

People management in multinational organizations

26E03400, 6 ECTS

Expatriates and global mobility

Session 5

Agenda for today

- A recap of organizational culture and new generation of employees
- Managing expatriates and global mobility
- In-class assignment 'Sophie in the lands of the Mullahs' – no presentations, just 30 minutes case work in groups & we will finish off with the answers

Criteria for evaluating in-class assignments

A: 1 p. The big picture - what is this about? (“step back”)

B: 1 p. Using theory as a thinking tool (“glasses”)

C: 1 p. Applying theory to the practical problem

D: 1 p. Action plan, advantages/disadvantages, pros/cons, facilitators/inhibitors, plusses/minuses etc. (= answers to the questions)

E: 1 p. Depth of analysis & quality of insight: How well you express & present your analysis

Theory - practice

**”There is nothing more practical
than a good theory”**

- Helps us to ”make sense” (better understand) reality
- Gives us different perspectives (”glasses”) to look at what happens around us
- Gives structure to the ”messy” reality (we Homo Sapiens are not very good at remembering and/or using random information)

A few reminders from last session

Schein's model of organizational culture

Artifacts / symbols / behaviors:
What you see (observable dimension)



Espoused values:
What you are told the organization values are (normative dimension)

Basic assumptions: *What the organization takes for granted about what is important, how the organization / world works, and what leads to success (cognitive dimension)*

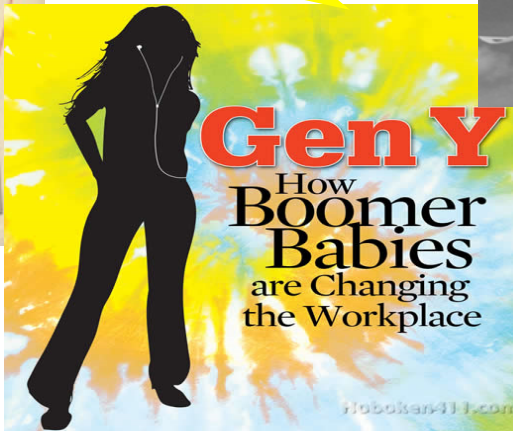
Recruiting & Managing Generation Y (born approx. 1980-94)

- **They want to be heard and valued**
 - Give voice and influence
 - **They need regular recognition**
 - Provide (positive) feedback and reassurance on a regular basis
 - **They expect fast career and salary progress**
 - Job rotation, job enrichment (projects, etc.)
 - Acknowledge that you will lose some (but make sure they leave on a positive note)
 - **They want to work somewhere fun**
 - Focus on social aspects of the work environment
 - **They are motivated by a collaborative environment & challenges**
 - Team work whenever feasible
 - Stretch targets
 - **They are looking for work/life balance**
 - Be flexible about time and place, focus on results rather than presence
- Employee Value Proposition!**

Are there "generations"?



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Facebook-students

Z: symbolizes the new, exciting and a little scary...



Boomers retiring



Broad sweep myths...

- Veterans / Traditionalists (1945 and before)
- Baby boomers (born 1946-1964)
- Generation X (born 1965-1976)
- **Generation Y / Millennials (born 1977- 1995)**
- **Generation Z (1996 -)**

Gary Hamel: Need for new management!

...And popular conceptions

- Age is related to individuals' expectations in work life
 - Under 30: advancement and meaningful work
 - Under 40: flexible arrangements and work/life balance
 - Under 50: job security and professional development
 - Under XX: job security and benefits
- Age is related to each generation (differing from the previous ones)?

...or is "Generation Y" radically different from previous ones?

Course readings for today

- Pucik, V., Evans, P., Björkman, I., and Morris, S. (2017). Global Challenge: International Human Resource Management. Chicago: Chicago Business Press. Third edition, Chapter 9.
- Clouse, M.A. and Watkins, M.D. (2009). Three keys to getting an overseas assignment right. Harvard Business Review, October: 115-119 (Oscar's and Jennifer's relocation to China).
- Sophie in the land of the Mullahs: From clichés to the reality of expatriation (case available on MyCourses).

You raised questions such as...

- What is HR's role in the selection process of expatriates?
- What are the best ways of making the adaptation process of an expatriate as smooth as possible?
- Will expatriation be necessary in the future?
- Can technology play a part in reducing overseas assignments?
- How should expatriates be prepared for dealing with failure?
- How do HR departments set up living and working situations for expatriates?

Expatriates and global mobility

Who is an expatriate?

- an employee who is working and temporarily residing in a foreign country
- some firms prefer to use the term 'international assignees'
- expatriates are parent country nationals (PCNs) from the parent country operations, third country nationals (TCNs) are transferred to another subsidiary, and host country nationals (HCNs) transferred into the parent country (inpatriates)
- a person transferred to an overseas post in a professional or managerial capacity for employment in that country
- change in organisational status, age and gender issues over time
- repatriates



Expatriation: Some recent trends

- The number are still increasing, but in particular short-term assignments (less than a year), commuter assignments and virtual assignments (involving considerable travelling)
- More self-initiated moves abroad
- Less MNC home country expatriates, more third country nationals
- More female expatriates
- More horizontal transfers among foreign units
- From expatriation to inpatriation (to headquarters)
- More 'business as usual' with less generous compensation and benefits than in the past
- Perceived insecurity of expatriation (no job guarantee)

Motives for using expatriates

Expensive but have strategic value:

Staffing

- To provide the local unit with technical or functional knowledge required in a particular position (knowledge transfer)

Management development

- To provide a promising executive with international experience

Organisational development

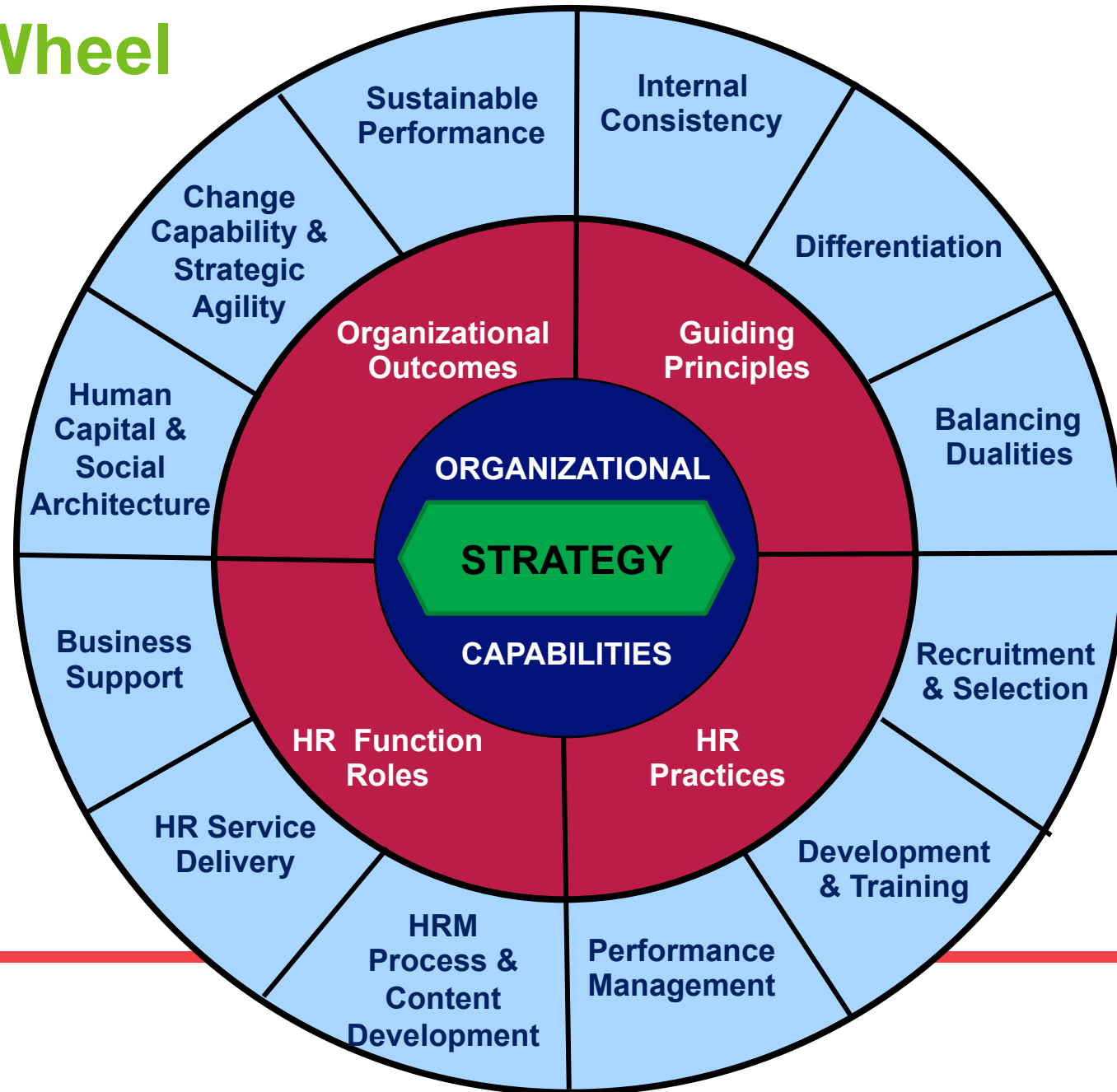
- To ensure alignment in decision-making at headquarters and in foreign subsidiaries
- To exercise direct, hierarchical and personal control (expatriate as an agent of control)
- To support 'decentralization' and 'local' decision-making and 'increase' subsidiary autonomy
- To enhance the creation and maintenance of informal personal relationships (expatriate as an agent of socialization, a network builder, a boundary spanner and a language node)

Individual motives?

Different objectives may require differentiation in how expatriates are managed



The HR Wheel



Source:
Pucik et al.
(2017), p. 18

Expatriate assignments are expensive: What about their return on investment?

- Clear objectives for the assignment and careful repatriation planning required
- Costs (direct and indirect) are more easier to estimate than benefits
- Benefits, many of which are intangible and long-term, affect the sending unit, target unit, the individual and the entire company
- Who should evaluate expatriate performance?



Comparison between traditional and short-term assignments

Traditional assignment

- Filling positions or skills gap
- Management development
- Organisational development
- Typically 12-36 months
- Family joins the expatriate abroad
- Formal selection procedure
- Disadvantages associated with dual career considerations, expensive and less flexible alternative

Source: Tahvanainen et al. (2005)

Short-term assignment

- Skills transfer/problem solving
- Management development
- Managerial control
- Typically up to 6 months, at most 12 months
- An assignee is unaccompanied by the family
- Mostly informal selection, little bureaucracy
- Disadvantages associated with taxation, stress, disruption in family life, work permit issues

In-class exercise: Interview

Form groups of 4 student with 1-2 exchange students from different countries. Exchange students are regarded as 'self-initiated' expatriates. The purpose is to discuss ***what aspects of his or her exchange period in Finland have been the most challenging and why.***

- 1) One of you will be conducting a 15-minute interview with these exchange students.
 - 2) The other student(s) will act as observers and make notes during the course of the interview. They will provide appreciative and developmental feedback to all participants in the interview. Please, pay attention to the following aspects during the exchange:
 - What were the key points in the interview?
 - How were the most challenging experiences in Finland told and received?
 - Please, do not only pay attention to *what* was said but also to *how* it was said (body language, eye contact, showing empathy/support, listening skills, tone of voice, choice of words)
 - Kindly, prepare to present your observations to the rest of the class.
-

When providing appreciative feedback...

... begin your comments with statements such as:

- I like/admire the way you... keep it up!
- You're affective when you...
- The way you___seems to work well. Keep doing that.
- I value your ability to...
- I experience your strengths as...
- You're very good at...
- You have a particular talent for...
- Continue to...You're effective when you do that.

When providing developmental feedback...

...begin your comments with statements such as:

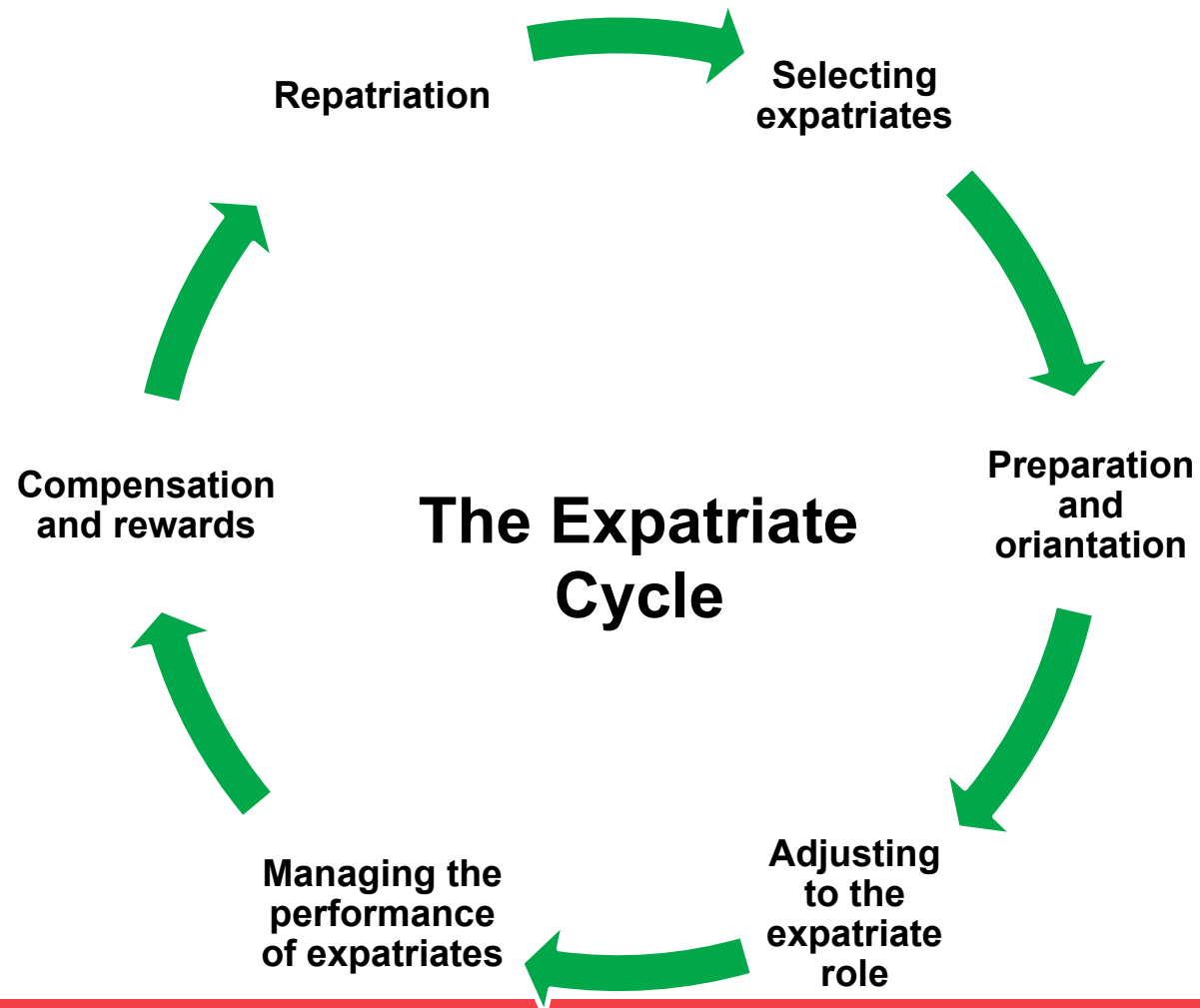
- That is great and when you add on just a bit more of...
- As you move ahead, you might be more successful, if you...
- Consider...

Staffing policies

- ethnocentric : key positions filled by parent country nationals (PCNs)
 - polycentric : host country nationals (HCNs) manage subsidiaries, PCNs occupy key positions in headquarters
 - geocentric : best people sought for jobs regardless of nationality
 - mixed: eg. regiocentric
 - constraints placed by host government
 - staff availability
- Source: Perlmutter (1968), Perlmutter and Heenan, (1979)



Managing the expatriation process



Managing the Expatriation Process

- All elements in the expatriate cycle are important:
 - Selecting expatriates
 - Preparation and orientation
 - Supporting adjustment to the expatriate role
 - Managing the performance of expatriates
 - Compensation and rewards
 - Repatriation
- The issues in the later stages have to be considered early – for example, repatriation has to be taken into the account already during the selection

Expatriation is a process, not an event!

Characteristics of successful expatriates

Expatriate selection criteria

- Professional and technical competence
- Relationship and communication abilities
- Cultural sensitivity and flexibility
- Self-efficacy and tolerance for ambiguity
- Family factors
- Language skills (sometimes)

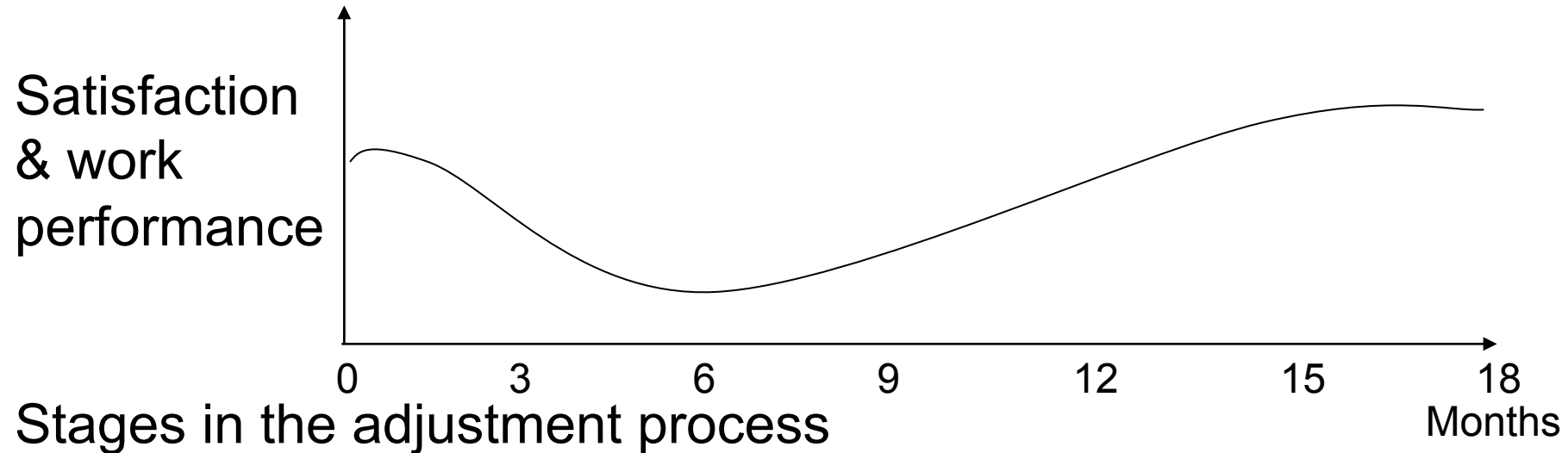


Some of these skills are difficult to develop...

The relevance of particular traits and skills depends on the objectives of the assignment:

- Agency roles: managerial qualifications and leadership skills
- Learning assignments: relationship abilities and cultural awareness

Adjusting to the expatriate role



- Honeymoon
- Culture shock: depression, anger, frustration – but first step towards learning
- Adjustment
- Mastery

Does previous experience facilitate the speed of adjustment

The expatriate spouse



Obstacles to a successful adjustment

- Cultural shock – often stronger than for the working expatriate
- Loss of a career in case of dual-career couples
- Loss of “life back home”: friends, hobbies
- New family challenges – children’s education, etc.
- Partner works long hours (esp. in the beginning!)

...But often more free time to master new challenges

What can the company do?

- Plan assignments based on joint preferences to get the buy-in
- Provide counselling & assistance in locating jobs; collaborate with other MNCs to find opportunities
- Subsidize educational programs

Studying expatriate failure

- Much past research on expatriation has focused on analyzing the cause of failure in overseas assignments
- The empirical evidence does not support claims of very high rates of expatriate failure – if defined as “premature” return
- From a corporate perspective, it is important to assess “success” directly:
 - The time to proficiency or mastering the new role
 - Achievement of learning objectives
 - Assessment of overall job performance
- Many expatriates who stay in their positions underperform relative to the original expectations

Tensions characterising expatriate situations

- home country/host country tensions
- global/local tensions
- short-term/long-term tensions
- tension between demand and supply
- tension between cost and investment

Source: Pucik et al. (2017, pp. 286-287)



COOKING...



... LIKE A BRIT

AVAILABLE...



... AS A BELGIAN



FLEXIBLE...

... AS A SWEDE



... AS THE IRISH

SOBER...

HUMBLE...



... AS A SPANIARD

GENEROUS...



... AS A DUTCHMAN

ORGANISED...



... AS A GREEK

THE PERFECT EUROPEAN

SHOULD



BE ...

DRIVING...



... LIKE THE FRENCH

TECHNICAL...



... AS A PORTUGUESE

CONTROLLED...



... AS AN ITALIAN

DISCREET...



... AS A DANE

In-class assignment 2:

Sophie in the land of the Mullahs: From clichés to the reality of expatriation



Antonia Rados
IM LAND DER
MULLAHS



erlebt

Questions

You are the HR manager of the company.

Prepare an action plan of how you would have handled the expatriation process (3-5 PPT slides).

What measures will you take to ensure that the expatriation is successful?

Upload your answers to MyCourses submission box.



Conclusions

- Previously, the field of IHRM = selection, adjustment and compensation of expatriates
- Recently, traditional expatriate assignments as well as alternative types of assignments on the rise
- If managed well, expatriation serves multiple purposes
- The pool of suitable candidates for expatriate assignments often limited to visible, previously known individuals from the parent country
- What happens if there is too little mobility among employees?
- **What are the future Global People Management issues?**

Thanks and see you on Thursday!