education or international experience would be relevant to each of the functions. The question was aimed at drawing the functional areas where international education and work experience would be of most benefit.

It was a general consensus that international education and experience were not relevant to particular functional areas, except for research and development (see table

20). Between the two however, international work experience had a slight edge. Among the functional areas, there was a small promise that international education and international experience could be relevant to engineering and technology, perhaps because many innovations come from abroad. For international education, it was highly relevant to 15 respondents and relevant to another 27. For international experience, it was highly relevant to 14 respondents and relevant to 32. However for areas in finance, accounting, and legal affairs, local education or work experience were sufficient to meet the requirements of the job.

Table 20. Means of relevance per functional areas

Functional Area	Education	Experience
Controllership and Accounting	3.21	2.96
Finance and Investment	2.85	2.65
Corporate and Legal Affairs	3.47	3.35
Human Resources	3.19	3.01
Information Technology	3.04	2.75
Marketing and Sales	2.99	2.80
Engineering and Technology	2.48	2.40
Production and Operations	2.84	2.73
Quality Assurance	2.92	2.77
General Management	3.00	2.73
Research & Development	1.50	1.50

Grouping the responses by ownership configuration (see table 21); there again are slight differences in means. But the results seem to suggest that joint ventures were more inclined to consider international education as relevant to the functional areas while foreign-owned firms were more inclined to consider international work experience as relevant to the functional areas.

Table 21. Means of relevance per organization ownership

	Family-Owned	Local Partnership	Joint Venture	Foreign-Owned	Total
International Education	3.15	3.07	2.83	2.98	3.00
International Experience	3.03	3.00	2.74	2.66	2.81

Tables 22 and 23 show the means of relevance for each functional area per type of organization ownership. The difference in means seem to point that joint venture companies are more inclined to see the relevance of international education and even

international work experience for most of the functional areas. However it should be recalled that joint ventures did not believe that international education could develop certain managerial attributes. Consequently, it is posited that joint ventures were looking towards international education as developing technical skills and they were not interested in the soft skills required of managers. This is consistent with the earlier observation that joint ventures are normally task-oriented, relying on efficiencies that could be enhanced with technical knowledge.

On the other hand, local partnerships see the value of international exposure for their finance and investment activities, more than the other groups. This is understandable since majority of the businesses belonging to this group are from the financial sector.

Table 22. Means of relevance of international education for each functional area per organization ownership

Functional Area	Family-Owned	Local Partnership	Joint Venture	Foreign-Owned	Total
Controllership	3.41	3.45	2.90	3.22	3.21
Finance	2.94	2.73	2.95	2.78	2.85
Corporate Affairs	3.41	3.64	3.50	3.41	3.47
Human Resources	3.41	3.36	2.80	3.26	3.19
Information Technology	3.41	2.64	2.85	3.11	3.04
Marketing & Sales	3.00	3.00	2.80	3.11	2.99
Engineering	2.71	2.73	2.20	2.44	2.48
Production/Operations	2.88	3.00	2.70	2.85	2.84
Quality Assurance	2.94	3.00	2.90	2.89	2.92
General Management	3.47	3.18	2.75	2.81	3.00

Comparing tables 22 and 23, one could see that foreign-owned companies begin to show their bias for work experience pointing to greater relevance than other groups for the areas of finance, marketing, quality assurance, and most especially general management. Even their regard for engineering is apparent in their mean responses, compared to ratings on other functional areas.

Returning to the 3 critical functional areas, it would appear from the tabulation that there is a lot of local orientation in businesses operating in the Philippines. In marketing and sales, it is deduced that there has to be very good appreciation of the local market especially for local firms than it is for multinational companies. In production and operations, conventional management is perhaps required thus international exposure was not rated too highly. For human resource management, familiarization

with Philippine labor laws and practices is essential and since the employee base is largely Filipino, no benefit is seen from international education or experience. As organizations become multi-cultural, perhaps this view may change as suggested by lower mean scores of businesses that have foreign ownership.

Table 23. Means of relevance of international experience for each functional area per organization ownership

Functional Area	Family-Owned	Local Partnership	Joint Venture	Foreign-Owned	Total
Controllership	3.12	3.27	2.75	2.89	2.96
Finance	3.00	2.45	2.75	2.44	2.65
Corporate Affairs	3.24	3.64	3.50	3.19	3.35
Human Resources	3.29	3.45	2.80	2.81	3.01
Information Technology	3.00	2.36	2.65	2.81	2.75
Marketing & Sales	3.00	3.00	2.75	2.63	2.80
Engineering	2.71	2.45	2.25	2.30	2.40
Production/Operations	2.71	3.09	2.60	2.70	2.73
Quality Assurance	2.88	3.00	2.70	2.67	2.77
General Management	3.41	3.27	2.65	2.15	2.73

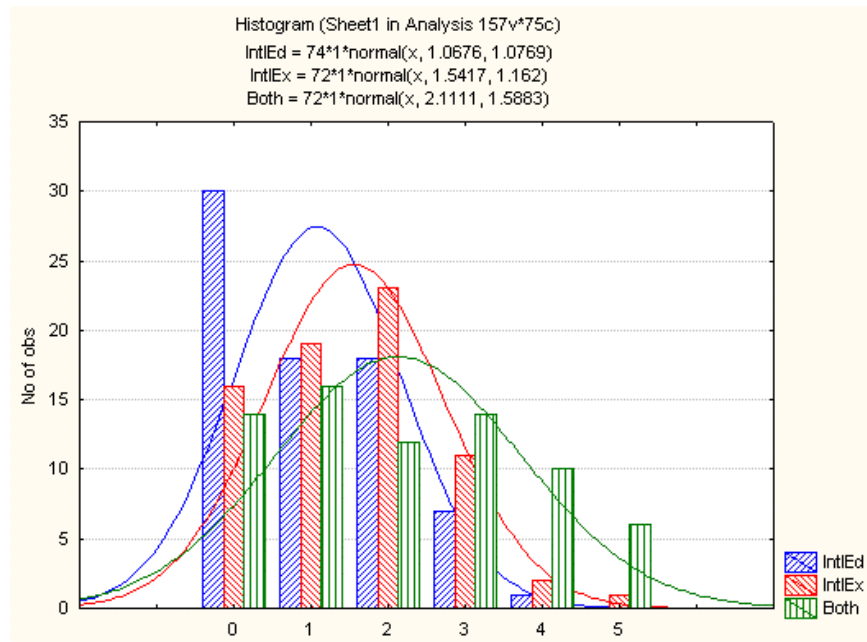
Despite the irrelevance of international education or international experience to particular functional areas, the respondents generally were willing to give a compensation premium for international exposure. Initially, 40 percent of the respondents would not give a premium for international education. However, this figure was reduced to almost half for international experience. At the end, only 14 of the 75 respondents persisted in their opinion that a compensation premium should not be granted even if the prospective manager had both international education and experience.

A simple average of the responses indicate that the premium for international education would be closer to 10 percent, the premium for international experience between 10 to 20 percent, and the premium for both, closer to 20 percent. There are some companies that are willing to go as high as 50 percent and one respondent mentioned that the company was willing to pay whatever it takes to hire an individual who had relevant work experience. Two companies did not indicate an average premium although one was willing to pay a premium depending on the qualifications of particular candidates.

Figure 4 graphically shows the value given for international education, international experience, and both international education and experience by the 75 respondents. A majority of the respondents believe that 3-4 years of international

experience was sufficient to merit a premium in compensation while others felt that the experience had to be between 5-6 years. In one extreme case, a company was willing to grant a compensation premium only for international work experience that was more than 10 years.

Figure 4. Histogram of the value given to international exposure



The profile of the organizations included in the study is found in Appendix B. A quick glance at this profile shows that three quarters of the respondents had at least one global office. More than half of the companies had been operating in the Philippines for more than 20 years. Thirty-four of the companies are listed in the Philippine stock exchange or in a foreign stock exchange.

Most of the companies have an employee base of at least 1,000. Two of the respondents had an employee base of less than 50. One because the functions were sourced out and some operations transferred to other countries, while the other was part of a group of companies that managed the other functional areas. Twenty-three businesses did not have a foreigner involved in the business, while the bulk had between 1 to 5 foreigners. A majority of the companies had a management team equivalent to less than 10 percent of their total personnel. There were very few that had employees with foreign degrees, and 52 companies sent less than 10 percent of their employees for

training abroad. However, it was pointed by one respondent, that their employee base was 5,000 so the 10 percent was in effect, referring to a large quantity.

All respondents to the survey were Filipinos, 50 percent of whom held a position that was either assistant vice president, vice president, director, global HR manager, and its equivalent. There was one general manager who responded to the survey, 28 were HR managers, and 6 were HR supervisors. At this point it should be mentioned that there were a handful of surveys that were accomplished by multiple respondents but there was a principal respondent who filled the data on respondent's profile. In two known instances, the survey was returned to the HR head, who approved the release of the accomplished instrument.

There were an equal proportion of male and female respondents, who all took their undergraduate degree in the country. Close to 60 percent of the respondents had graduate degrees but only 2 of 41 had an international degree from universities in the United States. There were very few respondents who had regional or global work experience prior to joining the organization. Majority has been with the business for the last 10 years, while total work experience was double.

In terms of the profile of the business leaders, the tabulated data shows that 40 percent are foreigners. Of 29 foreigners, 9 are Japanese, 5 are Americans, and the rest were varying nationalities from South America, Europe, Asia, and even Africa. There was only one foreigner that was female. Eighty-three percent of the business leaders were male. There is less accurate data on exposure and work experience so a complete profile is not available. In terms of work experience, a third of the business leaders have been with the company for less than 5 years, while another third has been with the business for more than 16 years. 18 of 26 leaders in this bracket are Filipinos. Eighty percent of the leaders have total work experience of between 16 to 20 years, with some even more than that, as mentioned by the respondents.

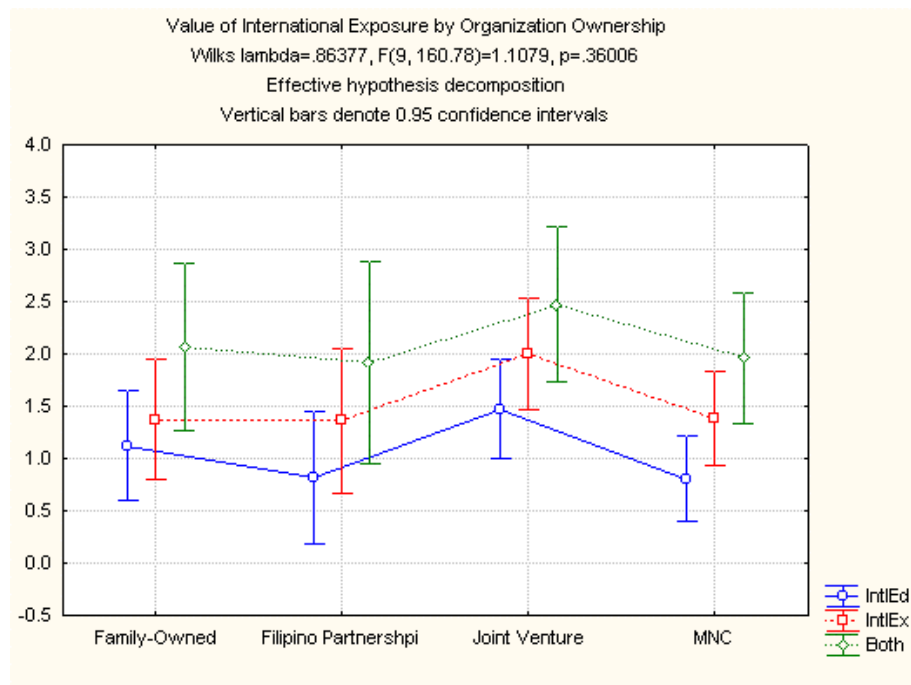
4. The influence of attributes on the value given to international exposure

The presentation of results shows that many of the companies value the benefits of international exposure and are willing to give a compensation premium for this. Higher premium was reserved for individuals with both international education and international work experience, but an individual with international work experience was in a better position than someone who simply had international education.

The initial grouping of responses referred to the ownership configuration. Regardless of ownership type, the compensation premium given to international experience was more than international education, and was even greater for both international education and experience. From figure 5, it is interesting to note that family-owned businesses held almost similar views as foreign-owned businesses on the

value of international experience, despite their differing views on the importance of certain attributes and the effect of local work experience and international education on these attributes. Family-owned businesses were expected to give lesser value to international exposure than all other groups while multinational firms were expected to give greater value to international exposure than all other groups. It is possible that family-owned businesses regard managers with international exposure as more superior to the rest and willing to pay a compensation premium for this.

Figure 5. Graphical representation of the value given to international exposure by type of organization ownership



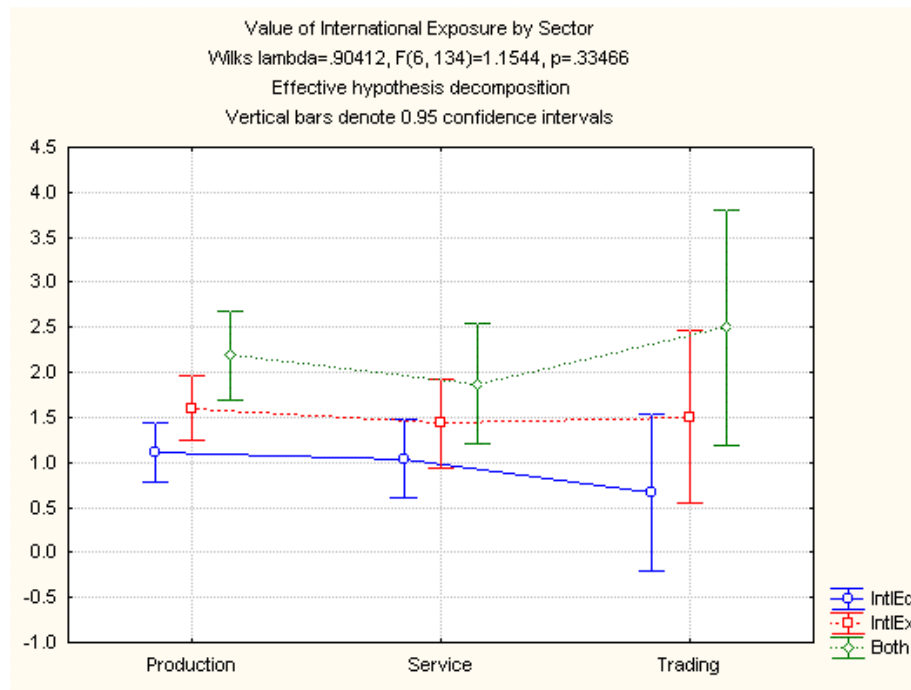
Filipino partnerships were less inclined to grant a compensation premium, and if granted, were at a rate below that of businesses belonging to other groups. This is consistent with their responses to the questions that asked the affect of international exposure to managerial attributes and functional expertise. On the other hand, joint ventures placed a higher value on international exposure, even more so than multinational companies. This confirms their view that international exposure has relevance to many of their functional areas particularly to engineering and production.

Predictably, as earlier tables had already shown, foreign-owned businesses had the inclination to value experience rather than education. Thus the mean values for

international education was below 1 in contrast to the sharp increase of the mean to 1.5 for international experience, showing the highest spread.

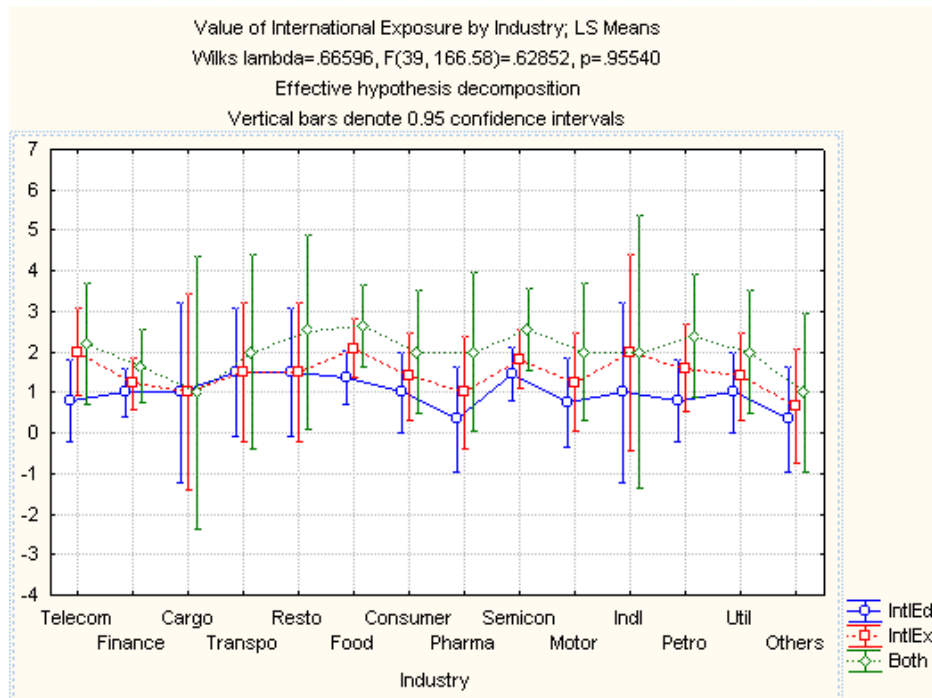
In terms of sector, there were too few samples for the trading sector and thus the deviations in the means are much wider than that of the production or manufacturing sector. The variability as seen in figure 6 shows that the trading sector is willing to pay less for international education, almost at par for international experience, and greater for both international education and international experience as compared to the two other sectors. Comparing the remaining two sectors, the service sector is inclined to grant lower compensation premium than the production sector although this is marginal.

Figure 6. Graphical representation of the value given to international exposure by sector



The respondents were grouped according to different industries. There were instances where some industries had small representation. Nonetheless the plots of the respondents by industry in figure 7 seem to suggest that there are certain industries that tend to give higher compensation premium than others for both international education and international experience. These are in telecommunication, fast food operations, food manufacturing, semiconductor, and petroleum businesses. These industries are viewed as being in highly competitive environments. The businesses that were not responding as expected are those belonging to consumer manufacturing. It is possible the response is tempered by some other factors.

Figure 7. Graphical representation of the value given to international exposure by industry



Data shows that businesses with global offices tend to place higher value on international exposure as compared to those that have no global office. Ideally one would expect greater value, the farther the reach of a business. In this study however, it was difficult to tell whether the value granted improved with global presence in a larger number of countries or continents since there were only 4 companies that were represented in 3-4 continents category and their responses were quite varied. However, figure 8 does show higher compensation premiums for businesses that are in 5 to 6 continents compared to those that have global offices in 1 or 2 continents. Many of the foreign-owned businesses were present in only 1 or 2 continents.

Figure 8. Graphical representation of the value given to international exposure by global presence

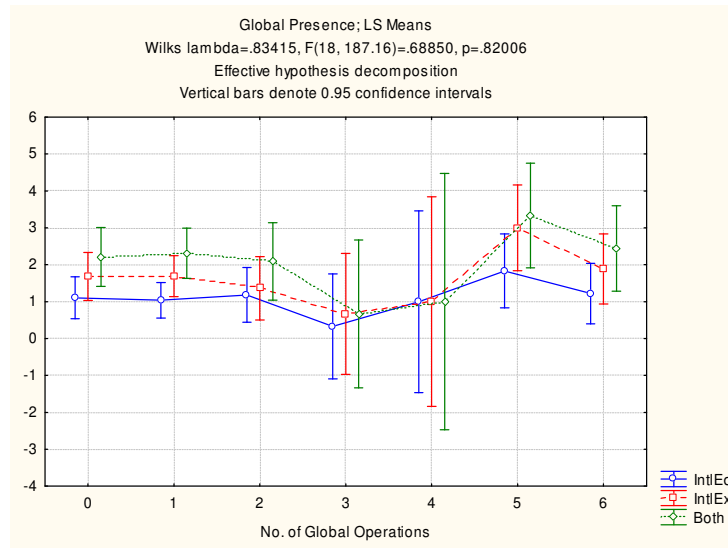


Figure 9 show that the presence of foreigners in the organization does affect the perception on international exposure. In terms of number of foreigners however, the relation is not that clear although figure 10 show the higher premium given to individuals with international experience when there are over 20 foreigners in the organization in contrast to organizations with lesser number of foreigners.

Figure 9. Graphical representation of the value given to international exposure by presence of foreigners

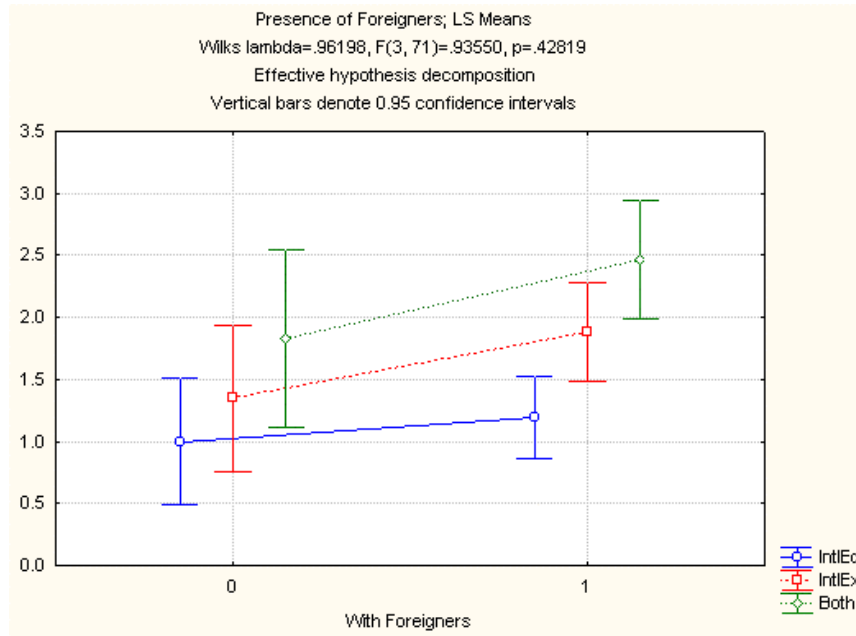
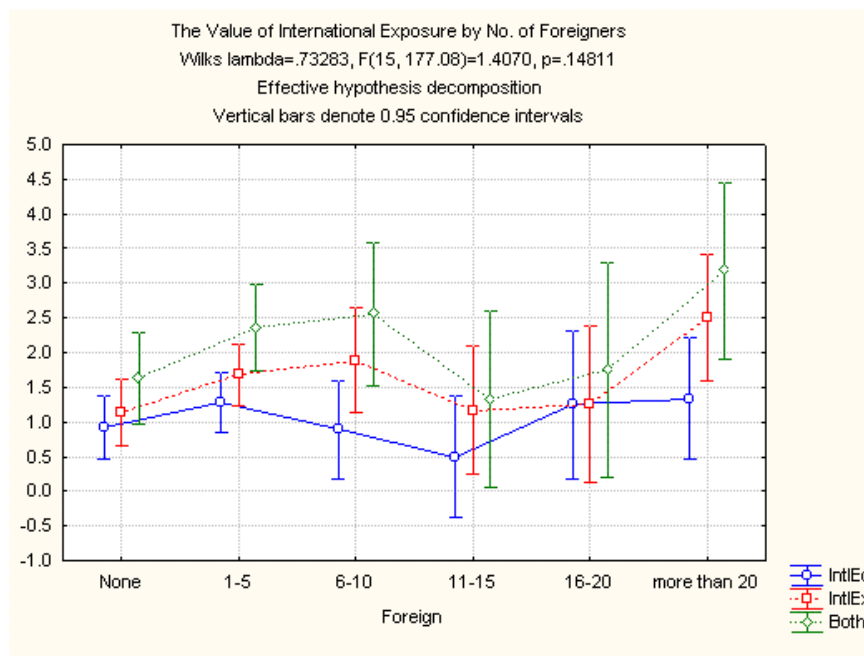


Figure 10. Graphical representation of the value given to international exposure by number of foreigners



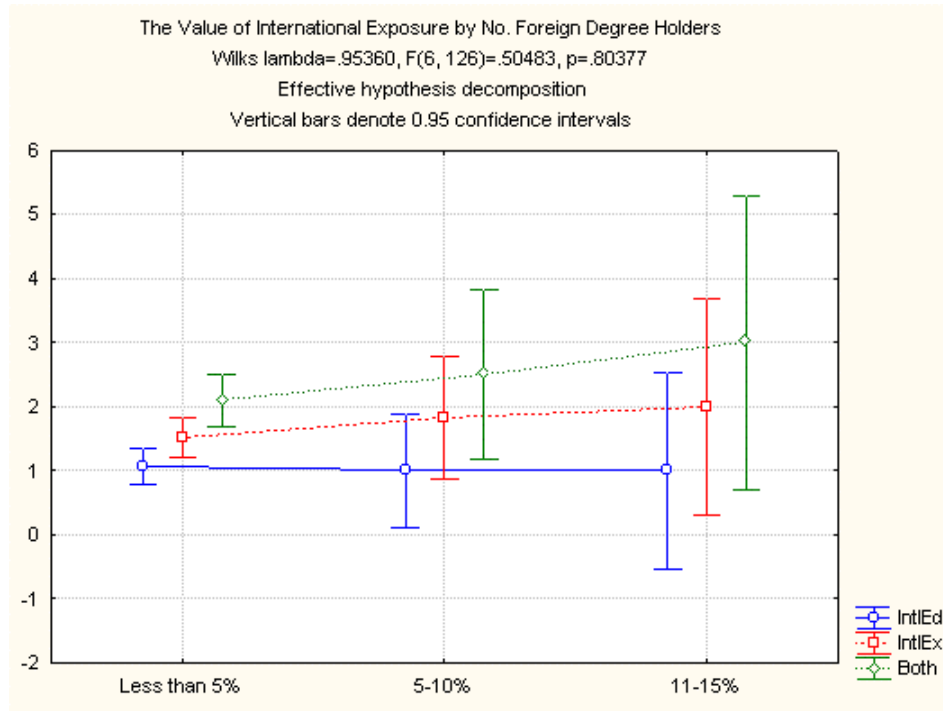
If the business leader of the organization was a foreigner, it was expected that the value given for international exposure would be greater. However, table 24 shows that the nationality of the business leader does not positively affect the value granted to individuals with international exposure. Since it was the HR head who responded to the survey, it was possible that the sentiments of the foreign business leader were not reflected.

Table 24. Means of value given to international exposure by organization leadership

Qualification	Local Leader	Foreign Leader
International Education	1.08	1.20
International Experience	1.82	1.57
Both	2.38	2.10

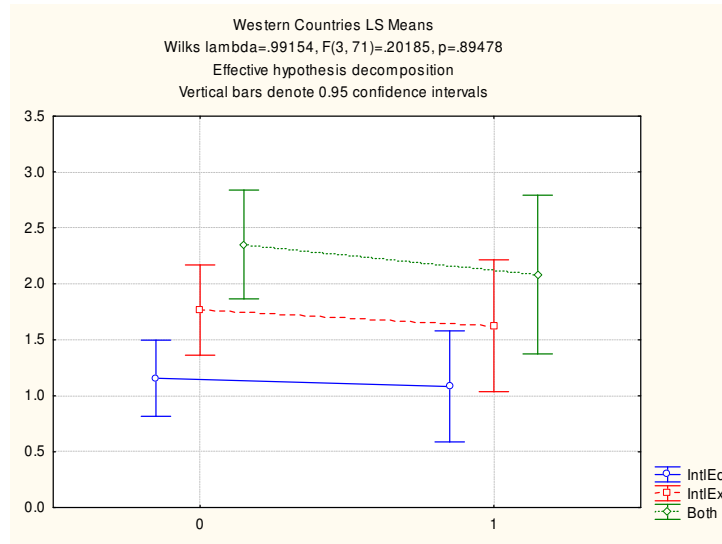
The presence of foreign degree holders within the organization seems to suggest that there is value given to international exposure. Figure 11 show that the greater the percentage of employees with a foreign degree, the greater is the compensation premium. It would appear that the more attractive compensation package attracts more foreign degree holders to join the organization.

Figure 11. Graphical representation of the value given to international exposure by number of foreign degree holders



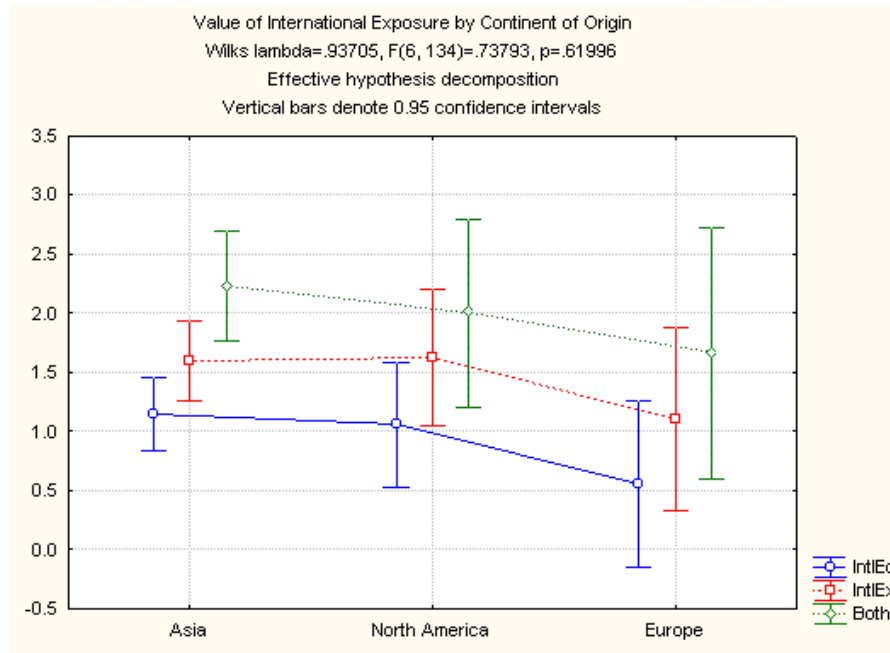
In terms of origin, it was expected that organizations from western countries that were characterized as valuing individualism and had smaller power distance, were likely to value international exposure and thus be willing to pay a premium for it. Figure 12 shows the opposite to be true. It appears that organizations from group-oriented culture valued international exposure more. In fact organizations from Asia as shown in figure 13, tend to give greater value to international exposure although North Americans were willing to give more for experience.

Figure 12. Graphical representation of the value given to international exposure by culture



Further investigation of the phenomenon presented in figure 13 reveals that companies that originate from North America and Europe are more likely to send their managers for international training and work assignments. Thus, they need not rely on the international knowledge gained by prospective managers since they can give this training themselves. On the other hand, companies with Asian origin are not inclined to send their managers on training for long periods of time. Consequently, they have to “purchase” the international qualifications from potential managers.

Figure 13. Graphical representation of the value given to international exposure by continent of origin



With respect to ratings of respondents on the relevance of international education and international experience on functional areas, the analysis of variance shows that respondents who rated international education as highly relevant to functional areas were likely to provide a higher compensation premium to individuals with international education. Also, respondents who rated international experience as highly relevant to functional areas were more likely to provide higher compensation premium to individuals with international experience.

Finally, the value given to international exposure was analyzed according to the use of executive search firms. The results as shown in table 25 reveal that for individuals with international experience, the premiums granted were higher than those that did not use executive search firms. This confirms the perception of executive search consultants that their clients are willing to give compensation premiums for international education, and more so for international experience.

Table 25. Means of value given to international exposure by use of executive search firms

	Use	Do Not Use
International Education	1.13	1.00
International Experience	1.79	1.37
Both	2.55	1.81

On financial terms, it appears that companies with gross revenues greater than P50 billion place more value on international experience, and for those with gross revenues below P5 billion tend to give a larger premium for a combination of international education and experience (see figure 14). Similarly, those with bigger profits also tended to place higher value for international experience (see figure 15). These trends were anticipated since it was conjectured that companies that could afford to pay have greater flexibility in giving compensation premium.

Figure 14. Graphical representation of the value given to international exposure by gross revenues

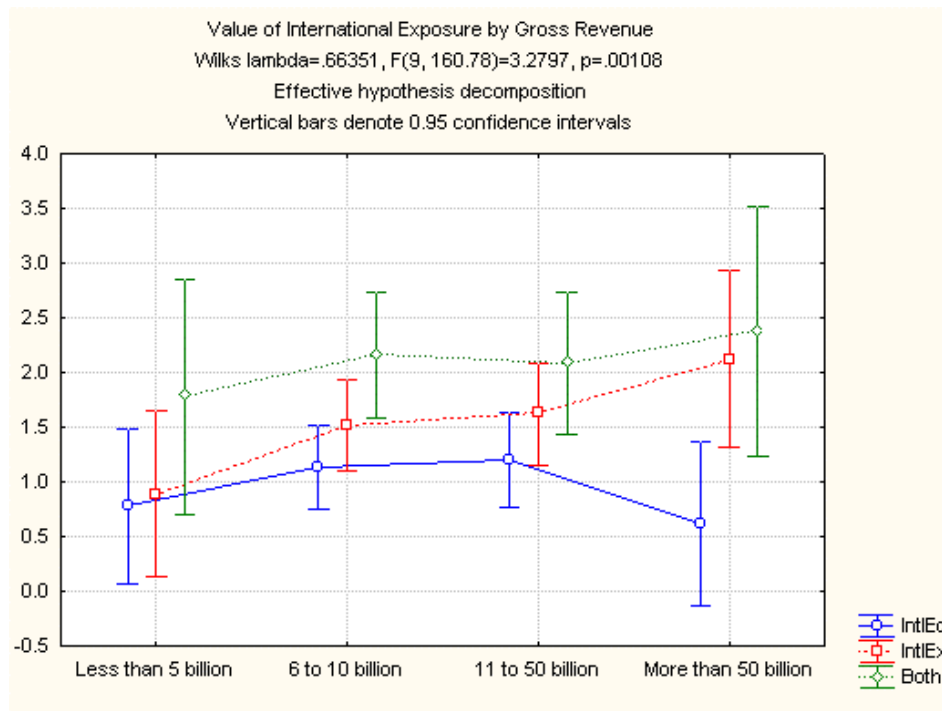
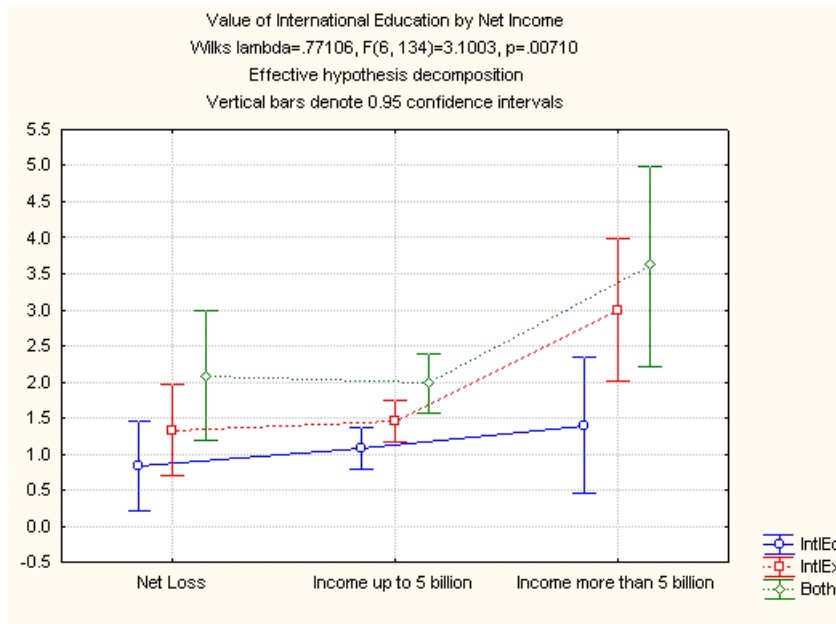


Figure 15. Graphical representation of the value given to international exposure by net income



There were more data points per category for net income ratio and asset base. However the data shows that there are no marked differences between groups except for companies that have net income to gross revenue greater than 40 percent and total asset base greater than P200 billion. The graphical representations are presented in figures 16 and 17.

Figure 16. Graphical representation of the value given to international exposure by net income to gross revenue ratio

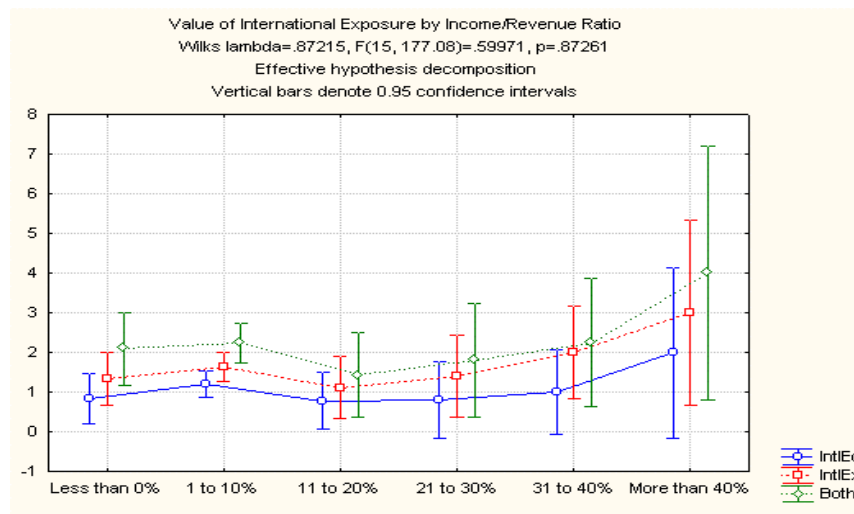
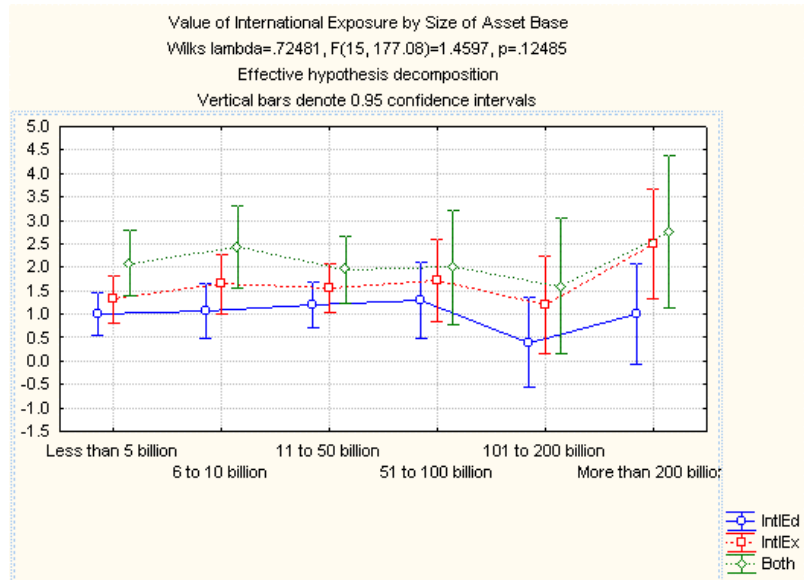


Figure 17. Graphical representation of the value given to international exposure by total asset base



5. Major findings

FINDING 1. *Corporations are likely to place a greater value on international experience, rather than on international degrees.*

It is very clear from the results of the survey that regardless of firm characteristics, there is a tendency to give a higher premium for international experience than for international degrees. As earlier posited, experience whether acquired locally or internationally is given greater premium than education. In fact some organizations were not even willing to give a compensation premium simply for possessing an international degree. So even in the combined choice of international education and international experience, 30 of 75 respondents did not change the premium they were willing to give, meaning if a business was willing to give a 20 percent premium for international experience, they were not willing to increase this premium if an individual had both international education and international experience. This then implies that if an individual has pursued an international degree, it is always better to have relevant international work experience to benefit from better compensation premiums.

FINDING 2: *Multinational companies with global presence in at least 5 continents as well as joint venture companies are likely to value individuals who have international*

degrees and/or international experience more rather than local firms or multinational companies with fewer global offices.

It was hypothesized that companies that had foreign investment, in whole or in part, were likely to appreciate the perceived benefits of international exposure. However, the results of the study showed that multinational companies are not that impressed by individuals who have international exposure to the extent of providing an enticing compensation premium although they do agree that there certain attributes could be enhanced with international exposure. Further investigation showed that multinational companies that have global operations in four continents or less were the ones that were unwilling to grant an attractive compensation premium. It is possible that these organizations have higher compensation packages to begin with and are thus not prone to give even higher salaries for the additional qualification of international exposure. But for MNCs with wider global reach, they do value international exposure perhaps due to the high probability of people mobility and the need to maintain a global culture. It is this that may drive them to seek for managers who have comparable qualifications as those from their other global offices.

For other reasons, joint venture companies especially those that originated from the Philippines view international exposure as improving the technical skills of their managers. Especially for organizations that rely on innovation and technology for competitive advantage, the perspective and technical skills brought by someone with international exposure could be worth the premium.

FINDING 3: Asian organizations, whether they have a global office or not, tend to give higher compensation premium than organizations that originated from non-Asian countries.

It was expected that the more western countries and those that have global offices outside of Asia were likely to provide a higher compensation premium to holders of international qualifications. As it turns out the data show the willingness of Asians, Filipinos included, to offer, these individuals, higher compensation packages. A possible explanation for this is precisely the hierarchical system that was supposed to threaten the stature of existing executives. It appears that Asians show respect and admiration towards individuals who are more senior and who are perceived to have better qualifications. Thus, a potential manager with international qualifications is perceived as having an edge over others without that exposure. For this, they are willing to pay a premium. In the case of other Asians, it is the value they give to technical knowledge gained from international exposure that they place a premium on.

On the other hand, human resource managers from companies that originated from North America and Europe believe that Filipinos are trainable and they can readily tap resources from global offices to fill gaps that the local environment cannot provide. Also, companies belonging to this group are likely to send their managers for

international training and work assignments for periods that can last a year. Because of this capability, they no longer regard as extremely valuable the international exposure to be brought in by potential managers.

FINDING 4: Between a family-owned business and a local business of Filipino partners, the former was likely to provide a higher compensation premium for international exposure.

The responses to the earlier part of the survey seemed to suggest that family-owned businesses would not value international exposure as other types of organizations would. The analysis of means showed that international education or experience was not seen by these organizations to markedly improve managerial abilities or technical skills. It was thus surprising to discover that they were willing to provide a compensation premium, even higher than that of multinational companies. While there can be various explanations to this, some data seem to point that the requirements of some of these family-businesses are so unique, that they are willing to go beyond their compensation pay structures just to attract these individuals.

For Filipino partnerships, they were more consistent with their views that there should be minimal premium, if any, for international exposure. They saw no benefit to managerial attributes that they believed could be developed through local experience. They also saw no benefit to the different functional areas.

FINDING 5: Businesses in the top 200 corporations that belong to the telecommunication industry, fast-food operations, food manufacturing, semiconductor, and petroleum industries tend to provide higher compensation premium for international education and experience, especially for positions that are in marketing and operations.

There are businesses that find themselves in highly competitive industries and rely on superior marketing ability and efficient operations to maintain or improve their positions. It would appear that these businesses require talent who are innovative and this innovation can be drawn from international education, but more so from international experience. This is probably one of the reasons that businesses in these industries as compared to other industries are willing to give a higher compensation premium for international qualifications.

FINDING 6: Extremely large businesses that had gross revenues more than 50 billion, net income of more than 5 billion, and total assets more than 200 million are more likely to afford higher compensation premium but only for those who have at least international work experience.

Theoretically, the stronger the financial standing of a company, the greater is the ability to attract and pay for the best human resource talent. The study however shows that it is only companies that are extremely large that show this tendency. There are

many other factors that would temper the willingness of an organization to grant compensation premium even if they had the financial capacity to provide it.

FINDING 7: Corporations that used the services of executive search firms are more likely to give compensation premium to managerial and executive applicants, who have had international exposure.

The study initially relied on the perceptions of executive search consultants to determine whether businesses in the Philippines were willing to grant a compensation premium for individuals who had international exposure. Based on their experience with their clients, they were inclined to believe that there was value to international exposure. There is no distinct profile to show the types of companies that have a tendency to use the services of an executive search firm. However the study shows that indeed, users of the service were more likely to provide a compensation premium and apparently at rates higher than those who do not use the services of executive search firms. It appears that those who believe in the benefits of executive search firms and can afford to pay their services are likely to keep an open mind about the capabilities of searched candidates, and generally more willing to pay for better qualifications.

6. Conclusion and practical implications

A review of the results seems to indicate that companies operating in the Philippines do not have global orientation and are not particularly concerned about the degree of international exposure their managers should have. Many of the organizations in the country predominantly have strong local culture and are not used to the nuances of a multi-culture environment. The strong bias for the local environment may be attributed to the fact that the respondents to the survey were all Filipinos, a great majority of whom, have not had the benefit of international education and international work experience prior to joining their organizations. Despite this, majority of the businesses are willing to provide a compensation premium to potential managers who hold international qualifications, more particularly international work experience. Consequently, Filipinos with foreign degrees have greater value but they are encouraged to have relevant work experience prior to applying for positions in the country, for even greater value.

There are however very limited managerial positions that are offered to the external market. Most often, businesses promote from within and are inclined to train their current pool of human resource talent prior to tapping external sources. When they do look outside, they are looking for managers who can introduce innovations in marketing and operations, which are considered the most critical functional areas of an organization.

For a potential applicant wanting to join a business in the Philippines, there is no way of predicting the propensity of an organization to give compensation premiums. There are too many variables that affect an organization's willingness and capacity to give a premium. At best, one should consult with an executive search consultant who has the knowledge gained from working with their clients.

A. Limitations

There are several limitations to the study brought about by research design and the imperfection of the survey instrument.

On research design, the study was limited to managerial and executive positions. Thus, it is possible that perception may change with respect to other positions. Also, the study did not make clear distinctions between an undergraduate and a graduate degree, or from which country the degree or international experience could be drawn from. Such distinction could also have enhanced the study.

This study used the mailed survey method to determine the view of Human Resource Managers on the value of international degrees. Considering the low response rates that normally attaches to a mailed survey, the survey instrument had to be as comprehensive as possible, yet concise so that the managers would find little difficulty in completing the form. Due to this there were many questions that could still have been asked or many permutations that could have been presented, so that conclusions could be more specific, but these were not asked.

The imperfection of the survey instrument became apparent as the respondents returned the completed surveys with side notations. Many of the side notations had to do with limited or unclear choices. For instance, the maximum work experience was pegged at 20 years, while there were those who worked for more than 20 years. Or, the respondents did not have regional or work experience but were not inclined to tick-off the choice that indicated 0-5 years.

Also, the instrument suffered clarity in that not all questions specifically emphasized that it referred to managerial and executive positions. It may happen that some respondents were thinking of all position levels and could have responded differently if they were thinking along the lines of managerial positions.

Moreover, there was a gap in the questions since the respondents were not asked their opinion on the ability of international work experience to develop the listed managerial attributes. This could have explained why some businesses were willing to give a compensation premium for international exposure even if they did not strongly believe that international education could enhance the abilities of managers.

The study also failed to consider the possibility that there could be multiple respondents to the survey. This too may have affected the way the questions were answered.

B. Suggestions for future research

In the focus group discussion, it was presented that the factor that would greatly determine the corporate attitude to international degrees is the strategic direction of the firm. It was argued that a corporation that envisions itself to be a global player are likely to value not only international education, but more importantly, international experience. While pseudo variables were used in this study to approximate corporate study, it would be ideal if further research is done that ties up the strategic vision of an organization with the value they attach to international exposure.

References

- Altbach, P. (2003) Globalization and the University. Myths and Realities in an Unequal World. *Current Issues in Catholic Education*, 23, pp. 5-25. [On-line] From http://www.bc.edu/bc_org/avp/soe/cihe/publications/pub_pdf/Globalization.pdf accessed July 2004.
- Altbach, P. (2004). Higher Education Crosses Borders. *Change Magazine*, March-April 2004 [On-line]. From http://www.bc.edu/bc_org/avp/soe/cihe/publications/pub_pdf/Student%20flows.pdf accessed July 2004.
- Commission on Higher Education [On-line]. www.ched.gov.ph
- Finn, M. (2003). *Stay Rates of Foreign Doctorate Recipients from U.S Universities, 2001* [On-line]. From www.orau.gov/orise/pubs/stayrate03.pdf accessed November 2004.
- Follari, M. (2004). *Comparative Costs of Higher Education for International Students 2004*. Paper presented at the 18th IDP Australian International Education Conference, October 2004.
- International Labour Organisation (1997). *Human Resource Development in Asia and the Pacific in the 21st Century*. Presented at the ILO Workshop on Employer's Organization in Italy, May 1997 [On-line]. From <http://www.ilo.org/public/english/dialogue/actemp/papers/1998/tanhrd2.htm> accessed July 2004.
- Kniest, P. (2001). *Network Externalities and Returns to Higher Education* [On-line]. From http://www.econs.ecel.uwa.edu.au/economics/econs/ecom_conf/Kniest.pdf accessed July 2004.
- Koh, H. (2001). International Student Mobility at the millennium: American Patterns. *International Higher Education*, Spring [On-line]. From http://www.bc.edu/bc_org/avp/soe/cihe/newsletter/News23/text008.htm accessed July 2004.
- Larsen, K., Martin, J., and Morris, R. (2002). *Trade in Educational Services: Trends and Emerging Issues*, *The World Economy*, 25(6), pp. 849-868. Also found in OECD Working Paper [On-line]. From <http://ishi.lib.berkeley.edu/cshe/projects/university/ebusiness/KLarsen.html> accessed July 2004.
- Reisberg, L. (2004). Where did all the international students go? *International Higher Education*, Fall [On-line]. From http://www.bc.edu/bc_org/avp/soe/cihe/newsletter/news37/text006.htm accessed November 2004.

OECD (2004). *Internationalisation and Trade in Higher Education: Opportunities and Challenges*. OECD, France.

Appendix A – Final Survey Form

The Value of International Degrees: Does It Increase a Filipino's Local Marketability?

1. Do you use external sources to fill up requirements at the middle and top management level?

All the time ___ Most of the time ___ Sometimes ___ Never ___

2. If you do use external sources, do you use an executive search firm in the recruitment of middle and top managers?

All the time ___ Most of the time ___ Sometimes ___ Never ___

3. If your organization is a multinational corporation, do you follow global recruitment standards?

Yes___ No ___ Not Applicable ___

4. If your organization is part of a group of other companies, do you follow standard recruitment policies?

Yes___ No ___ Not Applicable ___

5. Do you send your managers abroad for international assignments or specialized training? On the average, what is the length of an international assignment for your managers?

0 months___ 1-3 months ___ 4-6 months___ 7-9 months___ 10-12 months___ more than
1 yr___

6. How important are the following in your key managers/executives?

	Very Impt		Not Impt		
	1	2	3	4	
a) Exposure to Corporate training ²		1	2	3	4
b) Advanced education in the appropriate field ³	1	2	3	4	
c) Technical expertise	1	2	3	4	
d) Leadership and persuasive abilities	1	2	3	4	
e) <u>Independent thinking</u>	1	2	3	4	
f) Assertiveness	1	2	3	4	
g) Self-confidence		1	2	3	4
h) Resourcefulness	1	2	3	4	
i) Creativity	1	2	3	4	
j) <u>Adaptability</u>	1	2	3	4	

² Programs designed specifically for your organization

³ Advanced education is formal training received beyond a college degree. This could be a masters in business administration, a masters in technology, or special full-time courses that enhance specific skills.

k) Multi-culture appreciation	1	2	3	4
l) Ability to network	1	2	3	4
m) Global business perspective	1	2	3	4
n) Ability to communicate well with all stakeholders	1	2	3	4

7. In your opinion, can the following be developed with local experience? Please indicate your level of agreement/disagreement.

	Strongly Agree		Strongly Disagree		
a) Technical expertise	1	2	3	4	
b) Leadership and persuasive abilities	1	2	3	4	
c) Independent thinking	1	2	3	4	
d) Assertiveness	1	2	3	4	
e) Self-confidence		1	2	3	4
f) Resourcefulness	1	2	3	4	
g) Creativity	1	2	3	4	
h) Adaptability	1	2	3	4	
i) <u>Multi-culture appreciation</u>	1	2	3	4	
j) Ability to network	1	2	3	4	
k) Global business perspective	1	2	3	4	
l) Ability to communicate well with all stakeholders	1	2	3	4	

8. In your opinion, can the following be developed with international education? Please indicate your level of agreement/disagreement.

	Strongly Agree		Strongly Disagree		
a) Technical expertise	1	2	3	4	
b) Leadership and persuasive abilities	1	2	3	4	
c) Independent thinking	1	2	3	4	
d) <u>Assertiveness</u>	1	2	3	4	
e) Self-confidence		1	2	3	4
f) Resourcefulness	1	2	3	4	
g) Creativity	1	2	3	4	
h) <u>Adaptability</u>	1	2	3	4	
i) Multi-culture appreciation	1	2	3	4	
j) Ability to network	1	2	3	4	
k) Global business perspective	1	2	3	4	
l) Ability to communicate well with all stakeholders	1	2	3	4	

9. Of the functional areas below, which would you consider most critical to maintaining the competitiveness of your organization? Please rank the top 3 critical functional areas, with 1 as the most critical.

- a) Controllership and Accounting _____
- b) Finance and Investment _____
- c) Corporate & Legal Affairs _____

- d) Human Resources _____
- e) Information Technology _____
- f) Marketing and Sales _____
- g) Engineering/Technology _____
- h) Production/Operations _____
- i) Quality Assurance _____
- j) General Management _____
- k) Others, specify _____

10. Is international exposure more relevant for particular functional positions in your organization? Please indicate from 1-4, with 1 as most relevant and 4 as irrelevant. An answer of 4 would indicate that a local education or work experience is sufficient.

Functional Area	International Education				International Experience		
	1	2	3	4	1	2	3
Controllership and Accounting	1	2	3	4	1	2	3
Finance & Investment	1	2	3	4	1	2	3
Corporate and Legal Affairs	1	2	3	4	1	2	3
Human Resources	1	2	3	4	1	2	3
Information Technology	1	2	3	4	1	2	3
Marketing and Sales	1	2	3	4	1	2	3
Engineering/Technology	1	2	3	4	1	2	3
Production/Operations	1	2	3	4	1	2	3
Quality Assurance	1	2	3	4	1	2	3
General Management	1	2	3	4	1	2	3
Others, Specify	1	2	3	4	1	2	3

11. If you would hire an individual for a managerial or executive position in one of the critical functional areas, who meets your requirements and has sufficient international exposure are you willing to give a premium in compensation? By how much?

With International education 0%__ 10%__ 20%__ 30%__ 40%__ 50%__
 others__

With International experience 0%__ 10%__ 20%__ 30%__ 40%__ 50%__
 others__

With Intl education & experience 0%__ 10%__ 20%__ 30%__ 40%__ 50%__
 others__

12. How many years of international work experience in the relevant field is considered sufficient to merit a premium?

1-2 yrs__ 3-4 yrs __ 5-6 yrs__ 7-8 yrs__ 9-10 yrs_ more than 10 __

Information gathered for the subsequent parts is needed for correlation and profiling purposes.

13. Corporate Data

- a) Country of Origin France __ Germany __ Japan__ Korea__
 Philippines__ United Kingdom __ United States__
- b) Global Offices Africa__ Asia__ Australia __ Europe __
 North America__ South America __
- c) Years Operating 1-5 yrs__ 6-10 yrs __ 11-15 yrs__ 16-20 yrs__ 21-25 yrs__
 in the country 26-30 yrs__ 31-35 yrs__ 36-40 yrs__ more than 40 yrs, specify __
- d) Publicly Listed since 0 yr __ 1-5 yrs__6-10 yrs__ 11-15 yrs__ 16-20 yrs__
 More than 20 yrs _____ Don't know__
- e) Sector/Industry _____

14. Human Resource Profile

- a) Total number of personnel in Philippines
 Less than 50__ 50-200 __ 201-500__ 501-1000__ over 1000__
- b) Total number of foreign personnel in Philippines
 0__ 1-5__ 6-10__ 11-15__ 16-20__ over 20__
- c) Percent of personnel belonging to middle and top management
 Less than 5%__ 5-10%__ 11-15%__ 16-20%__ 21-30%__

c) Educational Background (please check those that apply)

Local undergraduate	Ateneo ___	DLSU ___	UP ___	Others _____
Local graduate	AIM ___	Ateneo ___	DLSU ___	UP ___ Others _____
Foreign undergraduate	US Ivy League ___	US non Ivy League ___	UK ___	Japan ___
	France ___	Korea ___	Germany ___	Australia ___
	India ___	Others _____	Don't know ___	
Foreign graduate	US Ivy League ___	US non Ivy League ___	UK ___	Japan ___
	France ___	Korea ___	Germany ___	Australia ___
	India ___	Others _____	Don't know ___	

d) Work Experience prior to joining this company

Local experience	0-5 yrs___	6-10 yrs___	11-15 yrs___	16-20 yrs___
Regional experience	0-5 yrs___	6-10 yrs___	11-15 yrs___	16-20 yrs___
Global experience	0-5 yrs___	6-10 yrs___	11-15 yrs___	16-20 yrs___

e) Years in this Company 0-5 yrs___ 6-10 yrs ___ 11-15 yrs___ 16-20 yrs___

f) Total Work Years 0-5 yrs___ 6-10 yrs ___ 11-15 yrs___ 16-20 yrs___

Appendix B – Demographic Profile of Organizations, Respondents, and Business Leaders by Type of Ownership

Origin	Family Owned	Local Partnership	Joint Venture	Multinational
Philippines	17	11	10	0
Japan	0	0	3	6
Other Asian Countries	0	0	2	0
North American	0	0	4	13
European	0	0	1	8
No. of Continents Present				
None	10	5	4	0
One	4	3	7	12
Two	2	3	4	2
Three	1	0	1	1
Four	0	0	0	1
Five	0	0	2	4
Six	0	0	2	7
No. of Years Operating in the Philippines				
1 to 10 years	4	1	6	7
11 to 20 years	0	4	5	3
21 to 40 years	3	2	3	3
41 to 60 years	7	4	2	3
61 to 80 years	1	0	3	3
more than 80 years	2	0	1	8
Sector				
Production	11	2	12	20
Service	6	7	6	5
Trading	0	2	2	2

Total No. of Personnel	Family Owned	Local Partnership	Joint Venture	Multinational
less than 50	0	0	0	2
51 to 200 personnel	2	0	2	2
201 to 500 personnel	2	3	2	3
501 to 1000 personnel	2	2	0	10
more than 1000 personnel	11	6	16	10
No. of Foreigners in Organization				
None	12	6	4	1
1 to 5 foreigners	4	4	8	9
6 to 10 foreigners	0	0	4	6
11 to 15 foreigners	0	0	2	4
16 to 20 foreigners	0	1	1	2
more than 20 foreigners	1	0	1	5
Percent of Managerial Personnel				
less than 5%	1	0	1	3
between 6 to 10%	4	1	6	3
between 11 to 20%	5	4	6	9
between 21 to 30%	5	0	3	5
between 31 to 40%	0	4	1	3
more than 40%	2	2	3	4
Percent with Foreign Degree				
Less than 5%	14	10	16	21
between 6 to 10%	1	1	2	3
between 11 to 20%	1	0	1	1
Percent Sent Abroad for Intl Assignments				
None	1	1	3	3
less than 5%	14	8	15	15
between 6 to 10%	2	2	0	8
between 11 to 20%	0	0	1	1
between 21 to 30%	0	0	1	0

Gross Revenues	Family Owned	Local Partnership	Joint Venture	Multinational
Less than 5 million	4	4	0	2
5 to 10 million	7	5	7	14
11 to 50 million	5	2	9	8
51 to 100 million	0	0	3	2
More than 100 million	1	0	1	1
Net Sales				
Less than 5 million	4	7	1	2
5 to 10 million	7	3	6	15
11 to 50 million	5	1	12	8
51 to 100 million	0	0	0	1
More than 100 million	1	0	1	1
Net Income/Loss				
Net Loss - 0 to 10 million	3	2	3	4
Net Income - Less than 5 million	14	8	14	22
Net Income - 6 to 10 million	0	1	0	1
Net Income - 11 to 20 million	0	0	3	0
Total Assets				
Less than 5 million	4	3	5	11
5 to 10 million	2	2	6	5
11 to 50 million	8	2	4	7
51 to 100 million	0	2	3	2
101 to 200 million	3	1	1	0
More than 200 million	0	1	1	2
Net Income/Gross Revenue				
Less than 0%	3	2	3	4
0 to 10%	9	5	12	15
11 to 20%	4	1	2	4
21 to 30%	1	1	2	2
31 to 40%	0	2	1	1
More than 40%	0	0	0	1