Solvay Group: International Mobility and Managing Expatriates

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Local and international?

Managing complex employment expectations.



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Case Recap

Case summary Thecasesolutions.com



Akiko Nishimura

- Expatriate employee
- Currently on an expatriate assignment in India
- Wants to organise a new expatriate assignment with the same company to Singapore



Puja Malik

- HR manager for the company
- Explains to Akiko new company policies regarding expatriate assignments
- Akiko no longer eligible for full expatriate contract
- Instead offered a new 'local international contract' which provides much fewer benefits



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Policies Regarding Expatriate
Assignments have been changed

New 'Local International Policy

- more cost effective solution to international transfers of employees that don't meet stricter expatriate program requirements
- Policy not deemed as fair for employees = reduced satisfaction and increased employee turnover

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Akiko can either =

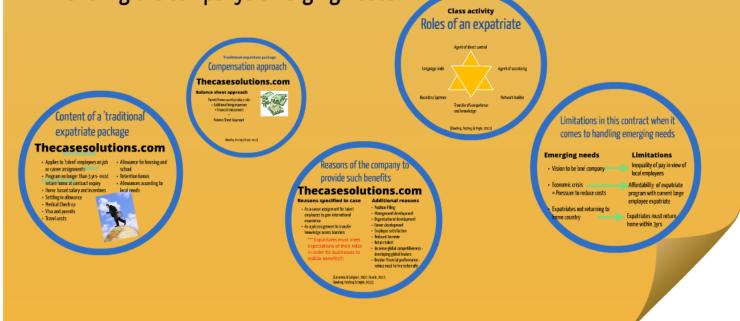
- 1. take the package anyway and move with her family (unsatisfied, lacking remuneration and other benefits)
- 2. Stay in current contact in New Deli without her family (demotivated, unsatisfied and distressed about her family splitting)
 - * As a result could potentially leave company
 - = LOSS OF TALENT + INCREASED EMPLOYEE TURNOVER

Company needs to re think local international expatriate policy

Question 1

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Describe the content of a 'traditional expatriate package, and the reasons of the company to provide such benefits. What limitations do you see in this contract when it comes to handling the company's emerging needs?



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Content of a 'traditional expatriate package

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- Applies to 'talent' employees on job or career assignments
- Program no longer than 3 yrs- must return home at contract expiry
- Home based salary and incentives
- Settling in allowance
- Medical Check up
- Visa and permits
- Travel costs

- Allowance for housing and school
- Retention bonus
- Allowances according to local needs



Traditional expatriate package

Compensation approach

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Balance sheet approach

Parent/Home country salary rate

- + Additional living expenses
 - + Financial inducement

=

Balance Sheet Approach



(Dowling, Festing & Engle, 2013)

Reasons of the company to provide such benefits

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Reasons specified in case

- As a career assignment for talent employees to gain international experience
- As a job assignment to transfer knowledge across boarders

*** Expatriates must meet expectations of their roles in order for businesses to realize benefits!!!

Additional reasons

- Position filling
- Management development
- Organisational development
- Career development
- Employee satisfaction
- Reduced turnover
- Retain talent
- Increase global competitiveness developing global leaders
- Greater financial performance reduce need to hire externally

(Lazarova & Caligiuri, 2001; Oracle, 2012; Dowling, Festing & Engle, 2013)