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HUMAN RESOURCE MANAGEMENT PRACTICES FOR SELF-INITIATED EXPATRIATES

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ABSTRACT:

The aim of this study is to increase the understanding of human resource management practices of self-initiated expatriates (foreign nationals hired externally), and to formulate a model of HRM of SIEs. In this study, it is found out how the HRM practices affect the SIEs, which factors affect the formation of HRM practices for SIEs and what kind of HRM practices organizations have for their SIEs.

The study consists of theoretical and empirical parts. The first theoretical part deals with SIEs and their characteristics compared to assigned expatriates (AEs). The second part of the theoretical framework focuses on the changing patterns of international staffing in multinational enterprises and discusses the HRM practices for SIEs. In the end of the theoretical part, a model of HRM practices for SIEs is formulated which is used as the base for the empirical study.

This study was conducted as a qualitative case study, and three different organizations from multinational enterprises were chosen to the interviews. From each organization an SIE and HR professional / manager were interviewed.

The research results indicate that HRM practices for SIEs do exist and the organizations modify and adjust their basic HRM practices according to the fact that the hired employee is a foreign national. Various organizational, institutional and individual factors shape the way the HRM practices are developed and thus they depend on these factors. It was also found out that in terms of adjustment, the companies provide extensive non-financial and financial support to their SIEs.

KEYWORDS: international human resource management, self-initiated expatriates, HRM practices, expatriate management, international staffing

1. INTRODUCTION

1.1 Background

Staffing international operations with expatriate employees is a continuous trend in multinational enterprises (MNEs) driven by macro-country, meso-organizational and micro-individual level factors. (Despotovic, Hutchings and McPhail 2014:1; Mayrhofer, Sparrow & Zimmermann 2008). On the macro-level, the companies' strategies and human resource management (HRM) are challenged by the changing external business environment which creates new demands for working beyond national borders. Globalized business processes, international trade agreements, and supranational institutions such as the European Union (EU) have reformed the economic situation worldwide by lowering or diminishing the barriers for exchanging goods, services and people across national borders. (Mayhofer et al. 2008.)

On the micro level, the organizations create demand for the workforce themselves. Skilled international employees are needed to help build new international markets, specialized talent is required to assist the execution of overseas projects, and highly mobile managers are used for cross-boundary roles to help build networks and facilitate knowledge exchange. (Mayrhofer et al. 2008:3). The factors mentioned have forced the companies to manage their human resources worldwide efficiently, including international assignments (Selmer & Lauring 2012:665). According to Cartus 2014, 75% of the companies reported the need for flexibility in their mobility programs, as budget constraints are a persistent factor affecting the mobility strategies (Cartus 2014.)

The trend of the broadening global presence of MNEs has contributed to an increased focus in the international human resource literature on assigned expatriates (AEs) who are sent to a foreign country by their organizations. However, the nature and purpose for international assignments is becoming increasingly complex which has led to the emergence of using other forms of international staffing apart from organizational expatriates. These forms include the use of self-initiated expatriates (SIEs). (McKenna & Richardson 2007: 307.)

Self-initiated expatriates can be referred to those individuals who move abroad in order to explore and exploit employment opportunities outside their home country. (Suutari & Brewster 2000; Inkson, Arthur, Pringle & Barry 1997; Myers & Pringle 2005; Peltokorpi & Froese 2009). Thus, they have not been assigned to their position by their home organization but acquired the job based on individual motivators (Selmer & Lauring 2012: 667). They cross both national as well as organizational borders, and thus SIEs and AEs must be differentiated from each other as research results cannot be generalized for these distinct groups (Andresen, Al Ariss & Walther 2013:3). While the expatriate literature has focused on AEs over several decades, a more recent stream of literature has examined SIEs focusing on these individuals and more specifically on their motivations, behaviours and relevance to the global workforce (e.g. Suutari & Brewster 2000; Richardson & McKenna 2006; Peltokorpi & Froese 2009; Despotovic et al. 2014). According to Baruch & Bozionielos (2010), there are three main reasons that have contributed to the rise of SIEs: (1) lower institutional barriers in the movement of labour across national borders (e.g. European Union); (2) development of technology (especially Internet) that enables search on job openings worldwide; and (3) unbalanced demand and supply of skilled and unskilled labour between countries.

SIEs represent an important resource for many multinational corporations and during the last decades their recruitment by global companies has increased (Despotovic et al. 2014:1). Carr, Inkson and Thorn (2005) argue that the potential benefits for utilizing SIEs are not widely recognized in MNEs (2005:395) and that companies must develop policies and practices that acknowledge the needs and expectations of this heterogeneous group of expatriates. As the demand for interculturally flexible employees with differentiated sets of skills becomes strategically more valuable for multinational organizations, (Carr et al. 2005: 386-387) there is a need for greater knowledge about this specific group of expatriates (Suutari & Brewster 2000: 435). Howe-Walsh and Schyns (2010) state that it remains a question how well organizations are prepared for the challenge of managing foreign employees (2010:260). Moreover, Suutari and Brewster (2000) suggest that the selection decision for many SIEs may derive from ad hoc and occasional circumstances in MNEs, which has resulted in slow or non-existent development in IHRM policies (2000:435). McDonnell & Scullion (2013:124) state that "*organizations need to consider SIEs as a special case due to there being distinctive HR issues and challenges that arise when seeking to manage SIEs effectively*". In the following chapter, the justification for the research problem and the aims of the study are introduced in detail.

1.2 Research Problem and Aims

The problem to be solved in this research paper is: What kind of human resource policies do companies have for self-initiated expatriates and how do these practices affect the foreign employees? This problem relates to many wider disciplines in international human resource management including talent management, career development and performance management. Although the two latter disciplines are linked to the research, the chosen discipline of interest is talent management. In order to answer the research problem, the research problem is divided into two subareas:

(1) What kind of human resource policies do companies have for their self-initiated expatriates and how are they perceived by the SIEs?

(2) Which factors affect the formation of human resource management practices for SIEs?

The aim of the study is to investigate what kind of human resource management practices and policies the companies who hire self-initiated expatriates have and how these practices and policies are perceived by the international employees who have chosen to be employed in the host organization.

1.3 Research Gap

Many authors have called for further investigations in the field of SIEs as SIEs have only recently come to the attention of researchers (Dorsch, Suutari & Brewster 2013:43). The interest and research about SIEs has grown but the understanding of the field is still evolving (Andresen, Al Ariss & Walther 2013:4). Andresen, Bergdolt & Margenfeld (2013:27) noted in their literature review that organizational-related criteria emerging in the expatriate literature, such as organizational support, does not exist in the migration literature. Moreover, Doherty & Dickmann (2013) state that too little is known about the role of central and local HRM with respect to SIEs in general. (2013:216). Hence, the contribution of this study will be significant, as it is of explorative nature and the way companies manage self-initiated expatriates in terms of human resource policies has not been researched in the current stream of human resource management literature. From the scientific perspective, this study will provide new information about self-initiated expatriates and their roles in the chosen companies and whether their human resource policies can differ from those of the local employees. From practical point of view, the aim of this study is to provide companies who take the decision to hire self-initiated expatriates thorough information about which factors should be taken into consideration when planning to employ a self-initiated expatriate. According to Vaiman & Haslberger (2013), organizational factors such as recruitment and support for SIEs, staffing and talent management opportunities resulting from the availability of SIEs and differential treatment of company-assigned and SIEs as well as local employees *go to the core area of IHRM* that will benefit from the study of the existing HRM practices for SIEs (2013:20.)

1.4 The Definition of Focal Concepts

In this section, the focal concepts of this study are defined. The key concepts are (1) self-initiated expatriates; (2) human resource management; (3) international human resource management; and (4) multinational enterprises.

The term *Self-initiated expatriate* is generally used to define individuals who move abroad in order to explore and exploit employment opportunities outside their home country. They are organizational newcomers and have acquired a position in an organization abroad with no sending organization back home (Suutari & Brewster 2000; Howe-Walsh & Schyns 2010; Selmer & Lauring 2012:667.)

Human resource management (HRM) covers management activities which are designed to maximize employee performance in order to meet the organization's strategic objectives. The most common areas of HRM are recruitment and selection, compensation and benefits, and training and development. (Torrington, Hall, & Taylor 2008: 6-9; Evans, Pucik & Björkman 2011: 57.)

International human resource management (IHRM) refers to the management of human resources in an international context. The purpose of IHRM is to ensure global success of the multinational enterprise (MNE). To achieve this, IHRM is expected to be competitive throughout the world, competent, locally responsive, flexible and adaptable within short time periods. Also, it has to be capable of transferring knowledge and learning across geographically widespread units of the MNE. (Schuler, Budwar & Florkowski 2002:41-42.)

A *multinational enterprise* is an enterprise that engages in foreign direct investment (FDI) or in some way controls or owns value-added activities in more than one country (Dunning & Lundan 2008:3.)

1.5 Structure of the Thesis

The structure followed in this thesis has been constructed to complement its aims. The thesis is divided into six chapters. This introductory chapter outlines the background of the research problem and provides a justification for the study. After this introductory chapter, the theoretical setting of the thesis is covered. The chapter two introduces the self-initiated expatriates in order to understand the distinction between assigned expatriates and self-initiated expatriates. In the third chapter, the focus of the literature review and shifts towards the changing patterns of international working in order to provide a general context in which the management of self-initiated expatriates takes place.

The empirical part of this study is presented in chapters four and five. In chapter four the research methodology behind this research is discussed and chapter five contains the analysis of the research results. Finally, the last chapter six presents the conclusions and suggestions for further research and implications for human resource management. The figure 1 below illustrates the structure of this thesis.

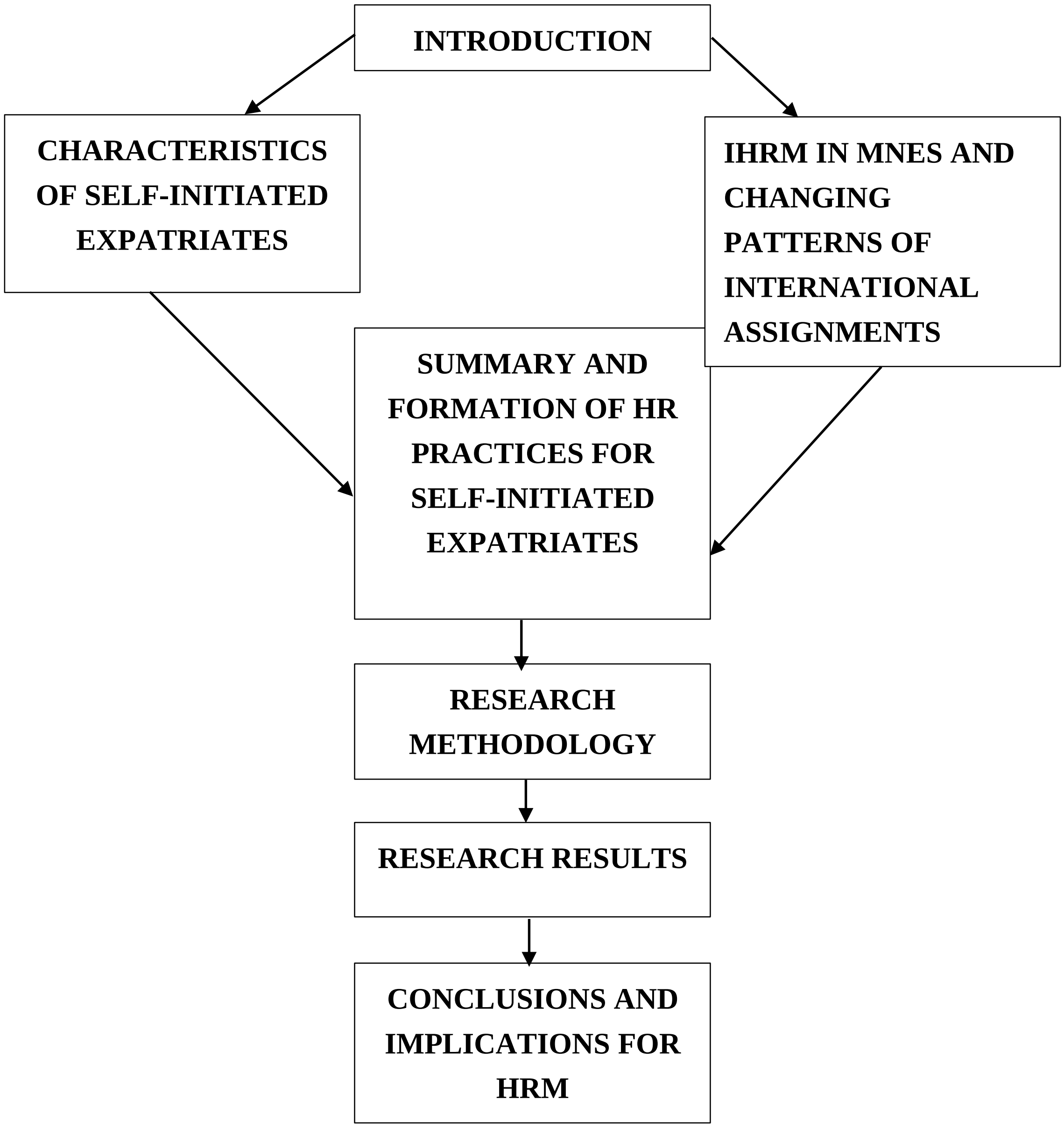

Figure 1. Structure of the thesis.

2. SELF-INITIATED EXPATRIATES

2.1 The Definition of Self-initiated Expatriates, Migrants and Assigned Expatriates

As recent research and literature on international human resource management indicates a growing array of different forms of international work experiences (Mayrhofer et al. 2008), the criteria for distinction of these forms are often unclear. Especially, the terms self-initiated expatriation, assigned expatriation, and migration seem to be used interchangeably in current expatriation literature. Several authors agree concerning the difference between the terms “assigned expatriate” (AE), referring to an employee who is sent abroad by his/her company, usually receiving a beneficial expatriate contract, and “self-initiated expatriate” (SIE) (Andresen, Bergdolt & Margenfeld 2013:11), denominating an individual who undertakes his international work experience with little or no organizational sponsorship, often with a less favorable local contract (Suutari & Brewster 2000). According to Andresen et al. (2013b), SIEs can further be divided into intraorganizational SIEs who stay under the same organization while initiating a move abroad and interorganizational SIEs who change their employing organization upon expatriation (2013:11.)

However, the difference between the terms SIE and migrant seems to be less evident as the terms “migrant” and “SIE” are used in the current literature to refer to individuals undertaking an international career experience (Al Ariss 2010: 340) and only few studies have attempted to form determinants to distinguish between these terms. Baruch, Dickmann, Altman & Bournois (2010) separate expatriates from migrants in terms of rights to permanent residency, meaning that an expatriate might become a migrant when gaining citizenship of permanent visa status. However, this is an ambiguous definition, as The United Nations defines migrant as “*an individual who has resided in a foreign country for more than one year irrespective of the causes, voluntary or involuntary, and the means, regular or irregular, used to migrate*”. According to that definition, those who travel for shorter periods as tourists and business persons would not be considered migrants. (International Organization for Migration 2014). Al Ariss (2010) proposes the differentiation of the terms SIE and migrant along the following criteria: geographical origin and destination of the international mobility, the forced/chosen nature of the move, the period of stay abroad, and the positive or negative associations of the terms. However, these criteria are questionable for various reasons. Al Ariss (2010) assumes that migrants contrarily to SIEs move from less developed to more developed countries.

This may be misleading, as it would exclude several scenarios such as SIEs moving from developed countries to less developed countries. Moreover, the statement that migrants are usually forced to leave home country because of unemployment while SIEs make a choice themselves is in contradiction to the definition of the UN (International Organization for Migrants 2014). Furthermore, unemployment and unstable economic reasons may be act as strong motivators for SIEs to leave their home country (Richardson & McKenna 2002:71.)

Probably the most comprehensive model to determine migrants, SIEs and AEs is the 'decision tree', (see figure 2) which was constructed by Andresen et al. (2013b:30) based on an analysis of data taken from psychological, business, and sociological journals. It clearly indicates that all kinds of AEs and SIEs fall under the umbrella of migrants. To summarize the model, all the expatriate groups positioned on the left side of the "decision tree" belong to the umbrella category migrant. In contrast, the international workers on the right side (such as frequent travellers) should be excluded from migrants as their country of residence remains the same during the assignments.

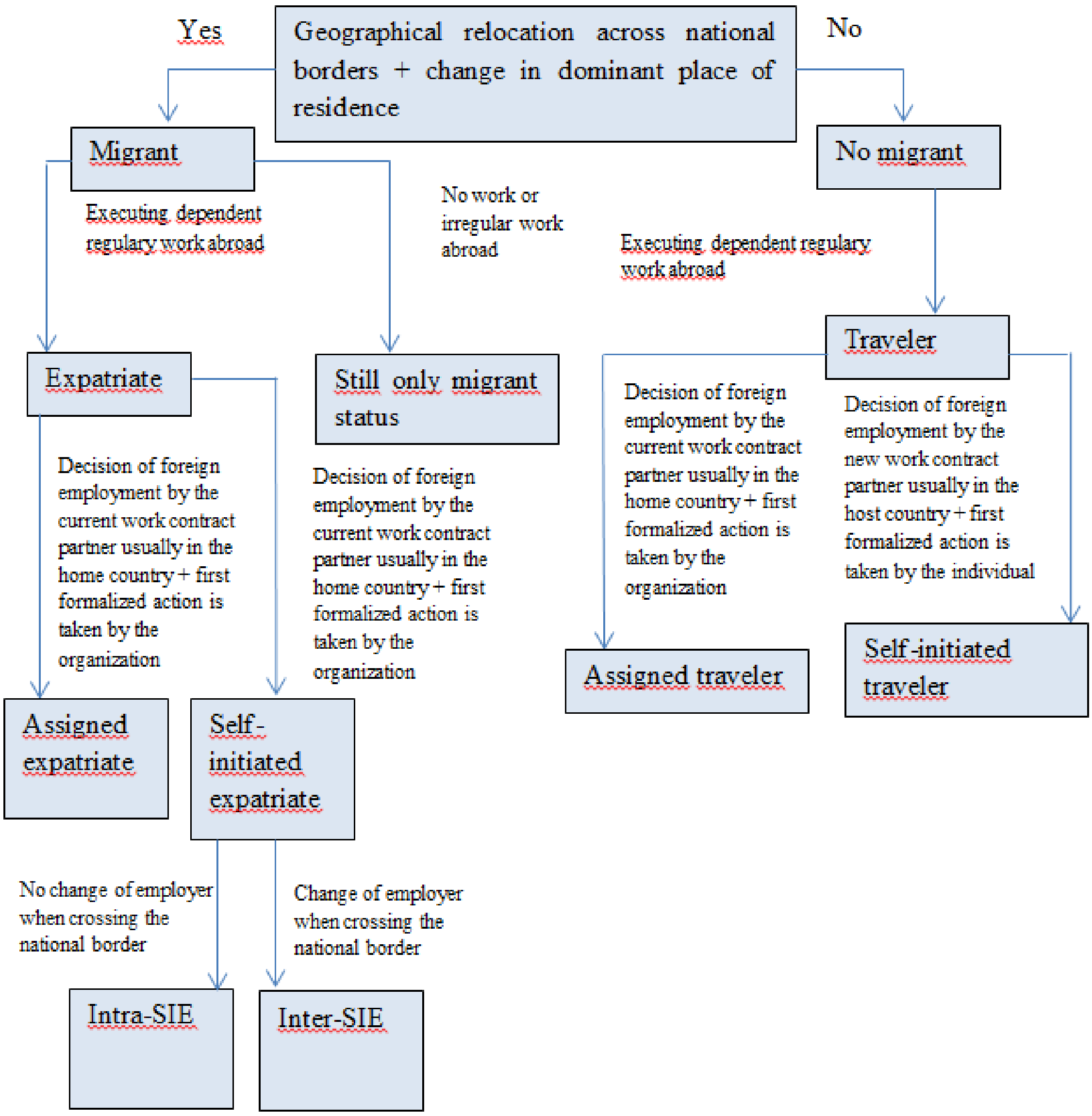

Figure 2. The decision tree (adapted from Andresen et al. 2013b:30).

The implications of the findings are crucial, as they enable the researchers to clearly define whether their sample comprises of AEs, SIEs (Intra-SIEs or Inter-SIEs) or migrants. This could help to explain existing heterogeneous results on expatriates and to facilitate interpretation of future research. (Andresen et al. 2013b:30-33). The figure 3 below illustrates the “umbrella term” migrant and its relationship to AEs and SIEs.

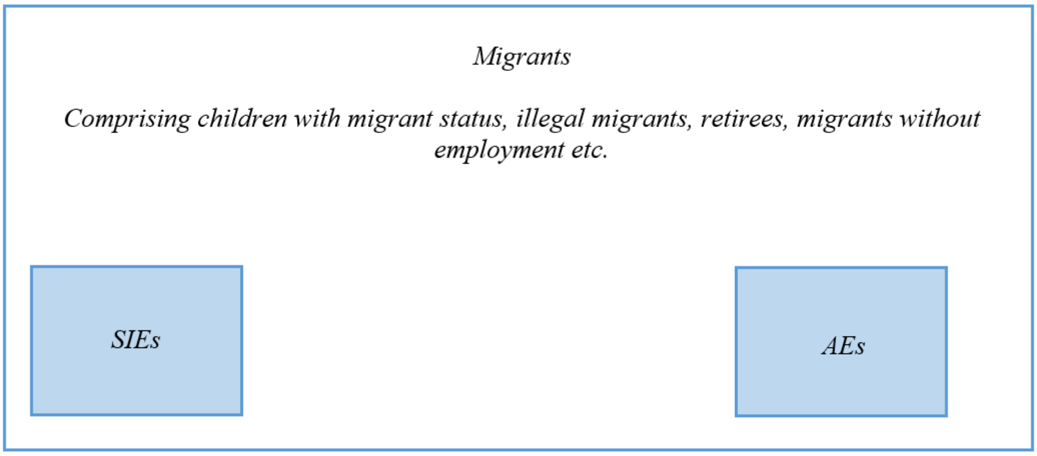

Figure 3. Illustration of the interrelation between the terms (adapted from Andresen et al. 2013:32.)

2.2 Self-initiated Expatriates in the Human Resource Management Literature

Having defined SIEs in terms of their relationship to migrants and assigned expatriates, the focus shifts now to the closer examination of SIEs in the literature of human resource management. There has been a recent surge in interest in the self-initiated expatriation experience evidenced in an increasing number of published articles exploring this topic. Despite the growing interest in this population, there is still relatively little published work on self-initiated expatriation and self-initiated expatriates. (Doherty & Dickmann 2013:122.)

The pioneering article by Inkson et al. (1997) described SIEs as self-initiated by personal funding, with personally oriented development and career goals. Suutari and Brewster (2000) added the employer- and task-related information to the description of the behaviours of SIEs, and Al Ariss (2010) focused on the factors such as location of origin and destination, sense of agency in choosing the destination, and status in the host country as key to distinguishing self-initiated and migrant populations. Howe-Walsh and Schyns (2010) expanded the definition by adding further variables of country and organizational culture and job characteristics to differentiate SIEs with organizational newcomers in order to identify different human resource management and employee needs of these two groups. To date, five major themes have emerged in the research of self-initiated expatriates. Most of the studies listed include a comparison with assigned expatriates:

(1) Definition of the self-initiated expatriate (e.g. Al Ariss & McCrowley-Henry 2010; Doherty et al. 2013)
(2) Motivations and reasons to expatriate (e.g. Suutari & Brewster 2000; Richardson & McKenna 2002; Selmer & Lauring 2010, 2011; Doherty et al. 2011)
(3) Career aspects (e.g. Carr et al. 2005; Jokinen et al. 2008)
(4) Adjustment (e.g. Richardson & McKenna 2006; Peltokorpi & Froese 2009; Howe-Walsh & Schyns 2010)
(5) Repatriation (e.g. Tharenou & Caulfield 2010)

SIEs remain a largely unspecified population, and despite the growth of SIE research, there are in the present no definitive studies of how many individuals undertake self-initiated expatriation (Doherty & Dickmann 2013:122). While research on assigned expatriates (AEs) has widely covered the factors which contribute to cultural and organizational adjustment on international assignments from both individual and HRM aspects, self-initiated expatriates (SIEs) have gained less attention among scholars in this respect. (Peltokorpi & Froese 2009:1096). This is a significant gap in the literature, as increasing global competition and skill shortage in many countries force the companies to actively recruit abroad. Moreover, fast-paced globalization increases the importance of utilizing HR practices to boost their competitive advantage in the growing competition for global talent. (Howe-Walsh & Schyns 2010:270.)

SIEs will continue to represent important international human resources for organizations for various reasons. For example, SIEs have been argued to have a good understanding of local and international markets, languages, and cultures as well as distinct motivation to live and work abroad (Suutari & Brewster 2000:418). Furthermore, they have been stated to cost less than traditional organizational expatriates as travel and living costs, salaries, and taxation, and other financial issues create lower expenses for the companies. As a result, it can be argued that the issue of how self-initiated expatriates adjust to foreign cultures and perform on their jobs has become increasingly important. Kraimer, Wayne and Jaworski (2001) found a positive relationship between adjustment and performance. In assigned expatriation literature, expatriate "failure" has been stated to result from poor adjustment and it has been referred to e.g. poor expatriate cross-cultural adjustment which can lead to inadequate performance, psychological stress, and even prematurely terminating the assignment. (2001:72.)

The factors mentioned highlight the significance for companies to understand the nature and the benefits of successful management of SIEs. (Al Ariss & McCrowley-Henry 2010:79.) However, the research stream on the nature of SIEs as a strategic resource requires further theoretical and empirical development to prove that SIEs may contribute to competitive advantage (Doherty 2014:455). Despite some evidence of existing strategies for the management of SIEs, it has been suggested that companies are often unprepared or unable to manage them strategically, deriving from a lack of appropriate HR strategy, policy and practice (Howe-Walsh and Schyns 2010:269). At present, the research stream describing and explaining the ways in which companies currently manage SIEs is emergent.

2.3 The Differentiation between Assigned Expatriates and Self-initiated Expatriates

Generally, an SIE can be argued to be an international employee who is hired as an individual on a contractual basis and is not transferred overseas by a parent organization (Suutari & Brewster 2000:417). Accordingly, SIEs are expatriates and neither short-term travellers (sojourners) but foreign national employees living “ex-patria” (Selmer & Lauring 2012:667). Several comparative studies have considered the differences between SIEs and AEs (Doherty 2014:454). Inkson et al. (1997) specify four major characteristics that differentiate the work experience of SIEs from those experienced in assigned expatriate assignment: the source of initiative, goals for the foreign job, the source of funding, and career type (1997). Focusing on Finnish engineers, Suutari & Brewster (2000) found five categories of distinguishing factors including demographics, employer and task variables, motives, repatriation and future career and compensation. In Suutari & Brewster’s (2000) study, the SIEs were slightly younger and significantly more often female, single or with spouses working abroad. (2000).

As assigned expatriates have a position arranged for them by their company before they leave their home organization (Howe-Walsh & Schyns 2010:262), the initiative for leaving the home country comes from the employer whereas for the SIEs it comes from the individual. Second, Inkson et al. (1997) state that for AEs, the goals for the foreign job are generally the completion of specific organizational projects and developing international experience (1997:352). For SIEs, the goals are more strongly self-developmental and less organization-related (Suutari & Brewster 2000:426). In contrast to SIEs, AEs usually work under an expatriate contract while remaining employed in their home organisation. The duration of their assignment is usually predetermined whereas SIEs independently and voluntarily decide to live and work abroad and determine if and when they will return to their home country (Peltokorpi & Froese 2009: 1096). Self-initiated expatriates can plan to stay for a certain period of time or not return at all but this is usually not determined beforehand. (Howe-Walsh & Schyns 2010:262.)

In contrast to AEs, several researchers suggest that SIEs typically receive no financial compensation and get less official support from the working organization for the cultural and work transition (Banai & Harry 2004:108; Jokinen et al. 2008:1099; Howe-Walsh and Schyns 2010:262). They are therefore in great need of organizational support (Peltokorpi & Froese 2009) which would increase their organizational commitment and work performance (Cao et al. 2014:2016.)

As this section provided a brief overview of the differences of self-initiated expatriates and assigned expatriates, the following paragraphs offer a more detailed literature review on the most distinct differences between these groups in terms of: (1) motivations to expatriate and (2) career aspects. These insights add value to the development of suitable HRM policies and practices, which should take into account the individual characteristics of SIEs (Doherty 2014:455.)

2.4 Reasons to Expatriate

As the globalization of labour market increases and companies try to attract global talent, organizations should attain a clear understanding of the factors that “push” and “pull” employees toward an international assignment (Stahl, Chua, Caligiuri, Cerdin & Taniguchi 2009:97). These influencing forces involve the specific career goals, needs, motives, life stage, and family situation of the individual, as well as characteristics of the job (Stahl et al. 2009). The most common driver for human resource management to send assigned expatriates to foreign subsidiaries is project-driven, with the goal to compete in the global market. As a part of implementing overseas projects, expatriates are expected to root the home corporate culture to the assigned country. To the contrary, the prime motive of AEs accepting an international assignment is developing own personal growth and international experiences. The common motivators for SIEs broaden beyond financial incentives and career goals to a desire for exploration, an opportunity for personal learning, doing what is of benefit to the family, an interest in travel and to experience other culture, and the ability to escape from current job or way of life (Suutari & Brewster 2000:425-426.) In fact, most repatriates state that higher compensation and adventure were their prime motives to move abroad. (Paik, Segaud & Malinowski 2002:645). Still, international experience may be critical for an AE's long-term career success within the company, and some AEs have been stated to be motivated primarily by the importance of the job itself and the challenges involved in running a foreign operation (Stahl et al. 2009:97).

According to Howe-Walsh and Schyns (2010), for SIEs motivation to go and work abroad and can differ considerably. While some expatriates go abroad to start a new job and maybe to enhance their career, others may have moved due to active recruitment by organizations that cannot find a specific skill locally. Additionally, self-initiated expatriates may move for personal reasons, including affection for a specific country or to pursue a romantic relationship. Although the motivation for expatriation may not seem important for HR practices, Howe-Walsh and Schyns argue that it is indeed very relevant. (2010:263). As self-initiated expatriation seems a phenomenon on the rise, and organizations increasingly resort to SIEs (Jokinen et. al. 2008:979), it is crucial to recognize and understand the backgrounds of the SIEs and how their motivations to go may affect their adjustment to the host country and work environment. Moreover, it can be argued that reasons to expatriate also affect their perceptions on organizational support provided by the host organization as the exceptions and needs may vary among expatriates with differing motivators. If the perceptions are positive, SIEs are more likely to feel committed to the company and perform well in their job.

Carr et al. (2005) outlined five main reasons for migration: economic factors; political factors; cultural factors (such as the choice of a similar culture but in a country with greater economic possibilities); family factors (e.g. family reunion); and career factors (such as professional development) (2005:389-390). Richardson and McKenna (2002) found four types of self-initiated expatriates in regards of the reason for leaving: explorer; refugee; mercenary; and architect (2002). Even though not mentioned in the study, one can argue that these groups are not homogenic and may overlap each other. In the following section, these types are discussed.

2.4.1 Refugees and Explorers

Refugees are regarded as individuals whose motivation to go is related to a desire to escape their home countries. Such individuals may wish to escape personal problems, e.g. financial problems, complicated relationships and expatriation may be used as a means for looking for a better way of life or something that is more aligned with one's goals and ambitions. Refugees may also want to escape a climate, or what they consider to be a dull, unsatisfying professional or personal life. (McKenna & Richardson 2002:71.)

Explorers were the most common group of self-initiated expatriates in Richardson & McKenna's (2007) study. For many SIEs, expatriation is not driven by a desire to enhance their careers opportunities but to explore more of the world. It is suggested that expatriation may be more about personal fulfilment and development than professional opportunities and career building. Individuals in this group often look for personal challenge and specifically seek out positions in exotic countries. Even when faced with issues which cause difficulty and discomfort, explorers view the setbacks as "part of the adventure". Some experiences might have otherwise been perceived as negative, but the motivation for adventure made them more acceptable. (McKenna & Richardson 2002:70-72.)

2.4.2. Mercenaries and Architects

The term mercenary can refer to individuals who wish to move because of reasons related to maximizing rewards e.g. money, lifestyle, status, and benefits. Even though money was considered the main motivator to go for only a small group of SIEs in McKenna & Richardson's study, it became an important issue after expatriation. McKenna and Richardson also reported that some mercenaries who were mainly interested in the high pay were likely to tolerate discomfort better than other types of SIEs. (2002:71.)

Architects are individuals who decide to move abroad in order to build the architecture of a career independently of organizational structures. SIEs in this group actively engage in career building activities and choose certain countries and institution which positively contribute to their marketability. They also engage in creating professional networks for possible future employment. In situations where such activities are not possible, some individuals may become frustrated. (McKenna & Richardson 2002:72.)

The reason why the motivations of SIEs to go abroad was reviewed in this section is the suggestion that knowledge of SIEs motivations to go abroad is viewed as invaluable in helping organizations to better attract and keep these particular expatriates. To ensure that SIEs will remain with their organization in the long run, employers should take into account individuals' personal drivers. (Cerdin 2013:71). Motivation factors related to career play an important role for SIEs and Cerdin (2013) states that organizations should offer them opportunities for professional development. In the next section, the career aspects of SIEs are discussed in more detail to better understand the characteristics of SIE careers and the drivers behind them.

2.5 Career Aspects

The factors that have affected the growth of self-initiated expatriates can be found in broader economic and societal changes resulting from corporate downsizing and a general loss of trust into the safety of corporate careers (DePhilippi & Arthur 1996). Altman and Post (1996) as well as Rousseau and Schalk (2000) have identified a general shift in the nature of the psychological contract between employees and their employer from relational contracts based on loyalty and trust to transactional contracts based on short-term financial exchange between the parties. This finding supports the fact that in the era where corporate downsizing, reorganizing, and rapidly changing technology is everyday life, the concept of career – usually referred to as sequential work experiences and activities that occur over a lifetime – is changing and boundaryless career (Hall 1996) seems to be on the rise. Many employees believe that to develop and sustain their own careers, they need to be self-directing and flexible, constantly learning and upgrading their skills, and ready to change employers whenever they are offered a better position with another organization (Lazarova and Caligiuri 2001). Schein (1996) adds to this perspective the distinction between the internal career concept and the external career. Internal career is described as a subjective sense of where one is going in one's work life where as the external career focuses stronger on advancement within an organization. As the focus of individuals shift towards internal careers, the advancement within a single organization becomes less important and individuals are more likely to move from one company – or country – to another to pursue the best available career opportunities (Parker & Inkson 1999). As self-initiated expatriates move abroad without the support of a home country organization that sent them, they arrive in their new environment with no backup from the home office, simply because there is no home office to support them and none to return. Baruch & Altman (2002) suggest that the perception of self-initiated expatriates' career may be affected by the acknowledgment of corporate standards that formally make international experience a requirement for career progression (2002).

Self-initiated work experience abroad offers extensive learning and development opportunities for individuals to enhance their career capital in the long term (Jokinen et al. 2008; Cao, Hirschi and Deller 2012). In Suutari & Brewster's (2000) study focusing on Finnish engineers, both AEs and SIEs had an optimistic view about the career benefits of their experience. However, SIEs were more willing to accept another working period or permanent stay in a foreign country than AEs (2000). According to Whitman & Isakovic (2012), traditional expatriates expect company support upon repatriation, in terms of utilizing their international experience in career planning and positions after completing the assignment as well as logistical repatriation assistance at the end of the assignment. In contrast, SIEs are left largely left on their own in terms of career planning. Their employer in the host country is unlikely to provide any career advancement help or training outside the employing organization. In addition, once the employment contract of SIEs in the foreign country comes to an end, they are expected to independently plan the logistics of their own repatriation. (2012:103.)

In Biemann & Andresen's (2010) study, self-initiated expatriates were found to display higher organizational mobility and intention to change the employer than company-backed individuals. SIEs showed a more stable career orientation than AEs as their personal investment in career and career progression was more focused. The authors suggested that this may derive from the fact that SIEs depend on external job offers, and therefore they need to continuously plan the next career move themselves. Therefore, they need to be aware of the career moves they make and perhaps be more flexible to moving. (2010:441). The main characteristics for such career paths are flexibility, non-linear nature, and self-driven. They consist often of temporary assignments and are focused on building skills across multiple organisations and national boundaries rather than following organisational hierarchies (Despotovic et al. 2014:2). However, even though SIEs possess considerable career capital through being in general highly educated professional individuals or graduate populations (Jokinen et al. 2008) with a high level of education or professional qualification or experience, studies have shown that they tend to take up less challenging roles (Suutari & Brewster 2000) and hold positions at lower organizational levels (Jokinen et al. 2008) than AEs. This may lead to potential underemployment (Lee 2005:172.)

Assigned expatriates may volunteer for an assignment abroad but are operating within the career development opportunities of their country. The employee's company is more responsible for the employee's career than the individual is (Howe-Walsh & Schyns 2010:264). However, as companies have consistently been stated to fail to integrate international assignments into long-term career paths (Stahl et al. 2009:91), AEs may accept an international assignment because they see it as a chance to gain the additional skills and experience needed to increase their marketability to other prospective employers (Stahl et al. 2009:91; Tung, 1998:28). This section provided an overview of the key areas such as motivation and career characteristics of self-initiated expatriates in order to understand the factors that differentiate them from assigned expatriates. It is imperative to acknowledge the individual needs and expectations of this heterogeneous group of expatriates in order to establish effective and meaningful human resource management practices for them. Doherty and Dickmann (2013) state that the diversity and characteristics of SIEs pose many challenges to HRM strategy, policy and practice (2013:208).

2.6 Repatriation

Repatriation in the company-assigned expatriate context has gained a great deal of research attention during the last decades. Especially research considering company repatriation policies and expatriates' post-entry adjustment, unmet expectations, and job turnover has been widely conducted. (E.g. Black & Gregersen 1991; Lazarova & Caligiuri 2001). Returning to the home office after the end of an expatriate assignment has not always been the experience expected by these managers or professionals, and disappointing experiences have prompted many employees to leave the company for a better position elsewhere (Wittig-Berman and Beutell 2009). As in expatriate management, in SIE management it is important to recognize the factors that may trigger repatriation decisions in order to address them accordingly. In contrast to most assigned expatriates, self-initiated expatriates decide independently about repatriation. Thus, they must choose whether to return and, if so, when (Tharenou & Caulfield 2010: 1010). Repatriation is self-initiated when "*people return to their country or place of origin after a significant period in another country*" (King 2000:8). Unlike most company expatriates, self-expatriates must manage their own return, find a new job or become self-employed, or return unemployed and seek employment in their home country or elsewhere (Suutari & Brewster 2000). Peltokorpi & Froese (2000) reported the self-initiated expatriates to adjust better to work and to the host country and they had more confidence in their capacity to live and work abroad than assigned expatriates. This could result from the fact that they have chosen to live in a foreign culture and they interact more with locals. Thus, Tharenou & Caulfield (2010:1010) assume that in contrast to assigned expatriates, self-expatriates do not appear to repatriate because of poor host country adjustment.

Tharenou & Caulfield (2010) divide the repatriation factors of self-initiated expatriates into pull factors, push factors, and repatriation shocks. In their study the results indicated that foreign professionals are more likely to consider returning to their home country when they are pulled home by the easiness of the transition and when a shock drives them to consider the option of repatriation. This home pull- factor is stronger than the possible undesirable life in the host country when returning to home country lifestyle and national culture is strongly supported by family (such as spouse or elder family members) at home. However, when the return is not anticipated to be easy, due to for example low career benefits, the intention of SIEs to repatriate is not increased. Another significant finding is that shocks have a key role in repatriation. The negative shock coming from a home country appeared to have most influence on triggering shifting thoughts away from living in a host country to events at home and considering leaving. (Tharenou & Caulfield (2010:2010.) Further findings suggest that expatriates who feel less embedded abroad by their career and community have fewer barriers to return and lower costs arising from it. Weak embeddedness in a host country makes staying less desirable and is associated with a greater intent to return. (Tharenou & Caulfield 2010:2010.)

The factors discussed in this chapter provide an evidence base of the issues relevant to the individual-level motivations, traits, knowledge and abilities which impact the foreign work experience. This information is useful and important to HR professionals and line managers, as they provide insights into some key areas that require attention in the management of SIEs. The table 1 below summarizes the chapter and illustrates the key differences between AEs and SIEs. In the next chapter, the in changing patterns of international working and SIEs are discussed under the discipline of international human resource management.

Compared areas	Assigned Expatriates	Self-initiated Expatriates
Initiation	Company	Individual
Decision of employment	Home / current country organization	Host / new country organization
Mobility	Mobile within the employing company	Mobile across companies
Goals / motives	Personal and professional motives with a dominance of organization-related goals	Personal and professional motives with a dominance of diffuse individual development
Funding / compensation	Company salary & extra allowances	Personal savings, local company salary
Career type	Organizational / boundaryless career	Boundaryless career
Duration of expatriation	Usually fixed term	Usually unfixed term
Repatriation	Usually return to home organization	Usually no prearrangement
Literature	Established	Emerging

Table 1. The contrasting qualities of expatriate assignment. Adapted from Inkson et al. 1997; Andresen & Gustschin 2013.

3. INTERNATIONAL STRATEGIC HUMAN RESOURCE MANAGEMENT IN MNES AND THE CHANGING PATTERNS OF INTERNATIONAL WORKING

In this section, the linkage between international strategic human resource management and the changing patterns of international working is discussed in order to provide broader context to in which self-initiated expatriate management and self-initiated expatriation take place. The broadly defined field of international human resource management (IHRM) is about "*understanding, researching, applying and revising all human resource activities in their internal and external contexts as they impact the process of managing human resources in enterprises throughout the global environment to enhance the experience of multiple stakeholders, including investors, customers, employees, partners, suppliers, environment and society." (Briscoe & Schuler 2004:20).*

3.1 IHRM in MNEs

HRM has a significant role in MNEs for major reasons. (Dickman, Brewster & Sparrow 2008:6). Surviving and succeeding in today's global environment requires the organization to be able to understand and deal effectively with rapidly changing circumstances not only in one country but also in multiple geographies. One of the keys to manage this challenge is internationally skilled people, since visions, design structures, and implementation of policies and decision could not be done without them. The ability to use what employees have learned is the core competence organizations are required to possess in order to become and remain competitive. (Lee 2005:173). In terms of human resources, the cost of the employees accounts for the largest single item of operating costs that can be controlled and adapted to circumstances. Also, the capabilities and the knowledge incorporated in an organization's human resources are regarded as intangible resources which can be considered sustainable competitive advantage. Moreover, in international organizations, the additional challenges of dealing with multicultural assumptions about how people should be managed and work together becomes an important contributor to success. These issues do not only belong to HR professionals, as line managers working in an international environment are challenged by the multi-country, regional and global changes and dynamism of the business environment. Business and operational choices in this new international context have become complex and ambiguous. (Dickman, Brewster & Sparrow 2008:6.)

When organizations address IHRM, they have not only to deal with a variety of practices, but they may also face a range of policy and strategy issues when considering the execution of a strategy. As a subject, IHRM has to explore how MNEs manage the competing demands of ensuring that the organization has an international coherence in and cost-effective approach to the way it manages its people in all the countries it covers, while also ensuring that it can be responsive to the differences in assumptions about what works from one location to another. This perspective includes the management of international workforce. (Dickman et al. 2008:7).

The management of expatriates and various aspects of the expatriation process are considered a central element of international human resource management (IHRM) in research and practice. Detailed analyses and recommendations about different elements of expatriation such as recruitment and selection (Caligiuri & Lazarova 2000), adaptation and acculturation processes (e.g. Black, Mendenhall & Oddou 1991; Caligiuri & Lazarova 2002), and repatriation (Baruch & Altman 2002) have been studied since Edström & Galbraith’s (1977) pioneering article about expatriate assignments. In practice, expatriation is a significant part of IHRM activities (Mayrhofer et al. 2008) and is discussed in detail in the next section.

3.2 The Management of Assigned Expatriates

In this section, the management of assigned expatriates is discussed as it is the most researched field of managing internationally mobile employees. Assigned expatriates (as a distinction from self-initiated expatriates) have been defined as employees who are temporarily relocated by their organization to another country, usually for several years, to complete a specific task or accomplish an organizational goal (Harvey and Moeller 2009). Because human resource managers of MNEs work within the international context, the task of developing practices to manage human talent, which supports the overall strategy of their respective firms, can be a challenging task. The requirements of dealing with economic, social, political, and legal constraints of the various host countries must be kept in mind when focusing on the coherence between the strategic orientation of the firm and the HR management practices used. (Caligiuri & Colakoglu 2007:393.)

Before discussing the management of assigned expatriates, it is important to discuss why multinational companies send individuals abroad to work for a certain period of time, usually ranging from one to five years. In the international assignment literature, three principal motives for the global transfer of managers have been classified as followed: (1) to fill positions that cannot be staffed locally because of a lack of technical or managerial skills, (2) to support organizational development, which refers to the coordination and control of international operations through socialization and information networks, and (3) to support management development by enabling high-potential individuals to acquire international experience. Stahl et al. (2009: 92) categorize international assignment objectives into two subdivisions: Demand-driven (or task-driven) assignments, which include coordination and control, knowledge transfer, and short-term problem solving assignments; and learning-driven assignments, which are initiated for competency development or career enhancement (or both). From the company's perspective, many assignments combine both elements, but in most cases, one dimension dominates. Learning-driven international assignments may include short-term learning assignments, such as job rotations across several geographies as well as longer-term assignments that are an integral part of the career development planning for high potential young managers. The international transfers are a strategic tool to address specific organizational objectives, and should be used as such (Stahl et al. 2009).

MNEs use a variety of HR practices and tools to manage their organizational expatriates. These practices include the selection of expatriates, their preparation for the expatriate assignment, managing their performance during the assignment and managing the repatriation process after the assignment. The expatriate management practices are often illustrated as the "expatriation cycle" (see figure 4). The next wave of organizational expatriate management practices include the activities of performance management and development management during the expatriate assignments to ensure, at an organizational level, that the right people are in the right place at the right time – doing what they were chosen to do and developing the competencies the firms need. This approach is newer and has a more strategic orientation given that the HR activities are aimed at firm-level development and they advance the outcomes of expatriation process through human talent (Colakoglu and Caligiuri 2007:405.)

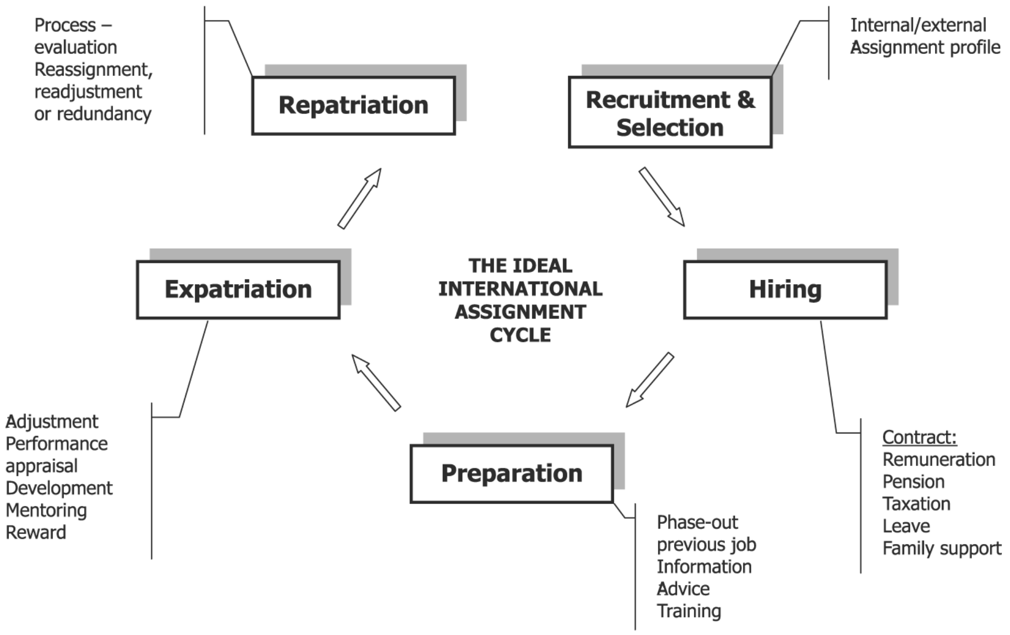

Figure 4. The Ideal International Assignment Cycle (adapted from Harzing & Christensen 2004.)

Despite global developments such as cross-border investments, joint ventures, mergers and acquisitions, the understanding of the international assignment and international assignee remains largely focused on the idea of the traditional long-term expatriate sent overseas for a 3-5 year period in terms of expatriate human resource management practices. The consequence of this focus on the traditional long-term expatriate is that research is that new research agendas need to be developed with respect to the management of international assignment and assignee. Of particular importance are practical issues to do with hiring, preparation and support, performance management, rewards, re-entry and careers. (McKenna & Richardson 2007:307). While there is an extensive literature on the expatriation cycle in relation to the long-term expatriate, and in particular on how the cycle should be managed, there is little on the cycle of management of alternative types of assignments, or mobile professionals prepared to take an international assignment with no organizational track record. From a research point of view, McKenna and Richardson (2007) argue that “more needs to be done to describe and theorize from what organizations do rather than prescribing what should be done” (2007:309). Having now briefly covered the role of IHRM in multinational enterprises and the management of traditional assigned expatriates, in the next section the focus shifts towards new ways of international working.

3.3 Staffing the Multinational Enterprise: New Ways of International Working

"Human resource managers are first concerned with ensuring that the business is appropriately staffed and thus able to draw on the human resources it needs."
*(*Torrington et al. 2008:7.)

In this section, the focus of international workers shifts from traditional assigned expatriates to factors that have led to the increase of new forms of international working, which also includes SIEs (Mayrhofer et al. 2008). The theory on the staffing the multinational enterprise builds on three levels: micro-individual, meso-organizational, and macro-societal.

The objective of global workforce planning is to estimate employment needs and to develop plans for meeting those needs from the available global labour force. The term "workforce" refers to any corporation's employees whereas the term "labour force applies to the pool of potential employees in the labour market from which a firm hires its workforce. (Briscoe & Schuler 2004:202). There have been changes in both supply and demand factors that have brought substantial changes in the area of global workforce planning and working internationally. Global change drivers include the increase in cross-border business transactions enabled by international trade agreements that stimulate the exchange of goods, services, and labor force as well as programs sponsoring international mobility (Mayrhofer et al. 2008:31). Organizational factors include the budget, flexibility and employee concerns connected to traditional expatriate assignments that force the companies to alter their mobility strategies (Cartus 2014), and individual determinants refer to e.g. changing career and life concepts. As the number of international assignments continues to increase, and companies are increasingly adopting more flexible approaches to international assignments, it could be assumed that long-term assignments may now form only a small part of the total international workforce. (Collings et al. 2007:198.)

Staffing issues are complex in the international environment, as effective staffing strategies are imperative for the successful implementation of international business strategies, especially in the cases of strategic alliances, cross-border mergers, and outsourcing and centralizing. (Collings et al. 2007:198-199). As a result, a number of emerging forms of international working have gained more attention. These new forms include e.g. frequent travelers who spend a considerable or most of their working time abroad, yet do not move permanently because they have to be at the headquarters to report and receive updated information, international transferees who move from one international assignment to the next, inpatriates who are sent from a subsidiary to the headquarters for an expatriate assignment and self-initiated expatriates who move abroad on their own initiative. Despite some differences, they are all excluded from classic expatriation and the respective expatriation cycle (see figure 2). (Mayrhofer et al. 2008.)

Even though the use of expatriates has seemed to be a logical choice for staffing international operations for control and managerial tasks (Briscoe & Schuler 2004:214), Collings et al. (2007) argue that the emergence of new forms of global staffing and international working may partially result from issues identified with expatriate management. Some of these issues include the high cost of foreign assignments and difficulties in providing adequate training for foreign assignments which lead to problems with adjustment, performance, and their families. Moreover, local countries' desires for hiring of local employees and managers can be a challenge as well as issues encountered upon repatriation of the expatriate.

The increasing demand for and complexity of international assignments raise important issues for organizations and their human resource management as well as for global labor market (McKenna & Richardson 2007:309). At a micro-level, a common issue with these new forms of international working is the need to understand both the motivations for individuals to engage in this type of work, and the required attitudes, skills, and competencies. Most of the knowledge about this has been based on the study of expatriate success, and to a lesser extent the development of an international mindset. (Mayrhofer et al. 2008:29). At the meso-level of the organization, Mayrhofer et al. (2008) identify several research issues including the questions how fast and if the management of these new forms of working internationally is transformed into standardized HR activities and how organizations cope with an increasingly internationally mobile workforce ready to take on international positions throughout their careers as ”born or socialized internationals”. (2008:29-30). Firms have recognized the management value of these new forms of international working but the degree of their organizational integration is still unclear. (Mayrhofer et al. 2008:25-26) and the policies and practices for self-initiated expatriates lag behind (Suutari & Brewster 2000:435). At a macro-level of the society, self-initiated expatriation is emerging as an important topic in the mobility literature (Doherty 2013) and SIEs are seen as important players in the international labor market. The societies and nations may benefit from the presence, retention, and utilization of SIEs as new labor and new skills is are infused in the receiving countries (Thorn & Inkson 2013:83). In fact, over the past decades, SIEs have contributed to the growth of many organizations and their existence has complemented the lack of suitable local labor. Even as economies continue to develop the abilities and skills of their locals, many countries have increased efforts to attract international talent to contribute to their economy. (Lee 2005:173.)

3.4 International Human Resource Management and Self-initiated Expatriates

In this section, the focus shifts to how organizations attract, select, develop, motivate, and retain talent, particularly SIE talent. Inkson & King (2011) suggest that in today's global knowledge society there are three key components of an organization which can both attract and manage talented staff and generate added value: culture, capabilities, and connections. The culture of an organization can be a determinant to SIEs, especially if that culture is seen to support a global perspective. Human resource practices, which embrace multiculturalism and acknowledgement of international experience, are standard requirements for many SIEs. (2011:43.)

The ownership of the organizational capability to recruit, manage, and retain SIEs must be consistent across all levels, from the leader, to the manager and to the Human Resource (HR) Department. An organization must also be aware of its capabilities and skill deficits so that it can effectively target the required talent. Many organizations are reaching beyond the national boundaries to fill these gaps. However, in order to attract and utilize the best SIE talent, organizations may need to broaden their policies around recruiting only those who have qualifications, expertise, and language skills in local institutions. Once SIEs are employed, the organization should focus on developing this talent and their career opportunities further in order to avoid the repatriate failure statistics witnessed in corporate expatriations (Paik et al. 2009). However, the organizations should also recognize that many SIEs are by nature "wanderers" who may constantly be collecting experience for future employment elsewhere and depart as soon as better possibilities arise. The organizations should utilize the expertise to a maximum potential while the SIEs are available and, if possible, institutionalize it as insurance against the wanderer's departure. Connections are another element for successfully managing talent. Existing connections are important, and many organizations keep track of employees who go abroad with the prospect of attracting them upon their repatriation in order to benefit from their newly-gained self-initiated experiences. To these factors, Thorn & Inkson (2013) add a fourth component important when managing talent- creativity. These SIEs have shown a willingness to move throughout the world to get what they want, and the employer must be prepared to do the same. (Thorn & Inkson 2013:84-85). In the knowledge society, organizations need to think laterally and globally and to redesign employment systems to suit the needs of internationally mobile talent (KPMG 2014.)

Mayrhofer et al. (2008) describe SIEs as a challenge to HRM strategy, policy and practice even though they provide an easily accessible pool of international workforce that can be attracted with relatively little financial burden and outside typical expatriation patterns (2008:12). The key implication of the increasing number of SIEs joining the global labor market is that MNEs can make use of these employees to fill positions in subsidiary operations at a lower cost than expatriates. However, there is a dearth of empirical research both on the individual issues faced by SIEs seeking re-entry and on the HR issues facing organizations who seek to employ them. (Collings, Scullion & Morley 2007: 204). It is important to remember that the SIE pool has a wide range of national and cultural backgrounds, home country links, educational levels, and work skills and experience. According to Doherty & Dickmann (2013), these factors represent an integration, cultural adjustment and resource allocation challenge. (2013:208). Lee (2005) states that the effective management of SIEs is crucial to business success, especially when they hold positions of high responsibility as the well-being of the SIEs can impact their performance (2005:174). Considering that employers invest time and money into attracting, hiring, and training employees, organizations should invest in developing strategies to retain their investments (Chew and Debowski 2008: 7.)

Howe-Walsh and Schyns (2010) divide SIEs in two distinctive groups based on whether or not they have obtained a job for themselves before going abroad. In terms of HR practices, this differentiation is relevant for several reasons. For example, SIEs that have applied for a job and move abroad to because of having been hired to that position will probably be more prepared for the job-related aspects of their move. Howe-Walsh and Schyns (2010) suggest that they may not be so prepared for the intercultural challenges. On the other hand, SIEs whose primary motive to move to a certain country derives more from non-work-related factors than from the job may be more prepared for intercultural challenges than for the challenges involved in starting a new job abroad. (Howe-Walsh & Schyns 2010:262-263.)

Unfortunately, very little is known about how HRM, supervisors and colleagues perceive self-initiated expatriates and how their support and other factors could affect the SIEs' adjustment. Given SIEs' great need for various kinds of support in the host country, it is reasonable to assume that if they believe that the necessary organizational support is available for helping them to cope with work and life transition in the host country, it would have a positive effect on their social exchanges with the employing organization. This in turn might positively influence adjustment and work performance. (Kraimer et al. 2001:73.)

This chapter explores some of the ways in which organizations act in order to obtain and retain the kinds of human resources they need. The first part examines the resourcing process: making sure the organization has people of the right quality – it therefore looks first at recruitment and selection of self-initiated expatriates. The second focus is on development and reward strategies, whereas the last part focuses on retention.

3.4.1 Recruitment and Selection

Good recruitment is essential to effective human resource management. The effectiveness of many other human resource activities, such as selection and training, depends largely on the quality of new employees attracted through the recruitment process. Recruitment has to serve several purposes, such as determine present and future staffing needs, to increase the pool of applicants at minimum cost, to increase the success rate of the selection process, to increase the probability of subsequent retention, to meet responsibilities, and legal and social obligations, to increase organizational and individual effectiveness and to evaluate the effectiveness of different labour pools. Recruitment is an issue that is becoming more international. Not only has the growth of multinational enterprises meant that they now recruit in many countries, but there has also been a growth in organisations which recruit from abroad for their domestic workforce. (Harris et al. 2003:82-84). Before the recruitment decision, the recruiting managers and HR professionals have to answer the question why a particular position should be filled and what the qualifications needed for that position are. While it has been noted that SIEs may be a potential resource in the global context (Tharenou &

Caulfield 2010), there is little focus on this group in organizational strategies (Collings, Scullion & Dowling 2009:1253.)

In terms of SIEs, Tharenou (2013) conducted research on whether SIEs can be an alternative for AEs. Her major findings were that SIEs can be an alternative option for filling technical and lower and middle management positions (requiring more generic, specialist competencies) and purposes of managing within the subsidiary and responding to the local environment (purposes requiring cross-cultural and host location-specific competencies). However, when compared with AEs, the SIEs were found to be more unlikely suitable for purposes of control, transfer, running the foreign operation and management development (purposes requiring firm-specific competencies). Collings & Mellahi (2009) suggest that the talent required to operate successfully need not be restricted to the top executives of the organization but should be recognized as a resource at lower levels as well. (2009:304). However, Huselid, Beatty, and Becker (2005) argue that the focus of talent management should be centered on so-called “A positions”, which (1) have a direct impact on company strategy, (2) require unique firm specificity (tacit knowledge and deep experience that is difficult to find in the external labor market), and (3) are posed to wide variation in the quality of work performed by people in those positions. (Huselid et al. 2005:110; Evans et al.2011:258). This portfolio approach distinguishes between strategically important A positions, supporting B positions, and C positions that are required but have little strategic impact. (Huselid et al. (2005:115). The portfolio is illustrated in the table 2 below.

	A Positions: Strategic	B Positions: Support	C Positions: Surplus
Defining characteristics	Has a direct strategic impact and exhibits high performance variability among those in the position, representing upside potential, and requires firm-specific know-how	Has an indirect strategic impact by supporting strategic positions and minimize downside risk by providing a foundation for strategic efforts or has a potential strategic impact but exhibits little performance variability among those in the position	May be required for the firm to function but has little strategic impact
Scope of authority	Autonomous decision making	Specific processes or procedures typically must be followed	Little discretion at work
Primary determinant of compensation	Performance	Job level	Market price
Effect on value creation	Creates value by substantially enhancing revenue or reducing costs	Supports value-creating positions	Has little positive economic impact
Consequences of mistakes	May be very costly, but missed revenue opportunities are a greater loss to the firm	May be very costly and can destroy value	Not necessarily costly
Consequences of hiring wrong person	Significant expense in terms of lost training investment and revenue opportunities	Fairly easily remedied through hiring of replacement	Easily remedied through hiring of replacement

Table 2. The Strategic Value of Positions.

Even though SIEs are in general regarded as valuable talent for organizations, on the organizational level the way SIEs are perceived depends on organizational and HRM strategies, structures, policies, and practices. (Doherty & Dickmann 2013: 214-215). International staffing strategies vary depending on the key goals of the organization, the mindset of its top managers and its choice of competitive focus in terms of global efficiency, worldwide innovation or local responsiveness (Harzing 2000). Organizational needs will determine the organizations' approaches to SIEs in terms of how crucial they are for the business, how they will be communicated with, and how they are selected and managed (Doherty & Dickmann 2013: 214-215.)

Although Mayrhofer et al. (2008) state that SIEs may be an easily accessible pool of talent that HR can access through attraction and selection activities which potentially are more cost-effective than targeting AEs, SIEs have been stated to have a greater sense of initiative, independence and internal control. SIEs have stronger personal agency (Tharenou 2003), meaning that they have a higher belief in their ability to work in foreign environments and perceive lower home barriers in the form of family influences. As SIEs are characterized as individualistic and self-reliant, self-directed and proactive, operating with a high level of personal agency and personal motives directing and determining their psychological and physical mobility, they may be unpredictable to manage. Moreover, self-initiated expatriates are usually newcomers in the organization which may mean uncertainties similar to external recruitment in the organization. (Mayrhofer et al. 2008: 12-13). Still, international knowledge and experience is viewed as a valuable, unique and hard to imitate resource that differentiates global competitors (Peng & York 2001). Highly educated SIEs with experience and valuable skills may be challenging to attract since they have easier access to employment opportunities and are likely to be aware of their value to employers. (Doherty & Dickmann 2013:208.)

3.4.2 Adjustment

Once the SIEs have made the decision to move to another country, their adjustment becomes an issue (Dorsch, Suutari & Brewster 2013:48). Traditionally, cross-cultural adjustment refers to the degree to which expatriates are psychologically comfortable and familiar with different aspects of foreign environment (Black Mendenhall & Oddou 1991). In the expatriation literature, research has generally supported a multi-faceted perspective of expatriate adjustment (e.g., Black & Stephens, 1989; Black, Mendenhall & Oddou, 1991). Black and Stephens (1989) identified three facets of adjustment: work, interaction and general (cultural) adjustment. Adjustment to work refers to the process of matching the requirements of the new job with one's own work attitudes and behaviors (Nicholson & Imaizumi 1993). According to Aycan (1997), adjustment to intercultural interaction has been defined as the process of matching one's own and host country nationals' norms of social interaction, which should lead to more effective and satisfied inter-cultural interactions. General adjustment to the non-work environment refers to the comfort of living in the foreign culture (Black et al., 1991.)

Expatriates will need to make sense of not only the new organizational facility, but also a foreign country. Thus, expatriate assignments require adaptation to multiple environments. The foreign country may have different political, economic, and monetary systems, a different language, and different norms and standards of behavior compared to the expatriate's home country, which can result in expatriates having to overcome culture shock. Environments comprised of many more host nationals than expatriates generally surround the expatriates working overseas. This results in an organizational culture more similar to the host country than that of the more familiar parent country. Expatriates will adapt their behaviors, norms, and values to fit in and ultimately succeed in the cross-cultural environment (Liu & Lee 2008:179.)

Although the relationship between cross-cultural adjustment and work performance for AEs has been documented in the literature, the experiences of SIEs in general have received much less attention (Peltokorpi & Froese 2009:1096). In a study about AEs' cross-cultural adjustment, Black et al. conclude three dimensions as components of the cross-cultural adjustment process: (1) adjustment to general environment, (2) adjustment to work, and (3) adjustment to interaction with host nationals. General adjustment refers to the degree of psychological comfort considering several host country aspects such as climate, food, health care, language and housing conditions. Work adjustment refers to the degree of comfort regarding different performance standards and expectations as well as work values. Adjustment to interaction with host nationals refers to the degree of psychological comfort in terms of different communication and interpersonal styles used in the host culture. (1991.)

As a time-related process, cross-cultural adjustment involves uncertainty reduction and change through which expatriates begin to feel more comfortable with the new culture (Peltokorpi & Froese 2009:1097). Limited adjustment to the host culture has various negative work-related consequences, such as lower job satisfaction and job performance. In the worst case, the expatriate prematurely returns home or leaves the company. In turn, well-adjusted expatriates have been reported to be more committed to the organization and have higher job satisfaction and performance as well as lower turnover rates. According to Zhang (2012), the research highlights cross-cultural differences as a key to enhancing efficiency in international operations and calls for greater insight into the understanding of cross-cultural adjustment and further investigation into the diverse nature of the expatriate adjustment process (2012:181.)

In the case of SIEs, a key difference with AEs is the lack of company involvement in sending the individual to the foreign country. This means that in addition to a new culture and new surroundings, the SIEs must also deal with a new organization. In contrast, the AEs are likely to have more contact with the host organization prior to expatriation and thus may be more familiar with the new work environment even though the host company may be very different from their previous organization. McDonnell & Scullion (2013) suggest that SIEs will face significant adjustment challenges, many of which may be similar to those confronted by AEs, but there are also additional complexities. The general belief is that SIEs are almost certainly going to receive no organizational support because they tend to be treated like local staff (Howe-Walsh & Schyns 2010.)

The differing motivations and personal agency, career attitudes, personal development orientation, the probability to leave an employer and the average stay abroad can potentially explain SIEs' work behaviour and adjustment to the local culture. In Peltokorpi & Froese's study (2009), SIEs were found to be more adaptable to foreign environments than AEs. Peltokorpi & Froese (2009) noticed that work and non-work related adjustment of SIEs in Japan were influenced positively by their language skills, type of expatriation experience (company or self-initiated) and the personality traits of emotional stability and cultural empathy. Self-initiated expatriates were reported to be better adjusted to the Japanese context. This could be due to higher motivation to move abroad, and SIEs understood other cultures. Moreover, the heavy personal investment in choice of destination also had a significant role in adjustment.

The employing company can have a significant role in the adjustment of the SIE. Howe-Walsh and Schyns (2010) argue that the company's interest in the integration of the employee may depend on whether the company was looking for an international employee during the recruitment process or not. If an SIE was in the company's main interest to fill the specific position, they, consequently, spend more effort in helping the SIE to adjust. SIEs who live in the country before applying for a job, in contrast, may be considered more equally to local applicants as they are perceived to be culturally adjusted. Howe-Walsh and Schyns (2010) state that this interest of the organization in the expatriate differs based on the conditions of the local labour market. If the labour market is characterized by skill shortage (such as lack of knowledge of certain languages), organizations usually have more interest in the successful adjustment of the expatriate. The source and type of support may vary significantly depending on the expatriate's situation and the situation of the local labour market. (Howe-Walsh & Schyns 2010:263). Importantly, existing research states that as far as adjustment is concerned, mentoring and supportive relationships with peers are far more beneficial than cultural training for SIEs (Bozionelos 2009.)

3.4.3 Development and Reward Systems

Once the required workforce has been recruited, the role of the HRM is to ensure that employees are well motivated and committed to their roles in order to maximize their performance in their positions (Torrington et al. 2008:7). Training and development have received considerable attention in recent years as the rate of change in the information age, new technologies and the increased need for creative skills require increasing investments to employee development. (Harris et al. 2004:90). Modern HRM emphasizes the need for continuous training and development to maintain the dynamic capabilities supporting organizational strategy. (Winterton 2007:324). They distinction between development and training is that development involves a wider range of activities with less specific ends than training. Development is focused more on the individual than the occupation and is concerned with longer-term personal growth and career movement. (Winterton 2007:332.)

While expatriation is regularly used as a means to develop future organizational leaders (Paik et al. 2009), SIEs tend to have a less formal developmental experience which may contribute to a contemporary career path. (Doherty & Dickmann 2013:212). According to some scholars, the self-initiated experience can offer equal or even better development opportunities to those of AEs (Myers & Pringle 2005:430). In order to recognize this development, HRM processes are needed to identify the knowledge, skills and abilities of SIEs and match these with organizational needs. Existing competency frameworks may be shaped to accommodate the unique attributes of SIEs. In turn performance management systems, reward strategies, and career development practices need to support the appropriate placement of these individuals, to avoid underemployment (Al Ariss & Özbilgin 2010) and attend to their career management needs.

When it comes to pay and reward systems, it is generally believed that those systems are an important part of an organization's human resource management. Traditionally, assigned expatriates have been heavily compensated for their foreign assignments. In the case of AEs, in addition to the base salary, the organization decides which incentives are necessary for the AE to take the foreign assignment. One of the most common incentives, the so-called" overseas premium" is used to (1) compensate the expatriate for all the adjustment s/he will need to make; (2) compensate the expatriate and her/his family for the"dislocation" of having to move to an unfamiliar country and to live in what might be seen as an uncomfortable; (3) provide an incentive to take the foreign assignment; and (4) keep up with the practices of other MNEs. These premiums usually account for 15-25% of the expatriate's base pay. (Harris et al. 2004:314-315).

As mentioned before, one of the key issues in traditional expatriation is the high cost. Increasingly, firms are questioning whether it is necessary to pay premiums for a foreign assignment and look for other options to the traditional corporate expatriation assignment. (Harris et al. 2004:315). SIEs can offer a less financially burdening option as SIEs are usually rewarded and paid by local standards (Howe-Walsh & Schyns 2010). However, it can be argued that expatriate premiums may also be granted for SIEs in certain situations, especially when the SIE is considered strategically important and there is short supply of potential candidates to fill a certain position. However, this aspect has been mostly overseen in the SIE literature, even though the increasing ”war of talent” forces the companies to develop their lucrativeness to global talent (KPMG 2014.)

Guthrie (2007:346) argues that one of the most interesting and controversial issues in compensation has been evaluating the manner and magnitude in which pay influences employee motivation and performance. Pay policies may broadly affect organizational functioning by impacting the talent level and mix of firm’s workforce. This can occur through reward systems’ influence on the entry (i.e. attraction, recruiting, hiring) and exit (turnover) of employees. Compensation systems can attract or drive off the right kinds of people because they are seen as a way to communicate about the organization’s philosophy, values, and practice. (2007:346.)

3.4.4 Retention and Repatriation

Tightened economic conditions highlight the need for organizations to keep their best people as companies strive to control costs and increase productivity. Because low talent retention can be a significant challenge to corporate resources, leaders need to know which practices are effective and what they should focus on to retain and motivate their workforce. (Oracle 2014). However, there has long been debate about the level of turnover that causes significant damage to the employer. The level varies according to the organization, as in some industries high turnover rates do not obstruct sustaining highly effective businesses where as in other industries high turnover rates would be a harmful for successful functioning. There are some arguments to be used in favor of so-called functional staff turnover. It can be stated that new faces bring new ideas and experiences which can make the organization more dynamic. Also, the loss of poor performers can be compensated with replacing them with more effective employees. However, there are costs associated with the recruitment process of new employees, such as the time spent organizing the selection process and the time needed for the induction and training of the employee. Also, if the company offers financial support upon moving to a different country, this cost is added to the list. Moreover, new employees need time to become as effective as their predecessors and are more prone to mistakes. Another argument in favor of improving staff retention derives from the approach that people who leave the company represent a significant lost resource which was trained and developed at the company's expense. (Torrington et al. 2008:194-195.)

SIEs have distinct attitudes to work and career which may result in a lack of organizational loyalty. (Doherty &Dickmann 2013:212) In combination with their propensity to move, their level of commitment to the organization may remain unclear which potentially poses difficulties to HRM (Mayrhofer et al. 2008:12-13). According to Doherty & Dickmann (2013), the employing company may face significant losses in terms of the transfer of acquired knowledge, as the social capital learned during the assignment may be wasted in case of leaving the company. A talent management strategy that allows employees to build a network, seek and find mentors, and help them grow and develop while feeling more connected and engaged is one means of retaining talent. To increase retention, there are many approaches including compensation packages and rewards, benefits, and work/life balance initiatives which can be used in a company's portfolio of retention strategies. (Oracle 2014). To conclude, the case of seeking to reduce staff turnover varies across organizations. When employees are relatively easily replaceable due to high supply of candidates and quick training, the high turnover rates can be managed with minimum impact on the business. (Torrington et al. 2008: 194-195.)

Unlike most assigned expatriates, self-initiated expatriates themselves initiate repatriate. Thus, they have to decide whether to return and if they do want to return, when. (Tharenou & Caulfield 2010: 1010). Repatriation is self-initiated when "people return to their country or place of origin after a significant period in another country" (King 2000: 8).

Expatriates are "pulled" home by their family in their home country. This means that their family actively anticipates their return, and the secondary family at home—parents, grandparents, siblings, others—may place expatriates under considerable pressure to repatriate (Jones, 2003). According to Tharenou & Caulfield (2010), home country factors are an attracting and influential force on a decision to return, but they are not necessarily connected to expatriate's satisfaction with living in a host country as they are not directly related to an evaluation of life itself abroad. It can be suggested that when expatriates are strongly embedded in a host country, they have a "pull" factor that makes them remain. In that case, they have little intent to leave, usually meaning that they have little intention to return home. (Thareno&Caulfield 2010:1012). According to Tharenou & Caulfield's findings (2010), a professional is likely to have stronger intentions to repatriate when the embeddedness to the host country is weak, there is satisfaction with living in the host country, and a shock or shocks incur that trigger thoughts of return. As this chapter finalized the theory section, the next chapter will summarize the theory and provide a formation of theoretical framework to support the analysis of the data.

3.5 Summary and the Formation of Theoretical Framework

The concentration of the researches in the field of IHRM has been mainly focused on assigned expatriates, and self-initiated expatriates as a form of international staffing have gained less attention. Especially the implications for companies on how to manage self-initiated expatriates have only been present in few studies as the main emphasis of the SIE-related studies have been on describing the expatriation experiences from the expatriate point of view. This indicates the critical need of research in the field of HRM for SIEs. The purpose of this chapter is to summarize the main theoretical factors and to formulate a model of human resource management of self-initiated expatriates based on the existing literature on HRM practices and self-initiated expatriates.

3.5.1 Summary

In the first part of the theory the focal point was the characteristics of SIEs and factors that differentiate them from assigned expatriates. Also, the relationship between migrants and SIEs was presented in order to clarify the target group of the study. The main findings about AEs and SIEs were that SIEs vary in terms of demographics, motivation, and career aspects. Thus, they form a heterogenic group of international employees that can be unpredictable to manage and form unique challenges for the HRM of the employing companies.

The second part of the theory consisted of the context in which self-initiated expatriation and self-initiated expatriate management takes place. The drivers behind changing patterns of international working were introduced as SIEs can be seen as a form of international working that has only recently emerged in the academia even though the phenomenon itself is nothing new. After the broader context the HRM practices for SIEs were discussed based on the existing literature. As the literature is still emerging, the preliminary model of the HRM practices for SIEs will be complemented by the empirical data.

3.5.2 Formation of the Model of HRM practices for SIEs

As there is no existing comprehensive model of HRM for SIEs in the current literature, constructs of HRM practices for SIEs based on the existing literature are formulated. The model consists of four parts: (1) External environment; (2) Internal environment (the organization); (3) SIE characteristics and, finally, (4) HRM for SIEs. The model will be complemented based on the empirical data received via interviews from HR professionals, supervisors of SIEs and SIEs themselves. The external environment describes the factors outside the organization, such as the country-specific institutional factors as well as cultural factors. The internal environment illustrates the company factors, such as motives to hire SIEs and their role in the organization. The fourth part of the model is a conclusion of the first three constructs, an outcome of those factors on how the companies should manage their SIEs. It is noteworthy that this model should not be used as a universal truth for all companies, as every organization decide which international staffing strategy to use based on the key goals of the organization (Harzing 2000). The model is aimed to illustrate which factors affect the formation of HRM practices for SIEs and what is characteristic for these practices. The model (figure 5) also serves as an illustrated summary of the literature review of this thesis.

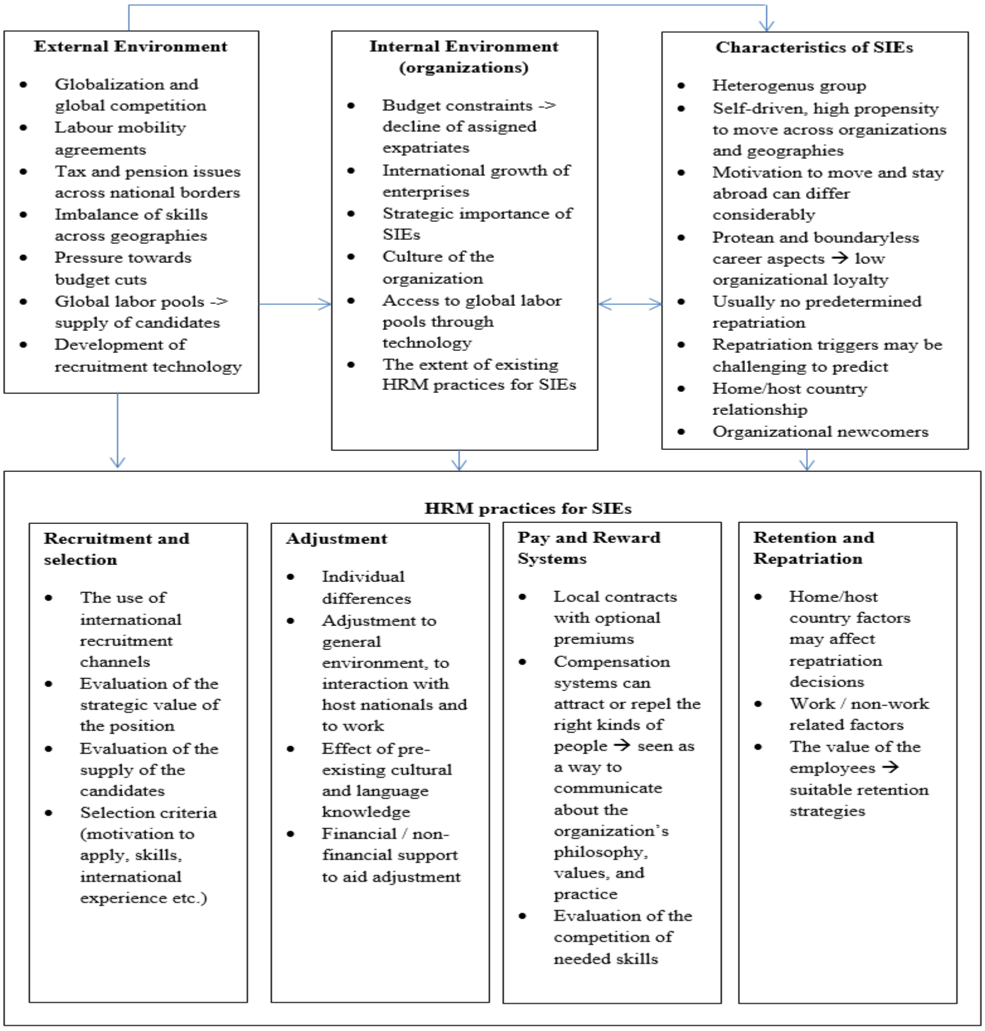

Figure 5. The Constructs of HRM for SIEs.

4. RESEARCH METHODOLOGY

The purpose of this research is to study empirically the human resource management of SIEs. In this chapter, the research methodology behind the empirical research is discussed. The model of the HRM practices for SIEs which was constructed in the previous chapter will be used as a base for the empirical study. This chapter also introduces the research philosophy and approach, research method and strategy, data collection method, data procurement and analysis. The figure 6 below illustrates the methodological choices of this study (Saunders, Lewis and Thornhill 2012:160). The research philosophy is explained first, followed by research approach and the research method. Finally, the data collection and analysis methods are explained.

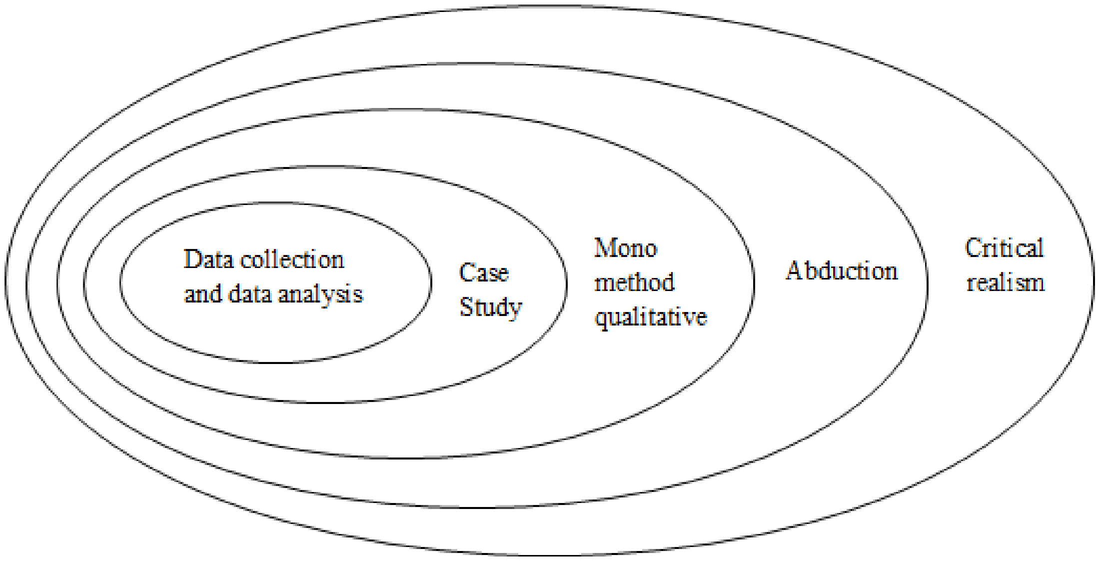

Figure 6. The research “onion”.

The research design is the general plan about how to answer the research questions. The main purposes of research design are to include objectives derived from the research questions, to specify the sources from which the data is intended to collect, how the data is proposed to be collected and analyzed as well as to discuss ethical issues and constraints of the study. (Saunders, Lewis & Thornhill 2012: 159.)

4.1 Research Philosophy and Approach

Research philosophy reveals the researcher's assumptions about the world. The philosophical views are introduced in this section since the philosophical commitments made throughout the research have a significant impact on how the research strategy is understood and what is being investigated. (Saunders, Lewis & Thornhill 2012: 128). Ontology, epistemology, logic and teleology can be described as the philosophical framework of research. Logic refers to the principles of justifying and proving whereas teleology states questions about the meaning, such as why the research is being done and how it contributes to the existing knowledge in a particular field. (Hirsjärvi, Remes & Sajavaara 2008: 126).

Ontology focuses on the question "*What is there in the world?*" and aims to explain the ideas about the existence of and relationship between people, society, and the world in general. Reality can be understood as subjective or objective; according to subjective reality perceptions and experiences are individual, thus being different for each person, and change over time and context. In the objective reality, social world has existence independently of people and their actions and activities. (Eriksson & Kovalainen 2008: 11-15). Epistemology refers to the assumptions of the nature of the knowledge and the relationship between the researcher and the object being researched. Epistemology also has subjective and objective reasoning. The objective reasoning states that the researcher and the object being researched are not related; the researcher only has to find the right way to find the information. In contrast, the subjective reasoning believes that the researcher contributes to the object being researched. (Hirsjärvi & Hurme 2001:23).

Realism is a direction of epistemology, and critical realism can be viewed to be aligned with the views and assumptions of the researcher in this study. Critical in this context refers to a transcendental realism that rejects methodological individualism and universal claims to truth. Critical realists agree that there is a world of events that is observable and independent of human consciousness. They view the knowledge of this world as socially constructed, meaning that the world is made up of feeling, thinking human beings, and their interpretations of the world must be studied. (Denzin & Lincoln 2005:13). Qualitative research is associated with an interpretive philosophy as it requires the researchers to make sense of the subjective and socially constructed meanings expressed about the phenomenon being studied. Such research is sometimes referred to as naturalistic since the researchers need to familiarize themselves with a natural setting, or research context, in order to establish trust, participation, access to meanings and in-depth understanding. (Saunders et al. 2012:163). The philosophical approaches described in this section apply to this research, as the data is collected via interviewing individuals and the empirical data aims to explain with the support of the theory how companies manage their self-initiated expatriates and how these practices affect the employees.

As the research philosophy is now defined, the research approach is introduced. There are three different models to describe the research. Inductive reasoning draws from observed cases more general statements or general claims. In deductive reasoning, hypotheses and theories are formulated from which particular phenomena can be explained. In this study, abduction is used as a research approach as it involves both inductive and deductive reasoning processes. Abduction refers to the process of creating new ideas or hypotheses and thus can be used as the logic of exploratory data analysis. (Eriksson & Kovalainen 2008: 21-23). Because this study is of explorative nature and the existing theory concerning the research questions is scarce, the research combines the theory and the model formed and the empirical material. The model is modified according to the empirical data collected in the form of the interviews.

4.2 Qualitative Case Study

People ask questions and interpret phenomena from the perspective they have chosen and with the understanding they have at the present moment (Hirsjärvi et al. 2008:156). As a research method, the case study is used in order to contribute to the knowledge of individual, group, organizational, social, political, and related phenomena. (Yin 2009:4). In this study, a qualitative case study is applied in order to explore a research topic or phenomenon within its context, or within a number of real-life contexts. (Yin 2009:4). Qualitative research is based on the thought that the reality is diverse and thus the aim is to study the object as comprehensively as possible. In general, the main driver is to find or reveal realities rather than verify existing statements. (Hirsjärvi et al. 2008:156-157). In business studies, case study research is popular (Yin 2009:4) as it enables the presentation of complex business issues in an accessible and down-to-earth way. Overall, the main aim of case study research is to reveal the diversity and complexity of each case. There are several ways of doing case study research, depending on the purpose of the study, the way how research questions are formed and research is designed, including the number of cases being studied. In this study, extensive case study research is applied as the existing theory on HRM practices for SIEs has gaps that need elaborating. The selection of cases is based on the assumptions that they are similar enough to either generate new theory, verify existing theory, or some of them to be similar and some of them to be different to allow for theoretically interesting comparisons. With the empirical knowledge generated from the cases, it is assumed that this study can add something new to the existing theory, or develop new theoretical constructs. (Eriksson & Kovalainen 2008:116-117, 122-123.)

The case study strategy is relevant if the aim of the study is to gain a rich understanding of the context of the research and the processes being enacted. A case strategy is used when the researcher is interested whether findings can be replicated across cases. The impact of the difference or similarity of anticipated findings in predicted by the researcher (Saunders et al. 2012: 179-180). In this study, the objective is to explore what kind of HRM practices organizations have for their foreign employees and how these practices are viewed by the employees. The case study strategy also has considerable ability to generate answers to the question “why?” as well as “what?” and “how?” questions (Yin 2009:9.)

4.3 Interview as a Data Collection Method

According to Yin (2009:106), one of the most important sources of case study information is the interview. For this study, a qualitative semi-structured research interview method is chosen for data collection. Semi-structured interview refers to an interview in which the interviewer begins with a set of interview themes but can vary the order in which questions are asked and to ask new questions in the context of the research situation. (Saunders et al. 2009: 601). The decision to choose semi-structured interview as a data collection method and the success of the data collection can be grouped into four aspects related to interview: (1) the purpose of the research; (2) the significance of establishing personal contact; (3) the nature of the data collection questions; and (4) length of time required and completeness of the process. For an exploratory study, qualitative research allows the examination of causal relationships between variables as well as provides understanding about the reasons for the decisions, attitudes and opinions of the participants. Interviews also afford each interviewee to “think aloud” about issues they may not have previously considered. The ideal result of the interview is a collection of rich and detailed set of data. An interview will be the most advantageous approach to obtain data when (1) there are a large number of questions to be answered; (2) the questions are either complex or open-ended; (3) the order and logic of questioning may need to be varied. Because creating and answering a viable questionnaire about issues that are complex, unclear, or large in number, can be time-consuming, an interview may be the best or only alternative. If expectations have been clearly established about the length of time needed and objectives of the research, participants are usually more willing to be interviewed. (Saunders et al. 2009:323-325.)

In order to provide an in-depth answer to the research questions, research material was collected by interviewing self-initiated expatriates in the case companies with semi-structured interviews. Also, HR professionals and the self-initiated expatriates' supervisors were interviewed in order to gain a complete picture of the HR management issue. The sample size was 6 interviews in 3 companies (2 line managers, 1 HR professional and 3 self-initiated expatriate) and the data was collected via Skype calls and face-to-face interviews. The duration of one interview was approximately one hour. As multinational enterprises were the target cases of this study, only MNEs were chosen for interviews. The sample was chosen by applying non-probability sampling technique, which is based on the researcher's personal judgment. This means that the cases are chosen according to the researcher's assumptions on which are the best cases to answer the research questions. (Saunders et al. 2007: 281–284). Research interviews were organized on 11.02. – 20.03.2015 and the interview questions were sent to the participants before the interview in order to give the participants a chance to prepare and think about their answers beforehand. The interviews were conducted both as face-to-face interviews as well as via Skype. The interviews were done in Finnish and English language. Attachment 1 and 2 contain the lists of the final interview questions, which were modified in the interview situation according to the participant. The questions for supervisors and HR professionals differed from those asked from the employees.

4.3.1. Case Companies and Interviewees

As was mentioned previously, only multinational enterprises were chosen for the interviews. In the results, both employee and employer point of view are presented and reflected on the existing literature on SIE HR management and adjustment.

The company A is an international company operating in over 14 countries. The interviews took place in its global HR service center located in Kraków, Poland. The headcount of the service center is approximately 70 employees, of which 20 employees are Finns. The SIE interviewed in the company was recruited from Finland to Kraków in order to serve internal customers in Finland in Finnish language. The employee was interviewed in order to reflect on the impacts of the HR processes and policies and to find possible improvement areas. The line manager in this company was interviewed because in the given organization the team leaders of the Finnish team are highly engaged in the planning of HR processes implemented for self-initiated expatriates coming from Finland.

The company B is multinational enterprise, which has a commercial center in Kraków, Poland. The chosen interviewee of this company had moved to Kraków in order to perform key account managing and sales for Finnish customers. In this position, Finnish language skills are key to perform the tasks. The HR professional engaged in talent acquisition was interviewed as in this company the HR is heavily engaged in the whole HR process for the foreign employees moving from abroad to Poland. In the company B, the line managers are more focused on the work adjustment and leadership.

The company C is also an international enterprise operating worldwide. Unlike in the case of the previous companies, the interviews of this technology company took place in Vaasa, Finland. In the company C, a self-initiated who had lived in Finland for three years was interviewed in order to gain information about how the HR processes were perceived after been living in Finland before the employment due to university studies. In this company, a line manager was also interviewed in order to get insights about the HR processes in the given company. The line manager was chosen for the interview, because he has SIEs in his team. The backgrounds of the respondents will be represented in the chapter 5.1.

4.4 Data Analysis

The purpose in qualitative study is not only to describe the data but the most important part is the analysis, interpretation and conclusions of the data. There are several ways to analyze data, such as content analysis, discourse analysis, and discussion analysis. The latter two analysis approaches include the analysis of speech itself in addition to the contents. In this thesis, content analysis is used as it is not necessary to interpret every detail in the interview such as pauses, silence, and other non-verbal reactions. (Hirsjärvi et al. 2007: 219-222). Content analysis is defined as analyzing text and is used when the used research method results in a large amount of data (Hirsjärvi and Hurme 1995:

114). The purpose of content analysis is to condense the material into an understandable and universal description in order to draw meaningful conclusions for the study (Tuomi et al. 2009:103). The critical aspects of making content analysis is to decide what is significant for the study, leave the unnecessary material out of the scope and keep the focus on the research problem. (Tuomi et al. 2009:92.)

Content analysis can be distinguished into three different approaches: inductive, deductive, and abductive content analysis. As the names of these approaches imply, these forms of content analysis are linked to the three different research approaches introduced in the chapter 4.1. The inductive approach uses the data as the base of the analysis, whereas the deductive approach refers to using existing theory as the base of the analysis. In the abductive approach, the empirical and theoretical parts are combined as new issues are found from the empirical data and are added to the existing theory. (Tuomi & Sarajärvi 2009: 107-108, 117). Due to the abductive approach of this study, abductive content analysis is used. The constructs of HRM for SIEs (figure x) is used as a base for the analysis and is complemented based on the empirical data.

The figure 7 illustrates the analysis process. The first step is to transcribe the recorded interviews in order to handle the data more easily. The needed accuracy of the transcription differs depending on the goals and the purpose of the study. In this study, it is sufficient enough to have the interviews transcribed word for word without analyzing other factors such as sighs or stress of the interview participants. (Hirsjärvi & Hurme 2008: 138-140). After the transcriptions, as the second step the data is reduced based on analytic choices. The data reduction can be described as a process of selecting, focusing and simplifying data. The focus should be on issues that are considered important for the purpose of the research. The third step is to categorize the data, which is an essential part of the analysis as it helps to analyze the research data and to draw conclusions. At this phase, different categories are used as conceptual tools and are formed based on the themes of the interview questions. The final goal of the research is not only data reduction and categorization, but the interpretation and drawing conclusions. (Tuomi & Sarajärvi 108-112.)

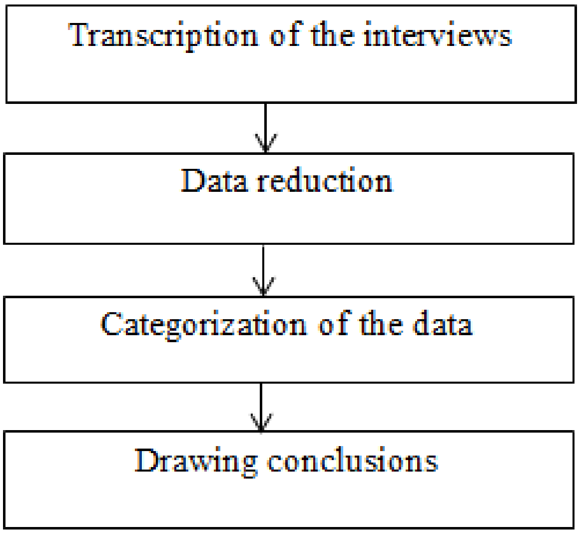

Figure7. The Data Analysis Process.

5. RESEARCH RESULTS

5.1 Organizations' Background Information and SIEs' Profiles

As mentioned in the previous section, three employees and three HR professionals/managers were interviewed. It was extremely difficult to get access to the companies and to get in contact with the right people to get the interviews. Multiple contacting channels were used, such as e-mail inquiries, utilization of personal contacts, Facebook groups and phone calls. It was also challenging to get both a manager/HR and an employee from the same company to have an interview with. However, the six interviews that are used in the analysis are in depth and explorative in nature, so they will offer insight into the given companies' perceptions about SIEs as well as how SIEs view the different HR practices. In the table 3 the profiles of the interviewed SIEs are presented. The letter A represents the company they are employed in. The table includes demographics, motivation to move abroad, current position in the company (based on Huselid et al. 2011), duration of employment, and duration of stay in the country as well as intentions to repatriate. The following information was gathered in order to reflect on the literature currently available on SIEs and to gain a wider picture of what kind of people were interviewed.

Interviewee	Age	Education	Gender	Motivation to move abroad	Current position in the company	Duration of employment	Duration of stay in the country	Repatriation
SIEA	27	Msc.	M	Adventure, no strings in Finland, interesting position	B position: Support	7 months	7 months	Within 2 years, to home or other country
SIEB	28	MA	F	Poor employment market conditions in Finland	B position: Support	4 months	4 months	Within 2 years, to home or other country
SIEC	27	Msc.	F	Studies	B position: Support	6 months	3 years	No intention to repatriate

Table 3. The profiles of the interviewed SIEs.

In the table 4, the companies' profiles are presented in order to get deeper understanding about what the drivers for hiring SIEs are and how these factors shape the HR processes in the given companies. Interviewing about these factors was significant for the study, as these factors have been almost non-existent in the current HR literature. Even though the sample may be small, the company interviews still provide insights into the level of standardization of HR processes as well as the significance of the SIEs, even though all

SIEs interviewed were in B supportive positions. As was discussed in 3.4.1, according to Tharenou (2013), SIEs can be an alternative option for filling technical and lower and middle management positions (requiring more generic, specialist competencies) and purposes of managing within the subsidiary and responding to the local environment (purposes requiring cross-cultural and host location-specific competencies).

Organization	Industry and location	Purpose of hiring SIEs	Volume of SIEs (SIEs/local employees)	HR/ manager interviewed	Standardized HR processes for SIEs	Significance of SIEs	Frequency of hiring SIEs
Org A	Industrial company, shared service center in Poland	Language skills	20/50	Team Leader	Yes	Very high	Very high (multiple times per year)
Org B	Sales company, commercial center in Poland	Language skills, lack of other specific talent in the local labor market	65/130	HR Manager	Yes	Very high	Very high (multiple times per year)
Org C	Manufacturing and service company in Finland	Lack of specific talent in the local labor market, suitable background for the position	N/A	Manager	Flexible	Depending on the position	N/A

Table 4. The profiles of the given organizations.

The most important factors here to determine the HR policies in the given companies are the purposes of hiring SIEs, as they can determine whether the SIEs are actively recruited from abroad or whether they or not necessarily needed in the positions. In all three companies, the employees were actively recruited from abroad for the reasons mentioned in the table. The second factor that is important to notice here is the ratio of SIEs and local employees. Even though the sample is only three organizations from which two organizations presented the ratio, one could argue that an organization with a high number of SIEs would have more or less standardized HR practices for SIEs and would have knowledge in how to manage SIEs. The same applies for the frequency for hiring SIEs. One would assume that if the frequency to hire SIEs is high, the organization would have standardized practices in place to be prepared for the future hiring actions. The significance of SIEs is also an important factor, as one could assume that if the roles of the SIEs were not significant for the organization, the HR practices directed to foreign employees could be less developed. The interesting question here is to which extent the companies have standardized their HR processes for foreigners and first of all, how these HR practices can be described from both the employees' and the employers' point of view.

5.2 The Reasons to Hire SIEs

The starting point for the analysis of HRM practices for SIEs is the reason why SIEs are hired in the companies as this factor can significantly impact on how and why the HRM practices for SIEs are shaped and planned. Based on the data, there is a connection between the reasons why SIEs are hired and how prepared the companies are to manage the SIEs. The reasons for hiring the SIEs varied slightly and in this section, the reasons to hire SIEs are examined in detail. The reasons to hire SIEs provide an important background for answering the research questions: (1) What kind of human resource policies do companies have for their self-initiated expatriates and how are they perceived by the SIEs? and (2)Which factors affect the formation of human resource management practices for SIEs?

In organizations A and B the main reasons for hiring SIEs were the lack of specific language skills needed to perform key tasks in the given organization. The Team Leader in the organization A describes the role of the Finnish SIEs as crucial, as it is almost impossible to find local employees with fluent Finnish skills. Moreover, providing HR services in Finnish language is regarded as significant to the success of the business and the HR function in regards of the level of customer satisfaction. Also, institutional factors in the EU, such as labour laws and pension regulations were mentioned as an enabling reason to hire SIEs instead of assigned expatriates with expatriate contracts. It is important to note that the language skills is the only factor that determines the favoring of Finns over local employees. If suitable persons with Finnish skills could be found on the local labor market, they would be hired.

> *”The Finns are hired in Kraków because of the language skills. As long as the company’s most important language is Finnish, the recruitment of personnel from Finland will continue. We have to have people here who can provide HR services in Finnish language. These kind of people are difficult to find abroad, so recruiting Finns is the best solution for us.[...] In our company, we try to get rid of traditional expatriates, and because we’re now in the EU and the labor law regulations and pension law regulations are quite similar, even assigned expatriates have local contracts. Inside the EU expat contracts are being avoided as much as possible. [...] We want to treat all employees equally. If we found a Polish who speaks Finnish and would fit into the organization, we would surely hire him or her. Being a Finn does not grant any special*

treatment. The reality is that the employees who speak Finnish are easiest to recruit from Finland." –Team Leader / OrgA

Interestingly, in the organization B, the hiring of the SIEs is very important, as the main function in the organization is business-to-business sales with customers in various countries. According to the view of the HR professional in the company, in sales, confidential relationships are impossible to be established without the native level of target market's language.

"The reason why we hire foreigners is very simple. We are doing sales from here, so you need language skills on a very high level. So no trust, no sales." – HR Manager / OrgB

In the organization C, the main reason for hiring SIEs is to fill the gap between insufficient talent supply and high demand of employees with very specific field of expertise and knowledge. The lack of talent derives from small amounts of graduates from Finnish universities, which then leads to recruitment from abroad to fill the vacancies.

"Regarding my own field, there are big problems to find good candidates. From our point of view, in Finland the number of educated graduates that we would need is just too small. The big cities are more lucrative, and it is very challenging to recruit them here. However, we have the benefit of being the most interesting employer in this specific field. That makes our recruitment slightly easier." – Manager / OrgC

To dig deeper into the significance of the SIEs in the given organizations, the managers and HRs were asked about their organizations and their role in the company. The answers give deeper meaning to why SIEs are hired and what it means for the organization in general. In the answer below, the whole company's HR function went through a significant transformation towards centralizing the HR operations, which led to the need to hire Finnish employees to Kraków. In the staffing strategy of this organization, the SIEs have a strategic role, even though they are hired to B supportive roles.

"Three years ago, it was decided that the HR operations would be partly centralized to Kraków. The reason was that the HR had been a complex and

messy organization. The idea of centralization was not new, but it was a big transformation to centralize the operations away from Finland and other countries. The first team started three years ago with this current model. We are significant in regards of the whole HR strategy, because before centralizing, HR was "wild west" and every country was functioning in their own ways. The biggest benefits have been the fact that certain things can be done with the same logic and the quality of HR data is significantly better. This way the local HRs can focus on bigger issues as the tasks that are more detailed are moved here. From the customer point of view, it is crucial that we have Finnish speakers here. The official language of the company is English, but from the service point of view Finnish skills are essential. Just like in other teams, service in provided in other languages, such as German and Russian." –Team Leader / OrgA

When the HR Manager in the organization B was asked about the role of the organization, the answer was straightforward. In this company, the percentage of the foreign employees is relatively high, fifty per cent.

"We are an electronic component distributor company which is a very fast growing industry and changing environment. We are one of the market leaders, it's a global company with 4000 employees. Our strong points are the huge product portfolio and a very sophisticated logistics system. Target market companies who produce more value-added products, selling the products to automotive industry, construction industry. We are a commercial center with 3 departments, customer service, credit control and sales. Altogether 130 employees. 50% of our staff is from abroad." –HR Manager / OrgB

To conclude, the reason to hire SIEs can be a result from wider strategic decisions, such as centralizing functions in order to streamline and cut costs on certain functions. These reorganizations require certain language and other skills "on site" where the functions are centralized. Sometimes local talent with required skills is always not available and the companies need to expand their recruitment pool outside the local labor pool. However, in the case C, the reason derives from national education politics, which results in shortage of needed talent and forces the company to hire employees from abroad.

As this section focused on the reasons to hire SIEs in order to get better context for the whole SIE HR practices, the following sections will examine more the following HR practices from both the employees' and the employers' side: (1) recruitment and selection; (2) on-boarding and adjustment; (3) pay and reward systems; and, finally, (4) repatriation and turnover.

5.3 SIE HR Policy Review: Recruitment and Selection

The recruitment and selection was along with adjustment one of the biggest topics that raised diverse discussion during the interviews. Therefore, in this section, the following topics are covered: (1) sourcing; (2) selection criteria; and (3) interviews.

The recruitment processes were quite diverse and depended highly on the market conditions but also organizational factors, such as the differences between local and foreign staff profiles. In the company A, there were clearly differences between Finnish and local candidate profiles, which shapes the staffing strategy.

> *"I would say that in other teams, where Polish are recruited, the staff profile is a little different. They often have a language study background, and may not know anything about HR. In contrast, in our team the people know more about HR, and that is the most attractive factor [to apply here]. In other teams, the employees usually want to work in a certain language. This affects our staffing strategy and how we are profiled. The Finns usually don't know how it is like to work in a service center, but the Polish may have previous experience about how to work in this kind of environment and how it works. These different profiles define the ways in which personnel recruitment is planned." –Team Leader / OrgA*

In the company C, the profiles were not considered much different between the candidates, as the positions where the candidates are hired do not require any nationality-based talent or skills. The requirements are the same for both Finns and foreigners.

> *"The comparison is quite equal, no special treatment. The practical issues are a little different, when the foreigners need to practice how to live in Finland and how things are done here. In the case of foreign employees, in supervision*

and guidance the emphasis is on different things [than when the employee is a Finn], but otherwise in the tasks there is no difference. Because the official work language is English, we check in the interviews that English is sufficient and that's enough, the same requirement applies for a Finnish candidate." – Manager / OrgC

5.3.1 Sourcing

One of the most important issues in recruitment and selection is the sourcing of potential candidates. This segment is highly dependent on the physical location of the company as well as brand attributes. In OrgC, the industry of the company is a significant factor on sourcing future employees and also the presence worldwide where the applicants look for vacancies. When asked about the visibility abroad, the manager in the OrgC replies the following:

"It is difficult to say, how well we are represented abroad in terms of recruitment. To consumers we are not very visible because of our products, but in the country of the foreign applicant we can be a very visible and pretentious brand. It depends where the markets of our company are and where the applicants come from." – Manager / OrgC

The Team Leader in the organization A raises similar issues to sourcing such as the reputation of the company. Especially in cases in which the employee is recruited from his or her home country, the reputation and origin of the company have a significant role.

"It seems that the company name is enough [for securing the attractiveness to apply], and many Finnish graduates who apply to us and who are beginning their professional careers think that work experience abroad will look good in the CV in regards to their future and career. The company and working abroad are a good combo and they are attractive as such. [...] For the time being, we have had good candidates in every requisition, especially when the job situation in Finland for recent graduates is what it is and it's quite useless to dream about a permanent contract there. These are the reasons why we have so many good candidates and why the organization is attractive. The company is so big and known among Finns that it makes moving abroad easier. I believe that even if the company were big but for example based in India and the name

> *would be unknown, the experienced risk to jump to the unknown and to move abroad would feel bigger. Being a Finnish company has a big weight when one thinks whether he/she will move abroad or not. Poland is still relatively unknown for Finns." – Team Leader / OrgA*

The HR Manager in the organization B raises the importance of the location as well as the competition of talent in the service center industry in sourcing the employees. Also, salary is mentioned as an attractive factor to get foreigners to move to Kraków. In the organization B, it is visible that highly educated SIEs with experience and valuable skills may be challenging to attract since they have easier access to employment opportunities and are likely to be aware of their value to employers. (Doherty & Dickmann 2013:208.)

> *"The market is easy and the market is hard. The job market here brings foreigners and the universities produce graduates who come to here. Everything depends on the language skills and the experience. If you need a junior employee, it's easy but if you need a senior specialist, it's significantly harder. There is big competition. For example when selling to the Finns the company, they can have a nice salary compared to the locals. They can have the same lifestyle as at home, a good contract and good experience. [...] Krakow is the market leader in the business service center sector in Europe. Huge base of young talent, who are relatively cheap, cheaper than in Western Europe. The city is charming and it can keep here foreigners who are interested in working abroad. They are not coming here because of the salaries but they are coming here if they have special knowledge or language skills. So for sure there are many foreigners. Especially people who have special knowledge that we don't have in the market or special language skills." – HR Manager / OrgB*

5.3.2 Selection Criteria

When it comes to selection criteria, unlike in the literature regarding the requirements for hiring SIEs, in all three companies international experience was not required to get recruited in the companies. Instead, position-specific qualities and soft skills were appreciated. All three companies do not evaluate the candidate's ability to adjust and move abroad by overviewing only international experience but focus more on the person itself and the soft skills.

> *"For us, the [candidate] profile is someone who is outgoing and friendly, can establish connections easily, is fluent or native in the given language, has some experience in in-house systems, and has sales experience and customer service. In junior positions the experience is not so important, we can train our employees. Having international experience is not a requirement. When we talk about the person who already lives here because of work or love and has the skills and personality we need, international experience is not required and it's not a selection criterion." –HR Manager / OrgB*

In the organization A, the ability to adjust to moving abroad is evaluated in the job interview through personal qualities such as positive attitude, realistic expectations and motivation towards HR, as these two resonate with the intention and ability to adjust to the country. The most important selection criteria is listed below:

> *"For us, the most significant and important factor is the passion and interest for HR and willingness to develop in that field. We do not require previous experience in HR, but in other teams it may be a requirement. The most important thing is to be willing to learn and be overall interested in the field of HR. At our company, there are many possibilities to learn different aspects of HR and it is important to us that the candidates are willing to use them. We also highlight positive attitude, because when you live abroad you will confront situations in which you don't know what to do, especially when you don't know the language. We want a person who can handle difficult situations and doesn't get depressed. Positive attitude helps a lot, so that one keeps a positive picture about the country. Positive attitude is also important for adjustment and the team. Realistic expectations are also important, not only what one can achieve in HR but also in regards to living abroad. If the candidate already has experience in living abroad, it's a plus, but we don't require it. However, if one has already lived abroad, one understands that the everyday life is just as boring as in Finland and life in Poland is no jet set life. You can gain a lot from living in Poland, but it also means that certain things are not handled in the same way and as easily as in Finland." –Team Leader / OrgA*

> *"The motivation is always linked to realistic expectations and interest towards HR. If the main motive is that you only want an impressive line in the CV, it shines through that one lacks real interest in HR or then one has unrealistic expectations what you can achieve here in a short period of time. These are important factors and make the eliminations for us." –Team Leader / OrgA*

In the organization C, the manager highlights the connection between personality and ability to adjust. Aligned with organizations A and B, in this organization, international experience is not regarded as a relevant selection criterion.

> *"We hire smart individuals, and smart individuals usually survive, no matter where in the world you throw them. If you perform well in work life, you will perform well in the personal life."- Manager / OrgC*

When the employees were asked why they were hired, the answers were related to previous work experience and education rather than international experience. All three employees had positive experiences about the hiring process.

> *"I think I was chosen because of my background. I had experience in the field and my education was in finance. Not maybe that much as I have now but I had some insight about these things. It was a good fit for me." -SIEC*

> *"The previous job experience was the reason why I was hired." –SIEA*

> *"I actually don't know why I was hired, it was never told to me. I am quite sociable and know how to present myself. In the job you have to be a lot with people. I think those were the factors as well as the fact that I knew a lot about the company. Language skills were also one factor, my English was very strong." –SIEB*

The findings suggest that in contrast to the current literature, which states that international knowledge and experience are viewed as a valuable, unique and hard to imitate resource that differentiates global competitors (Peng & York 2001), it is not a relevant selection criterion for SIEs.

5.3.3 Interviews

As the job interviews are an integral part of the selection process of any employees in companies, some of the interview questions targeted the job interviewing process itself. In all three companies the interview process was adjusted accordingly, meaning that the interviewers took into consideration that the candidate was a foreign national. Some of the challenges in the interviews include long distances, which mean phone interviews to narrow down the potential candidates to be invited into an actual face-to-face interview. One of the most important factors in the interviews was also the management of expectations.

> *”Of course we check based on the CV the candidates for the phone interview. Based on the phone interview we will select the candidates to a face-to-face interview, because on the phone you don’t always know what kind of a person you’re talking with. There have been surprises, both good and bad. In the interview it is always important to give the candidate the chance to ask all possible important questions and to create realistic expectations about what is to be done here and what is possible and what not.” –Team Leader / OrgA*

> *“In the interviews we definitely take into consideration that the candidate is a foreign national. When we get applications, we screen the most important applicants. For example, India is so far away to come here for a job interview that it becomes quite costly. In those cases we always have a virtual meeting, where we usually go through the almost same things as face-to-face. We try to figure out whether the applicant should be invited to Finland for a job interview and unfortunately this is a cost factor. Personally, I would like to interview foreigners more face-to-face. For us the most important recruitment factor is how willing people are to move here. For some reason it is difficult to get people to move to this city. When the applicant is a Finn, we ask why they have decided to apply to this city and in foreigners cases we ask why they have chosen Finland and why this city in particular. For many foreigners Finland and this city means the same thing, location doesn’t matter for them but we still ask if they can survive in a small city like this. At least the individuals we have recruited have known how to answer and have been living here for years. I guess they’ve liked it here.” –Manager / OrgC*

To get deeper insight about the employees' possible concerns that should be addressed, the employers were asked about what kind of issues or questions appear in the job interviews from the applicants' side. In many cases the issues are very practical and all three companies agree that there should be ready answers for those questions.

> *"Usually the candidates' questions are related to practical issues, especially when they arrive outside of Schengen. The issues include how the work permits are dealt with and for these kind of questions the HR has to have an answer. For a big company like us, it's easy to buy the service from some consulting company or in some cases we have our own people who take care of the whole process. From a recruiting manager's point of view these are easy questions, because HR replies to them automatically by saying no problem, we'll take care of this. So the biggest question is the paper work". –Manager / OrgC*

The HR Manager in the OrgB emphasizes the differences between different foreign nationalities especially when it comes to relocation support negotiations during the interview. Also, salary concerns seem to be dominating the issues the candidates ask during the job interview.

> *"Of course there are always less and less questions but they ask things like is it safe there. I have to say that in 8 years the questions are changing. The economy is growing here but of course but many people have only seen the very simple Polish guys working in building industry. Less questions arise about why I should go to such a poor country because the economy is growing here. I'm always asking this question like why Poland because you're coming from a Western really developed country and they say well at the moment in Finland we have no job if you have no experience and I can't start my career here. [...]Most questions are about the salary, such as what can I do with it, is it enough for living, and these kind of questions. A very important question is about the support in relocation. It is very important for the guys in the Nordics and Western Europe. For some nationalities we pay relocation bonus only after negotiating, like Spanish or Italian candidates because in some regions there are simply no jobs and we have more power in the negotiations. For Nordics it's clear that they want a relocation bonus so we pay it. Other questions are about everyday life such as weather, will I survive with English and so on. " –HR Manager / OrgB*

Both the Team Leader and HR Manager in OrgA and OrgB highlight the importance of informing about the prospect work environment and practical issues before the candidate is even chosen. In both organizations, the SIEs are often hired from abroad and the candidates have no Polish language skills or previous knowledge about Poland.

> *”Already in the job interviews we talk a lot about Poland and the price level and how it’s like to live here. During the interview the expatriate package is introduced, meaning that the flight tickets and extra luggage is paid by the company. We try to address the first sources of stress and worry already before the person is even selected to the position”- Team Leader / OrgA*

> *”Of course it’s important to let them know what is waiting for them. We need to find a balance, because if you’re overselling something then the candidate would ask a lot of money or they would be disappointed when they come and see the reality. This is the art of finding balance. Of course we’re fighting for the right talent but we’re learning from the reality that if we’re painting a picture that is not realistic then people could become disappointed quickly. So we need to come up with realistic examples about salary. For example what you can do with your salary in Krakow, like how often you can go to a fancy restaurant with your salary. So by giving these examples it’s easier to understand what a Finn in a service center can do. You could have a nice lifestyle locally. It’s a big help that I’m a foreigner too so we can talk about the pros and the city itself. When you’re selling the position, you need to know what you’re selling. You’re selling the fantastic office location but on the other hand we have to be honest and clear because we don’t want to see a guy leave in 2 weeks or 2 months.” –HR Manager / OrgB*

This section provided valuable information about how the three companies adjust their recruitment, sourcing, selection criteria and interview processes accordingly when it comes to SIEs. In recruitment strategies and planning there can be significant differences between the local employees’ and foreign nationals’ profiles when it comes to work experience and motives to work in a position. Some of the most interesting findings are around sourcing, as the segment is highly dependent on the physical location of the organization as well as on brand attributes. Also, in selection criteria the organizations seem to emphasize work-related factors such as previous work experience and skills required in the position rather than previous international experience.

Especially the interviews have an important role in defining how the future employee will adjust to the new work position as well as the new home country. When considering the research questions, these findings clearly indicate that the job interviews are an essential part of the HR practices as they serve many purposes, such as expectation management, a situation to share knowledge about the new country and environment as well as possibility to answer all concerns and requests the candidates may have. Also, adjustments are needed due to geographical factors as face-to-face interviews are not possible with all candidates due to long distances and financial constraints. . Following the structure of the HR processes for SIEs, the next step in the analysis is discussing the on-boarding and adjustment practices and issues for SIEs from both employers' and employees' perspective.

5.4 On-boarding and Adjustment

One of the most essential HR practices for expatriates, the on-boarding and adjustment issues, were regarded as one of the most important issues during the interviews and they raised a lot of discussion in all three companies both by employees and employers. All three companies were very much oriented into having specific on-boarding and adjustment practices for foreign nationals who joined the company as external recruits. The specific interest in this section was focused around practical issues, such as whether the company provided sufficient information prior to arriving in the new country and what kind of non-financial and financial support was available prior and after the arrival. One of the major findings in this section is that the companies were truly interested in their foreign employees and put a lot of effort into on-boarding and adjustment in order to make the new employees feel comfortable in their new environment.

As mentioned in the theory section 3.4.2, McDonnell & Scullion (2013) suggested that SIEs will face significant adjustment challenges, many of which may be similar to those confronted by AEs, but there are also additional complexities. The general belief is that SIEs are almost certainly going to receive no organizational support because they tend to be treated like local staff (Howe-Walsh & Schyns 2010). However, in all three organizations it is clear that especially employees with no experience about their new home country were given both financial and non-financial support and were treated differently from local recruits. Only in OrgC, where the SIEC interviewed had been living in Finland for a while, the SIEC was treated as a local employee. Still, in OrgC those employees who were recruited from abroad, received both financial and non-financial support upon request.

In this section, the SIEs were asked about their experiences about how the receiving company handled their move and other issues around self-initiated expatriation. Here it is noticeable how well the OrgA was prepared for arrival of the new employee.

> *”After the interview I was given time to think about my decision, which was very nice. After the decision I started receiving info packages about what moving abroad includes. The instructions were quite good from the beginning to the end, I didn’t have to stress myself about moving abroad at all, as long as I could arrange my things in Finland so I could leave. It was easy to arrive, because there was a person to meet me at the airport and the company had organized an apartment where I could stay the 3-month probation period. All recruitment issues were handled very well and it was easy to get here. [...] The airplane tickets and an extra piece of luggage were paid, which made the moving easier. I think that’s sufficient for a young employee, I didn’t expect anything more. I think it affected the image I got about the employer. It was nice to arrive to a big company when everything worked out so well and the airfares and extra luggage were paid by the company.” –SIEA*

> *”All necessary things were told during the on-boarding. In Finland none of the companies I have worked for have had such a good on-boarding. It helped a lot, when all essential things were told and I didn’t have to think about practical issues.” –SIEA*

For the SIEC the situation was different, as she had been living in Finland for three years due to studies. In her case, the on-boarding was strongly work-related and she was treated as any Finnish employee.

> *”There was no emphasis on the fact that I was not Finnish. He was more focused on how the work is organized in the department. I wouldn’t like to have any special treatment because I’m a foreigner. However, it’s a pity that I can’t always take part in the coffee table conversations but I’m trying. I like it how I’m treated as everyone else. [...] It was easier to adjust to work because I had been living in Finland for a while already. Otherwise I would have been stressed out. The outside environment was exactly the same as I stayed in the*

same city where I studied. So the adjustment to work was easy for me. All necessary information was available for me and I could always ask if I didn't know something." –SIEC

The manager in the OrgC mentions the importance of careful recruitment as they are strongly related to adjustment issues. According to the manager in the OrgC, the adjustment to work is easier than the adjustment to the general environment.

"From our point of view the adjustment to work is easy. Until now we have always had successful recruitments, because we take into account how the candidates present themselves. We are a multinational company and the work language is English. The adjustment to the culture and the city is more difficult, but fortunately in general Finns speak English very well." –Manager / OrgC

When the employer representatives are asked about the on-boarding procedures, the modifications and differences for foreign nationals become noticeable. The cultural differences and knowledge gaps about formal and informal issues need to be taken into consideration in order to provide a fruitful start for the employment.

"In the on-boarding work security things are gone through properly, in those things we have nothing special for foreigners. We also have on-boarding check lists prepared by the HR, in which certain things have to be gone through with the new employee. In my opinion, you should go through the same checklist after a month or two, because the employees often tell that they were not told about certain things. There are things that must have been told due to a formal process, for example how to join a sickness fund, but in the beginning there's so much new information, that you can't remember everything and you have the feeling after 6 months that nobody had told. We also have a lot of things that are self-evident for Finns but not for foreigners. There are just so many things that you always forget to tell something. I think "lessons learned" should be collected from the managers who hire foreigners in order to avoid future conflicts and misunderstandings." –Manager / OrgC

The SIEC suggests that it depends on the cultural distance whether the hiring organizations should provide information of local working life. Much of the culture is also company-based, such as what is the company's origin, industry and work language.

> *”I had gotten information about work life in Finland in the university, they held a presentation about Finnish working life and I think it was quite valuable so I understood what to expect and what to understand. In my new company I was not offered that kind of information. I got information about company culture how they work but not like Finnish culture. For me it’s difficult to say, as the culture in my country (Latvia) and Finland are not so different. So I think I would have survived without such course. For other nationalities I would assume it would be beneficial.” –SIEC*

As discussed in the chapter 3.4.2, the employing company can have a significant role in the adjustment of the SIE and Howe-Walsh and Schyns (2010) argued that the company’s interest in the integration of the employee may depend on whether the company was looking for an international employee during the recruitment process or not. If an SIE was in the company’s main interest to fill the specific position, they, consequently, spend more effort in helping the SIE to adjust. The findings in this section support this theoretical assumption and is clearly visible especially in the organization C where there are both foreign and local SIE recruits. Aligned with Howe-Walsh and Schyns’ (2010) assumptions, SIEs who live in the country before applying for a job, in contrast, may be considered more equally to local applicants as they are perceived to be culturally adjusted as was the case in the organization C. Howe-Walsh and Schyns (2010) state that this interest of the organization in the expatriate differs based on the conditions of the local labour market. If the labour market is characterized by skill shortage (such as lack of knowledge of certain languages), organizations usually have more interest in the successful adjustment of the expatriate. This statement is supported by all three organizations and contributes to answering the research questions what kind of HRM practices companies have for SIEs and which factors shape these practices.

Continuing in the field of on-boarding and adjustment, one of the topics was the support received from the company upon arrival. Very much in contrast to the existing literature, both of the interviewees who arrived to Poland due to employment got significant support from the company and were treated almost like assigned expatriates. It is noteworthy, that relocation bonuses and housing allowances were included in the contract. Also, non-financial support was organized to help the SIEs settle down in their new home country and city. The respondents in organizations A and C explain why these support systems are in place and the main reason is that the employee will adjust easier to work as the adjustment to the new environment is made as easy as possible without pampering too much.

> *”During the first weeks we help i.e. with opening the bank account and after the probation period we offer a real estate agent, who can assist with finding and apartment. For the things that are important for everyday life, but would need Polish language skills, we always have some kind of support available. [...]Of course you have to expect self-initiative from the employee. You shouldn't assume that you'll be pampered all the time when you move abroad. We help with bureaucracy and other big things, but the shoemaker you have to find yourself. We want to avoid patronage, because the idea is that one settles to Poland and Polish everyday life independently.” –Team Leader / OrgA*

> *”My supervisor asked every week how's it been. It felt like got support from my supervisor if I needed. Nice colleagues and environment outside the job and also the relocation bonus helped to settle down. I got own hobbies in the free time as I bought drums with the relocation bonus. The job is interesting, which keeps up the work motivation. These factors have made the adjustment easy. Poland and Finland are culturally quite close, but Polish are more talkative. There are differences in bureaucracy, but nothing significant. Some things are more rudimentary than in Finland.” –SIEA*

In the OrgC, where the SIE recruitment is not so repetitive as in OrgA and OrgB, the financial and non-financial support practices are less standardized and are organized case by case and based on the requests of the new employees. The manager in the OrgC also emphasizes the self-initiative from the employees' side.

> *”You have to ask and negotiate about relocation perks. If you realize to ask, our company will pay for the relocation costs or get a temporary apartment for a couple of weeks. It makes the move here a lot easier, when you can after that choose an apartment according to your liking and make your own contracts. I can't remember if we've paid for moving costs, but it is something one has to ask. In this case the HR has the power to decide how they want to proceed. Maybe in some other companies the process is more standardized than in others. In our company we approach these issues case by case. [...] You could get more from our company, if you asked support for all kinds of practicalities,*

but when it's about smart individuals, they've usually handled everything themselves".- Manager / OrgC

"Before I entered the job I received information about my team and people I work with and also my tasks. I didn't get any financial support, only support from my colleagues who helped me to understand the processes. They were very friendly but I also had to take own initiative to talk with them. The personal support was very important." -SIEC

The OrgC also mentions the most common issues the SIEs are concerned about and how important it is that there are answers ready for the SIEs. The manager in the OrgC also tells through an anecdote how important it is to pay attention to non-work related issues in order to get the most out of employee effectiveness at work.

"The questions we get are either very concrete or are related to paper work or immigration issues. For those questions we have always someone who can answer those questions and we have promised support for those. We have one Italian here and he was very upset with the laundry options in his new apartment. There was no laundry machine in his apartment so I went there with a secretary to show him the common laundry area. For us it was not a big deal but it's away from the efficiency when you have to think all day where to do your laundry on your work time and you can't get the job done." –Manager / OrgC

"Adjustment to Poland is a question about attitude, meaning that one has to be interested in the city and explore what you can find here. Attending a beginner's course in Polish language shows certain kind of stance that one wants to understand this country better and adjust better here. If you come here ignoring the whole country, then the adjustment will be difficult. Like trying to living in Poland despite Poland." –Team Leader / OrgA

In this section, it was clear that there are various issues to be considered around on-boarding and adjustment. In on-boarding, the most important issues when it comes to foreign nationals is to realize that they come from different work cultures and may be employed in a new country for the first time. Therefore, it is important to inform especially about details regarding institutional issues such as labor law, taxation and immigration policies as this kind of information may be challenging and time-consuming to find out by the employees. Not paying attention to these factors may lead to misunderstandings and even conflicts between the employee and the employer. When the issues are explained by the employer, the employee will have more time and energy to focus on work-related issues and adjust faster to both general and work environments.

5.5 Pay and Reward Systems

In this field of HR practices, it was the most difficult to get sufficient answers to the interview questions. The main findings were that in organizations A and B in which specific language skills are required, specific language allowances are in use for both local and foreign employees. In the company C, there are no language-based salary differences among the employees.

> *”We have standardized salary policies, but with the Polish you often have to negotiate more, because they may have offers from other service centers. […] We try to be as clear as possible when it comes to the salary. The starting salary rises after three months by a standard amount when the employee moves out from the company apartment. The salary is also determined based on previous experience. Otherwise we follow the company’s basic logic, meaning that the salary increases are done once a year during the merit increase season. […]. The base salary is the same for everyone, but the Finns get a bigger language allowance that the Polish. The language allowance is business-related, meaning that if the Finns were no longer needed, the language allowance would not be paid anymore.” –Team Leader / OrgA*

> *”We have the basic salary according to the position and we have the language allowance bonuses. We have two categories for the language bonus and on top we have the Nordic languages. [...] We are very ok with the salary. It’s easy to attract [employees] with the salary, but if they burn out in sales or want other experiences, they will leave.” – HR Manager/ OrgB*

When the employees were asked about the salaries, especially the employee in the company A was satisfied with the salary policies.

”The salaries of the Finns differ from the locals as the language allowance is significantly bigger. We have a relocation bonus, which means that after the probation period we are paid one month’s salary as relocation bonus. I think it is being paid to help the foreigners to settle down and keep them happy.” – SIEA

”I think the salary is the same, I have no special perks. In the beginning I had a trainee salary like the other trainees. After I got my real contract my salary was evaluated based on my tasks. I have no language allowances or other extras.” -SIEC

The salary issues were also mentioned in retention and repatriation issues by both the Team Leader in OrgA and SIEA, as the low salary level can be a reason repatriate back to Finland or to another country.

”For some, the salary may affect the decision to repatriate, especially if one has student loans or mortgage in Finland. In Poland the salary is good, but if one has to pay something off in Finland, you cannot compare the salaries and it can cause real financial strains.” –Team Leader / OrgA

”Poland has poor salaries, so you would end up losing money in the long term. You lose your euros from your savings account when you travel between Finland and Poland.” –SIEA

As this section aimed to explain the pay and rewards systems for the SIEs, the next section focuses on one of the most important issues around SIEs, repatriation and turnover issues.

5.6 Repatriation and Turnover Issues

In this factor of SIE management, the discussion around repatriation was quite diverse and highlighted the fact that when a company hires a SIE, the aspect of repatriation is always there and needs to be addressed accordingly. In the repatriation issues, however, the repatriation of SIEs are regarded as leaving, thus leading to turnover, as the timings are usually not predetermined by the employment contract and the employee is not returning to a home organization.

In the company A, the turnover of the SIEs is quite high, but the line manager doesn't see it as a problem. As discussed in the chapter 3.4.4, the case of seeking to reduce staff turnover varies across organizations. When employees are relatively easily replaceable due to high supply of candidates and quick training, the high turnover rates can be managed with minimum impact on the business. (Torrington et al. 2008: 194-195). This is the case in the OrgA and OrgB, where the turnover is considered natural. According to the Team Leader in OrgA turnover cannot be addressed by trying to improve employee retention. Instead, to leverage high turnover, the organization has standardized processes for effective induction for new employees as well as how to transform implicit knowledge into explicit knowledge. It is interesting to notice that the factors that lead to turnover and repatriation are viewed slightly different by the employee and the team leader interviewed in the company A. According to the employee, career issues and salary had a strong impact on the decision to leave the organization in addition to family whereas the team leader mentions family issues as the most powerful factor to trigger repatriation.

> *"In general, when it comes to Finns, the turnover is caused by the fact that we are abroad and at some point for various reasons you get the feeling that you need to go home. It's a fact that you can't keep the person longer with incentives or other negotiations. In other teams the person may be offered a raise to keep the employee in the company. [...]. In our team the reasons are usually family-related or studies or something that has nothing to do with the work or salary. These reasons trigger the feeling that it's time to go home. To control turnover, in other teams it would be tried harder to convince the employee to stay. In our team it's not worth it, because you can't negotiate when the family is involved." – Team Leader / OrgA*

Experience in managing the SIEs can be a significant asset, as the Team Leader in OrgA tells about their experiences when it comes to managing repatriation and turnover issues among SIEs. It is important to note that some issues that may lead to turnover or repatriation can be addressed as early as during the job interviews.

> *"In the beginning ,when we were unable to give realistic expectations about how one can advance here and what one can do here, the reasons for repatriation were often salary, poor career possibilities and lack of career advancement. When we started being systematic about not promising the moon*

and the stars but instead giving realistic expectations about what we expect and what is possible to do here and what not, those reasons vanished from our exit interviews." –Team Leader / OrgA

When it comes to repatriation, it is important to understand the background factors such as the strategic value of the SIE position and how easily the leaving employees can be replaced as well as how well the company is prepared for employees leaving. In organizations A and B the training programs are so effective that old employees are easy to replace.

"It depends how big of an issue one sees the turnover. I actually disagree with the director, because the director is more worried about the turnover than I am. We will always have turnover, because one has to go home when one has to go home and the younger generation is more mobile. Five years in one company is in modern standards already quite a long time and it's simply a fact that we have turnover. The best ways to manage it is to have clever systems to train new employees and how to transform implicit information into explicit information so it doesn't disappear when people leave. You have to have good documentation about what to do etc. You have to prepare for leaves, so the whole system doesn't collapse if one person leaves. In some aspects the turnover is regarded as negative by our partners in Finland when a contact person changes but that could also be the case if the employee changes the tasks inside the organization. [...]My view is that you come a longer way by preparing to turnover than by addressing some single issue." –Team Leader / OrgA

The HR Manager in OrgB has the same approach to turnover and brings forward the easiness of replacing lost resources due to standardized hiring processes. As dealing with high turnover is familiar and hiring is easy and effective, the organizations may not feel the need to address repatriation or turnover issues at all.

"At the moment we can replace everybody. We do recruitment by ourselves. If it's hard to find someone, we hire an agency. This job is not rocket science, these jobs here are not expert jobs. The jobs are junior enough to train everybody here. We have processes in place so we know what to do when we hire foreigners." –HR Manager/OrgB

When the employees were asked about their repatriation thoughts, SIEs in companies A and B had thought about moving to another country or back to Finland. The SIE in the company C has no intentions to leave Finland in the near future. SIEA clearly states that the work-related tasks have had an effect on the intentions and thoughts about leaving. Aligned with the team leader in OrgA, In SIEA's opinion, the biggest trigger of leaving is the fact that the SIEs' families and friends live in the home country and the job is not enough to keep the SIEs from leaving due to family reasons.

> *"I know that about after a year I will leave. At that point I have accomplished everything I have wanted. I will apply for jobs either in Finland or abroad. I don't regard Poland as a country to settle down. But if I want to stay longer, why not. But the language is challenging. When I left to Poland, I thought I would stay 1-2 years but when I arrived here, it's one year. It's been shifting back and forth. The tasks at work have affected how long I want to stay. When you have settled down in the city so well, you don't immediately want to leave. Finland is the boring home country you can always go back to. [...] I would not change the company because of the salary, as the working conditions are good. If I got a job offer in Finland, I would consider leaving. The turnover is high because the family and friends live in Finland. This is regarded more important than the job. The development possibilities are limited, so you don't want to sacrifice relationships. It's easy to start looking for something else. The language makes job search abroad more difficult, so it's easy to return to Finland. [..] Someday, I want to establish a family in Finland. The deeper relationships pull to Finland, such as family and friends." - SIEA*

One of the factors that the SIEA addresses is the effect of high turnover of SIE colleagues on motivation and how it is seen in the company.

> *"The turnover affects the motivation, when friends leave and you start thinking about leaving as well. The company takes the leaving well. It's accepted, that people leave every month. [...]. That's the culture. There could be some incentives, like a bonus after a specific time or new responsibilities. These have been constructed. A salary increase would also help, or some extra days off." – SIEA*

In the organization B, the turnover issues lie in the structures of the organization as well as in the draining nature of the job. As a small organization, these kind of issues are difficult to address, as they are structural problems and out of the scope of HR. Even though there are some possibilities to leverage the turnover, there are not enough career possibilities to keep the employees in the company.

> *"We are not the best in turnover because it's sales, so you can burn out. I haven't seen the statistics lately but with the staff turnover we are closer to an outsourcing company than the shared service centers. Our retention rate is unfortunately pretty bad. There are too many jobs out there and sales is not for everybody as this is a job where you can burn out easily. We are flexible with the career advancement so you can move from one department to another one from sales to customer service so you can gather a lot of different experiences which makes you more valuable on the market. Of course you can get from a junior position to a senior position or an assistant team leader. However, our organization is very small and the possibilities are very limited. This is the main reason why people leave us after 2 or 2 ½ years because we are not a giant organization. This is a disadvantage of a small organization." – HR Manager / OrgB*

When the organization B is asked about the details why exactly the turnover in the organization is so high, salary issues and career options are mentioned. In contrast to team leader in OrgA, the HR manager in OrgB mentions family issues as a factor that keeps the SIEs in Poland.

> *"Basically people leave because of better career options. After two years or so the people start looking for better salary or something else. Culture shock or home sickness is not an issue because Poland is a European country and approximately in the same time zone with other European countries. The people come here, they gather experience and they go back to the country they came from, back to the lifestyle they're used to. I wouldn't call it homesickness, they think it was a fantastic experience here but let's go back home. Family reasons are more what keeps them here. They fall in love, establish families and don't want to go back." –HR Manager / OrgB*

The manager in the organization C has not faced any repatriation issues or turnover at present, but the fact that the employee is a foreigner still needs attention in terms of intentions to repatriate.

"Of course you ask the employees how they are doing, but there is always a reason why the employees have applied to Finland. They think Finland is a dream country. Because that has been the reason to apply, the motivation to adjust is also high. That's how I have seen it, usually the Finns want to move out of here. The foreigners who have come here have no hurry to leave." – Manager / OrgC

This is also reflected on the interviewed employee of the company C who also brings forward the importance of support from colleagues and the importance of career planning and advancement. The SIEC highlights the fact that she chose to move to Finland and has no intentions to repatriate or to change the company within Finland.

"I like this company and I know there are plenty of things for me to learn as long as they offer me a contract here. We have good working environment and I like my colleagues. I don't see any crucial or urgent need to leave. I feel happy in my department right now. There are many places open but not in Finland. Right now Finland is the country of my choice and I really like it here. I don't need to leave for another company to advance. The position fits my career goals very well. When I was still studying, I was hoping for a managerial position after graduation but now I understand the career advancement is slower than I had expected. I think I'm getting the knowledge in my field of studies, which fits my career plans." -SIEC

"I was thinking about repatriation that it might happen but not really that I would initiate repatriation myself. I've heard that sometimes you need to leave home to find home. I've found my home here and I really like it here. Of course I miss my family and friends but here I feel like my work is appreciated. I value that more than an increase in my salary somewhere else. I have good people around. I have no triggers that would push me back to Latvia. I think it's really important to have nice colleagues and I really appreciate that. It would have to be a very good offer for me to leave the company. You never know what is going to come up when you jump into the unknown." -SIEC

When it comes to repatriation and turnover management, it is challenging to draw general conclusions what the organizations should do to leverage turnover and repatriation thoughts as the SIE motivations to leave or stay can be highly individual and sometimes not necessarily work or organizational-related. According to Tharenou

& Caulfield (2010), home country factors are an attracting and influential force on a decision to return, but they are not necessarily connected to expatriate's satisfaction with living in a host country as they are not directly related to an evaluation of life itself abroad. However, if the non-work-related turnover of the SIEs is high, the findings indicate that the organizations have standardized procedures to leverage the turnover through effective knowledge transfer, recruitment, on-boarding and adjustment policies. As this chapter finalized the analysis of the data, the next chapter will conclude the analysis and provide limitations as well as managerial implications.

6. CONCLUSIONS

The human resource management practices for SIEs have been a poorly researched topic in the human resource management literature which provided its own challenges for this research. Assigned expatriates have been researched for decades, but scholars have only recently drawn attention to foreign nationals who choose to work abroad. Until now, the research has almost solely been conducted around SIEs only, while organizations as employers of these employees have been neglected.

With previous in mind, the purpose of the study was to increase the understanding of human resource management of self-initiated expatriates and to form a model of HRM of SIEs because the field is poorly studied at the moment. Thus, the model was created based on the existing literature and the results of the empirical study. This is a significant theoretical contribution to the field of studying SIEs as this kind of model has not existed when this study was conducted. Moreover, factors influencing the formation of HRM practices for SIEs were found. The factors had only been listed in few non-empirical studies (e.g. Howe-Walsh & Schyns 2010) and were verified and complemented in this study. Firstly, the answers of the research questions are explained. Secondly, the model of IHRM of SIEs is modified based on the research results. Finally, the reliability and validity of this study is evaluated, and the limitations of the study and further research suggestions as well as managerial implications are presented.

6.1 Discussion and Theoretical contributions

This research was conducted to answer the following research questions:

(1) What kind of human resource policies do companies have for their self-initiated expatriates and how are they perceived by the SIEs?

(2) Which factors affect the formation of human resource management practices for SIEs?

In order to answer the research questions, theory of HRM practices for assigned expatriates and self-initiated practices was formed. The theory consisted of two parts, self-initiated expatriates and international strategic human resource management in

MNEs and the changing patterns of international working. In order to get to the core of the research questions, international human resource management and self-initiated expatriates were discussed in terms of recruitment and selection, adjustment, development and reward systems as well as retention and repatriation. The main answer to the first research question is that the organizations adjust their HRM for SIEs in various aspects.

Beginning from recruitment and selection, recruitment is faced by several challenges when recruiting externally from abroad, such as the visibility in the target countries for recruitment and long geographical distances. When the organizations decide to recruit from abroad, budget issues around the recruitment process and relocation compensation have to be considered and planned according to the local market conditions.

In regards of adjustment, the organizations took into consideration that they had hired foreign nationals. The organizations were well aware of the practical concerns, salary and reward issues, cultural issues and other factors that distinguish the SIEs from local employees. The organizations provided extensive financial support, such as housing allowances, relocation bonuses, coverings of moving costs, and reimbursements of hotel and flight costs upon arrival, real estate agents to find permanent housing as well as apartments for the first months. This is a significant finding, as according to the current literature the main view is that the SIEs are treated as local employees with no expatriate perks. Thus, very little is known how organizations actually manage SIEs and many theoretical statements on SIE management are based on assumptions with little empirical research. Also, very little is known about how SIEs view the HRM practices and how they affect issues such as motivation, adjustment and turnover. According to the findings in this study, from the employees' point of view, the supportive HRM practices and policies affected positively on the adjustment process and allowed the employees to focus on adjusting to the work and their tasks faster as they didn't have to spend time solving practical issues shortly after arrival such as finding a place to stay. Also, the organizations provided support and help with immigration and taxation issues. What is significant to note here is the way the support and help are organized. It is important that colleagues, supervisors and HR professionals are supportive towards a newcomer as there can be different kinds of requests and questions arising from the employee. Even though the organizations expected the employees to be self-initiated and self-driven, the organizations were prepared to provide non-work-related support to some extent.

As stated above, the recruitment and adjustment practices were notably different from the HR practices from domestic employees. However, when it comes to salary and rewards, there were some differences in the case companies in how the SIEs were salaried. In two organizations, the SIEs were given language and other allowances, which could raise their salary to a significantly higher level compared to the local employees. In one organization, the salary was the same as the domestic employees had, as the task description was exactly the same and there were no specific language requirements.

One of the most interesting issues to study was the repatriation and retention. Organizational factors had an impact on repatriation and retention thoughts. For example, the size of the organization and career possibilities may affect the retention negatively, but organizational factors are rarely dominant when it comes to repatriation intentions. The findings of this topic were quite diverse across the three organizations it is difficult to draw general conclusions about how the organizations could manage the SIEs in the best way in terms of repatriation. In two organizations the repatriation issues were addressed by securing the knowledge transfer and effective hiring and onboarding processes of new employees. However, the SIEs clearly stated that high turnover rates that are generally accepted by the organization may affect their repatriation thoughts and lower their motivation to stay in the organization.

The main findings for the research question “Which factors affect the formation of human resource management practices for SIEs?” are listed in the table 5. Starting from organizational factors, as discussed in 5.1, the research indicates that the purpose of hiring SIEs was a strong factor to shape the HRM practices for SIEs. Because the purpose of hiring SIEs in all three companies was to fill skills and knowledge gaps in the local labour market in strategically important positions, the value of the SIEs were seen as significant. Thus, in order to be able to attract and retain SIEs, the organizations had to consider issues such as relocation bonuses and other “expatriate perks”, the image of the company that was perceived through the whole recruitment process and HRM practices after the recruitment, both non-financial and financial adjustment support as well as repatriation issues. According to the cases, the frequency and experience of hiring SIEs are not always interrelated as some organizations may have a long history of hiring SIEs but the number of foreign national hires may be low. However, the findings suggest that the lessons learned during the years of hiring SIEs are a significant factor that shape the HRM practices, as the organizations have noted what works and what doesn’t as well as what is useful and appropriate in managing

SIEs. This is connected to the level of standardization of existing HRM practices for SIEs.

Organizational factors	• The purpose of hiring SIEs • Frequency of hiring SIEs • Experience in hiring and managing SIEs (utilization of “lessons learned”) • Significance of the SIE roles • Volume of SIEs compared to local employees • The level of standardization of existing HRM practices for SIEs • Budget constraints in regards of SIE management
Institutional factors	• The institutional differences of the home and host country of the SIEs (bureaucracy, immigration, pension and labor regulations) • The situation in the local and target labor market
Individual factors	• The background of the SIEs (hired from abroad / in the host country) • Personal characteristics of the SIEs (e.g. language skills, cultural proficiency) • SIEs´ reasons for applying to the position

Table 5. The organizational, institutional and individual factors affecting the formation of HRM practices for SIEs.

In the light of the results of this study, the volume of SIEs also shapes the HRM practices in terms of support practices. If the organization has a large number of foreign nationals, the new hires may receive more peer support from their colleagues through sharing experiences as the old SIEs have been in a similar situation themselves as they have moved abroad. In those cases, the organization would need to provide less non-work related and work-related support. Finally, even though SIEs are regarded as a cheaper option than hiring AEs, budget constraints still have to be taken into consideration when planning to hire SIEs. Especially the interview process, housing and other financial support may add to the bill significantly more than hiring local employees.

In addition, the institutional factors were very much aligned with the existing literature, highlighting the importance of the professionalism of HR (either in-house or outsourced to a consulting company) in immigration and bureaucracy issues. In organizations in which the foreign nationals were from the EU, the amount of paper work is significantly lower and requires less work and support from the organization's side. If the company hires employees from outside the EU, they have to be prepared to support the employees more with work permits, taxation and other immigration-related issues.

The individual factors that shape the HRM practices include the background of the SIEs, as it makes sense that different HRM practice approach is used for those SIEs who are already living in the host country than for those SIEs who are moving to the host country. According to the research, employees who had no host country language skills and no previous experience of the host country welcomed non-financial support in issues such as finding housing and getting help with bureaucracy issues. Also, these cultural factors were taken into consideration in the job interviews, as the employees were carefully evaluated whether they were motivated to move to a new country with an unknown language and culture. The motivation of the employees were also carefully evaluated as it can considerably affect the adjustment to both work and general environment and also predict repatriation intentions of the employees.

To conclude, the findings to answer the research questions have now been discussed, the theoretical model formed in 3.5 is complemented with the findings of this study. In summary, the findings overall contribute the theoretical discussion by increasing knowledge and awareness of what kind of HRM management practices have for SIEs, how the SIEs view these practices and which factors affect the development of HRM practices for SIEs. The main finding is that organizations significantly modify and adjust their HRM practices for foreign nationals hired from abroad and offer extensive supportive HRM practices for them. The findings and are illustrated in the theoretical model of HRM practices for SIEs in figure 8.

External Environment

- Globalization and global competition
- Labour mobility agreements
- Tax and pension issues across national borders
- Imbalance of skills across geographies
- Pressure towards budget cuts
- Global labor pools -> supply of candidates
- Development of recruitment technology

Internal Environment

(organizations)

- Budget constraints -> decline of assigned expatriates
- International growth of enterprises
- Strategic importance of SIEs
- Culture of the organization
- **Volume of SIEs compared to locals**
- Access to global labor pools through technology
- The extent of existing HRM practices for SIEs

Characteristics of SIEs

- Heterogenus group
- Self-driven, high propensity to move across organizations and geographies
- Motivation to move and stay abroad can differ considerably
- Protean and boundaryless career aspects → low organizational loyalty
- Usually no predetermined repatriation
- Repatriation triggers may be challenging to predict
- Home/host country relationship
- Organizational newcomers

HRM practices for SIEs

Recruitment and selection

- The use of international recruitment channels
- Evaluation of the strategic value of the position
- Evaluation of the supply of the candidates
- Selection criteria (motivation to apply, skills, ~~international experience etc.)~~
- **Preparation and support for moving abroad (if applicable)**

Adjustment

- Individual differences
- Adjustment to general environment, to interaction with host nationals and to work
- Effect of pre-existing cultural and language knowledge
- Financial / non-financial support to aid adjustment
- **Supervisor, colleagues and HR have a significant role in adjustment**

Development and Reward Systems

- Local contracts with optional premiums
- Compensation systems can attract or repel the right kinds of people → seen as a way to communicate about the organization's philosophy, values, and practice
- Evaluation of the competition of needed skills

Retention and Repatriation

- Home/host country factors may affect repatriation decisions
- Work / non-work related factors
- Volume of turnover
- The value of the employees → suitable retention strategies
- **Turnover levels managed through effective hiring and on-boarding processes**

Figure 8. The complemented model of HRM practices for SIEs.

6.2. Managerial Implications

The literature review revealed that due to the increasing focus on strategic management of global talent, organizations should pay significant attention to SIEs in their human resource management efforts since they are both organizational newcomers as well as often newcomers to the host country. Companies can reduce costs and meet their talent needs by hiring and managing their SIEs effectively, as they are already considered a significant alternative for hiring expensive AEs. Based on the findings of this study, crucial implication for management is to ensure that the both employers and employees are better equipped to cope with cultural differences and particularly take into account the possible differences among the SIEs and local employees.

The empirical findings of the study suggest that when the company hires both foreign nationals and locals, the HR practices for SIEs should be justified through strategic reasoning, such as the situation in the labor market and the supply of the prospect employees. The findings indicate that the more significant skills and knowledge the SIE has in regards of the position that needs to be filled, the more the organizations are willing to negotiate with the SIE about "expatriate perks", such as the salary, relocation assistance and bonuses, housing allowances and other skills-related allowances. Therefore, it is important to note that SIEs may have significant negotiation power in terms of employment benefits. However, if the position that needs to be filled does not require skills or knowledge outside the local labor market but the hired person happens to be a foreign national already living in the host country, the employee is more likely to be treated as a local employee. Also, according to the findings there are differences in the levels of standardization of these kind of processes, which can be determined by the volume and frequency of hiring SIEs. In organizations, in which SIEs are hired from abroad occasionally, the processes are more ad-hoc and shaped based on each recruit.

Thus, experience in hiring and managing SIEs is a significant factor which determines how HR practices for SIEs are shaped. It is important to gather "lessons learned" from hiring managers, team leaders and HR managers involved in the management of SIEs in order to improve the processes how the SIEs are managed, starting from recruitment planning to retention and repatriation. Also, it is important to collect feedback from the SIEs in order to improve employer image, well-being and adjustment of the employees as well as to leverage repatriation and turnover rates in a sensible way.

Even though many SIEs are self-reliant and self-driven with often previous international experience, both non-financial and financial support provided by the company is welcome and affects the impression of the employer as well as aids in adjustment. Helping the SIEs to adjust by providing both financial and non-financial support can give the organizations a strategic advantage over competitors in a way that they will be able to attract and retain talent more effectively. However, certain policies such as pay and reward policies as well as career management should not be very different from the local employees' policies as the organizations should provide the employees with equal possibilities.

Before making the decision to hire self-initiated expatriate the company should take a careful consideration in the selection process. The findings suggest that strong experience in hiring SIEs contribute to successful recruitment, which reflects the levels of adjustment of the SIEs. When the selection criteria is focused on issues around motivation, suitable characteristics such as friendliness and openness and "suitability to the team" as well hard skills regarding professional suitability, the foreign nationals hired externally are expected to have little problems in adjusting to the work environment. However, adjusting to the general environment may require more specific questions in the job interviews, such as willingness to learn the local language or justifying the decision to apply to certain location. Managers and HR professionals should take into account that previous international experience is not always an accurate predictor of the success of adjustment, especially if the expatriate has a background of working abroad a long time ago in a country that is culturally distant from the country where the SIE is currently being hired. Moreover, it is important that the potential candidates have realistic expectations about the host country, since too high expectations may result in long term dissatisfaction and even repatriating after a short period.

6.3 Reliability, Validity and Limitations of the Study and Suggestions for Future Research

It is essential to evaluate the dependability of every study, whether it is a quantitative or a qualitative study. To evaluate the study, the terms reliability and validity are used. (Hirsjärvi et al. 2007: 226). Reliability focuses on the repeatability and consistency of the study, meaning that if other researchers can achieve the same results by using the same data collection techniques, the study is reliable.

In a case study, the reliability means the repeatability of the analysis part. In order to avoid random results, high reliability is the goal in a research. It should be noticed that imperfect reliability might not make the research unusable, but it is important to evaluate the measures that have been used. A non-standardized approach enables flexibility in exploring complex issues, such as in this study the HRM practices for SIEs and the factors that determine them. Given that this study is exploratory and provides an extension to traditional academic theory, the study is not necessarily unreliable if additional or contrary observations occur (Marshall & Rossman 1999; Saunders et al 2000: 251). Validity measures the extent to which the research measures exactly what it is supposed to measure. If there is no validity in the study, the research has no value because in that case the researcher has focused on something else what he/she was supposed to measure. Reliability also contributes to validity, but a completely reliable study does not make the study valid. (Uusitalo 1991: 84–86.)

Threats to reliability and validity can be divided into four main categories: subject error, subject bias, observer error, observer bias (Robson 1993:227). Subject error or bias may occur when the surrounding circumstances may lead to interviewees giving incomplete, automated, or other responses that don't accurately express their true meanings on the subject. Observer error or bias may occur when the researcher's interviewing process, and own beliefs influence responses from the subjects. (Easterby-Smith et al 1991: 41; Saunders et al 2000: 101, 250-261.)

There are several ways which improve the reliability and validity of this study. The research process needs to be described in detail in order to improve the reliability of the study (Hirsjärvi et al. 2007: 227). In this study, the research process was described in detail in the chapter five. In the interviews, a recorder was used because it ensures the accuracy of the interviews and the researcher could concentrate only on the interview as taking notes was not required (Simmons 2009: 52). In this study, only one interviewer was used as it reduces the ambiguity of the answers in comparison to a situation where there are several interviewers collecting the data (Hirsjärvi et al. 1995: 129–130). Even though unstructured interviews can be viewed as problematic in terms of reliability, unstructured interviews allow studying the complexities of the phenomenon. This is important in qualitative studies. (Saunders et al. 2007: 319.)

In order to increase the validity, the backgrounds of the organizations were taken into considerations as they affect the research results. (Saunders et al. 2009: 157). In this study, for example strategic decisions made in regards of the organizations can affect the factors that influence the HRM practices for SIEs. The interviews were organized confidentially and interviewees have been coded as anonymous. It is assumed that the interviewees answered the questions in an honest manner, and provided open and realistic answers. The interview sessions were organized in a confidential way, meaning there were no external interruptions or third parties listening to the conversations. Also, the data was not given to any third parties and was held strictly confidential. To improve the validity of this study more, the researcher tried to listen more than speak in the interview situation because then the possibility influencing the results decreased. In the interviews, only persons who are experts in their field were used, thus the validity of this study increases (Hirsjärvi et al. 2008: 189). Because of this factor, people with different positions such as team leaders, HR managers and managers were interviewed because they were believed to have the most extensive knowledge about the topics in their own organizations. A multiple case study also increased the validity because it was possible to ensure that the results of the first case are consistent with the results of the two other cases. (Yin 2003: 34).

Given that this study is a qualitative case study, it is important to note that the research results cannot be generalized, but these research results offer knowledge how HRM issues regarding SIEs are managed in these specific companies. In order to get even more reliable and extensive research, more cases should have been used, but the time and the resources of the researcher of this thesis were limited.

The number of the interviews is relatively small for this type of study and some misleading perceptions of the interviewees may have occurred. Also, the lack of researcher's experience in conducting interviews may have had influenced the quality and the amount of collected data.

This research offers only a perspective of three international suborganizations of multinational enterprises. As one of the limitations can also be seen that there were not so much studies and literature about HRM practices for SIEs. Thus, the theoretical model was based on few academic articles and studies on assigned expatriates. The field of human resource management of SIEs is poorly studied at the moment; therefore the research possibilities are extensive in this field. Because this research is a case study, further quantitative and qualitative studies could be wider and larger in order to be able to generalize the research results. This study was focused to increase the understanding of the human resource management of SIEs in general. As the main findings were that the companies do adjust their HR practices for SIEs and that they do differ from local employees' HR practices to some extent, further studies could concentrate on some specific area of HRM for SIEs such as recruitment, adjustment, organizational support and retention strategies in order to get more thorough information about the HR issues around SIEs. Because the importance of SIEs is increasingly significant in multinational enterprises and hiring foreign nationals externally are very common nowadays, it is important to conduct more studies, both quantitative and qualitative, in the field of human resource management of SIEs.

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APPENDIX

Appendix 1. The interview questions for the managers and HR professionals

1. **Introduction of the company and your role in the organization**
- Background

2. **The role of the organization in the corporate strategy**
- Why the organization exists

3. **The role of the self-initiated expatriates in the organization**
   - What is the reason to hire self-initiated expatriates?
   - How would you describe their role in the organization compared to locals?
   - How would you evaluate their strategic value to the organization?

4. **The HR Planning in the organization for self-initiated expatriates – the current state**
   - Which factors affect the HR Planning in your organization the most? – individual, organizational, institutional factors?
   - What are the current trends and challenges in the HR Planning in your organization? Why?

5. **Recruitment strategies and selection criteria**
   - Which factors do you emphasize in the recruitment process and selection criteria? Why?
   - Is it easy to find suitable candidates? If not, why? If yes, how do you screen these candidates?
   - How do you ensure your organization's lucrativeness in the global labour market?

6. **On-boarding and adjustment to the organization and country**
   - What kind of support practices do you have? Why?
   - HR Support (HR policies and labour law in Poland, culture, housing, taxation, practicalities with living in Poland, language courses, interpretation help)
   - Supervisor support (understanding about adjustment issues, introduction to work culture)
   - Peer support (integration with local employees, buddy/mentor)
   - Which factors do you think affect the adjustment the most? Are these considered in the HR Planning?

7. Retention strategies: Training and development, pay and reward policies, career advancement

- What kind of career paths and development possibilities do you offer? Why?
- In your opinion, which factors do you think affect the turnover of self-initiated expatriates the most? Have you noticed individual differences?
- What is your pay and reward policy for self-initiated expatriates?
- Do you have challenges with turnover? If yes, how do you approach these challenges?

8. Others

- What are the current challenges and trends in the HR Planning for self-initiated expatriates?
- What do you think could be improved?
- Do you have ongoing projects or development ideas on the topic?
- How do you think the strategic value of self-initiated expatriates affects their HR Planning and practices overall?
- Anything else?

Appendix 2. The interview questions for the SIEs.

1. **Introduction of the employee and the role in the organization**

- Background (name, age, nationality, education, previous work experience)
- Role in the organization (daily tasks etc.)

2. **Motivation to go abroad**

- Which factors influenced your decision to move abroad? Why?
- Were you already living in the foreign country when you got the position or did you get the position while in your home country? Why?
- Why did you apply for the position?

3. **Recruitment process and pre-departure**

- How would you describe the recruitment process? (interviews, communication with the candidate)
- What do you think were the main reasons for your selection?
- What kind of support (financial/non-financial) and information did you receive before the departure? Do you think it was sufficient? Why? Why not? What would you improve?
- Did compensation affect your decision to move? If yes, why? Why not? What would you improve?
- What kind of compensation were you offered, if any? Do you know if it differs from the local employees?
- Were you familiar with the host country's language and culture?
- Did you search for information? How? Was country-specific information provided by the company? If, what kind?

4. **On-boarding and adjustment**

- Describe your first days in your new country and job. What would you like to say to your company about that?
- Describe the on-boarding phase.
- HR Support (HR policies and labour law in Poland, culture, housing, taxation, practicalities with living in Poland, language courses, interpretation help)
- Supervisor support (understanding about adjustment issues, introduction to work culture)
- Peer support (integration with local employees, buddy/mentor)
- Which factors do you think affect the adjustment the most? What would you like to be improved? What was done exceptionally well or not so well? Why?
- How would you describe your relationship with the local employees? What could be improved and how?

- What has been the biggest influencer in your adjustment? Why?

5. **Pay and reward policies**
   - How would you describe the pay and reward policies in your organization?
   - What kind of development possibilities do you have?

6. **Retention strategies: Training and development, pay and reward policies, career advancement**
   - What kind of career paths and development possibilities do you offer? Why?
   - In your opinion, which factors do you think affect the turnover of self-initiated expatriates the most? Have you noticed individual differences?
   - What is your pay and reward policy for self-initiated expatriates?
   - Do you have challenges with turnover? If yes, how do you approach these challenges?
7. **Others**
   - What are the current challenges and trends in the HR Planning for self-initiated expatriates?
   - What do you think could be improved?
   - Do you have ongoing projects or development ideas on the topic?
   - How do you think the strategic value of self-initiated expatriates affects their HR Planning and practices overall?
   - Anything else?