Abstract: The narrow focus on physical location vis-à-vis the MNC headquarters as the defining variable for conceptualising an MNCs workforce in terms of host country nationals, parent country nationals and third country nationals has masked the complex array of issues facing organizations in global labor markets. In reality, organizations use a variety of approaches to allocate human capital, and often use these forms simultaneously (Davis-Blake & Uzzi, 1993). Reconceptualizing a MNC workforce as a whole is used as a starting point to develop a new theoretical framework will lead to a more comprehensive understanding of an MNCs HR architecture. In turn, this will lead to a more meaningful understanding of the use of the many types of employees within a MNC and how these employees co-exist in various combinations. This framework suggests a complexity for the MNC staffing choices that is overly simplified by the extant exclusive focus on HR practices as they apply to expatriation as the only mode of international transfer.
AN HR ARCHITECTURES APPROACH TO UNDERSTANDING NEW FORMS OF INTERNATIONAL STAFFING

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INTRODUCTION

The narrow focus on physical location vis-à-vis the MNC headquarters as the defining variable for conceptualising an MNCs workforce in terms of host country nationals, parent country nationals and third country nationals has masked the complex array of issues facing organizations in global labor markets. In reality, organizations use a variety of approaches to allocate human capital, and often use these forms simultaneously (Davis-Blake & Uzzi, 1993).

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LITERATURE REVIEW

Despite global developments of many kinds, Scullion, Collings and Gunnigle (2007: 307), highlight that our understanding of the international assignment and international assignee remains largely locked into the idea of the traditional long-term expatriate sent overseas for a 3-5 year period. Reiterated by McKenna (2007: 309), while there is an extensive literature on the expatriate 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 assignment, or the supply of mobile professionals prepared to take an international assignment.

The benefits of expatriate placement in developing a more globally capable workforce have been challenged by Adler and Bartholomew (1992). Likewise, Mayerhofer, Hartmann, Michelitsch-Riedl, and Kollinger (2004c: 1373) argue that organizations have greater access to a more globally competent workforce. This means that more employees are 'international' in the sense that they travel widely to other countries on behalf of their organization on a variety of schedules ranging from 'brief visits to short-term project management as well as the longer-term placements embraced by the term expatriate (Harris, Petrovic, & Brewster, 2001; Mayerhofer & Hartmann, 2004a: 1373).

New considerations in international staffing research have been called ‘flexpatriates’ (Mayerhofer et al., 2004c), independent internationally mobile professionals (McKenna et al., 2007), and international business travellers (Welch, Welch, & Worm, 2007). Other forms of global staffing range into the literature on global virtual teams (Goodbody, 2005; Harvey, Novicevic, & Garrison, 2004; Jarvenpaa, Knoll, & Leidner, 1998; Jarvenpaa, Shaw, & Staples, 2004) and global virtual managers (Kayworth & Leidner, 2000). Other conceptualisations of international mobility include ‘Eurocommuting’ (Mayrhofer & Brewster, 1996); 'intermittent' expatriates who return home regularly for briefing and do not move permanently (Mayrhofer & Scullion, 2002); and the internationally mobile professional (Welch et al., 2007) which includes
international business travellers, independent internationally mobile professionals, (McKenna et al., 2007), and international itinerants (Banai & Harry, 2004).

The key distinction between these types of international staffing and that of the traditional expatriate assignment is that the term 'expatriate' usually refers to employees who are on a long-term assignment outside their home country (Mayerhofer et al., 2004c: 1372). For most expatriates this involves relocation of their family and personal lives to a different environment.

Seminal work undertaken by Mayerhofer (see, for example Mayerhofer, Hartmann, & Herbert, 2004b) identifies that flexpatriates are involved in a wide range of purposes, including market exploration, trouble shooting, project management, and technology transfer (Nurney, 2001), who cross cultural boundaries, at short notice and over short time spans, and maintain their family and personal lives in their home country location. This lifestyle is becoming more common to all organizational levels, from executives to technicians. It is an option that has been neglected in the literature and underestimated in surveys of multinational organizations, even though the expanding business class and frequent flyer travel business for airlines provides everyday evidence of this activity.

In all cases of different forms of international staffing, there is general agreement on the paucity of research. As Welch et al (2007: 174) asks: Why is there such neglect of what can be described as a strategic group of employees? Is this because, unlike expatriates, they are not an easily identifiable group and therefore lack visibility? If traditional forms of international assignment (expatriation) are either plateauing or declining, while at the same time organizations are increasingly using new forms of international mobility, how can international mobility be reconceptualised to account for these emerging trends?

**DEVELOPING A NEW MODEL**

Drawing on Lepak and Snell’s (1999) theory of HR architectures, this paper tests a model of the HR architecture of a MNC as a proposition to better understand these new forms of international staffing. The proposed model is a two-by-two matrix that identifies four groups of employees in an MNC: international careerists, core employees, transient employees and free agents.

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The employees of the MNC are characterised by two primary criteria: their identity orientation with the organization (internal or external) and their strategic focus (single-geography and multi-geography). A meta-analysis of the literature on organizational commitment and psychological contracts provides the basis for the distinction between an internal and external identity orientation (see, for example Meyer & Allen, 1997; Rousseau, 1995; Rousseau & Wade-Benzoni, 1995). The differentiation between single-geography focus and multi-geography focus has been manifested in the expatriate literature as the problem of dual identification between the organization as a whole and the local subsidiary (Reade, 2001). This construct has been further based on considerations of mobility (Dornstein & Matalon, 1989; Griffeth, Horn, & Gaertner, 2000; Markham, Macken, Bonjean, & Corder, 1983), job transfer (Pinder & Schroeder, 1987) and relocation within both domestic and international settings (Black & Stephens, 1989). The variables hypothesized to be included in each construct included:

1. **Identity Orientation**: age, gender, education, marital status, tenure, employment status, occupational changes, role conflict/ambiguity/overload/discretion, social identity, organisational sponsor/leadership, perceived fairness and HR policies.
2. **Strategic Focus:** age, gender, education, marital status, relocations, travel frequency, tolerance for ambiguity, ego resilience and social interaction.

This model provides for a unique opportunity to examine the following research questions: What are the characteristics of each of the four types of employees in the proposed model? Is each group significantly distinct and how do they differ?

**Group Descriptions and Hypotheses**

Careerists are defined as those employees whose primary job function relates to more than one geography within the MNC. As a departure from the current literature, this would include employees that are on international assignment with the MNC (host country nationals, parent country nationals and third country nationals) as well as employees who work in regional or global roles, including virtual teams, covering many geographies. It would also include the new forms of international staffing discussed above, such as flexpatriates and IBTs. It is important to note that these employees may be physically located in their home country. Rather than differentiating between the various types of expatriates or physical location of the employee, for the purposes of this model they all share similar characteristics as far as the strategic objectives of the MNC are concerned in terms of the resource development and focus.

The ‘core’ employees are those employees with a single-geography focus in their primary role and have a regular and permanent employment relationship with the organization. These workers are highly trained, skilled and committed to the organization and represent the largest proportion of an MNCs workforce.

Transient employees are defined as those workers with only a single-geography orientation who have a short-term or temporary employment relationship with the organization. Employers may hire some workers directly on a temporary basis; either for a short time on fixed-term contracts (which have a fixed ending point, determined by completion of task or date) or an on-call basis.

Free agent employees move from employer to employer, doing essentially the same work in each job. Jobs where the tasks are self-contained, short term and are common across organizations fit this model. Many free agent employees can be classified as knowledge workers, and are only interested in undertaking assignments of limited duration so that they can enhance their portfolio of skills and experience and move more easily between different employers rather than building a career in one organization. Prominent in this category are the independent internationally mobile professionals discussed by McKenna et al (2007), which would be typically recruited from the global/regional external labor market.

The hypotheses to be tested are:

**H1:** There are four distinct segments within a MNCs HR architecture: international careerists, core employees, transient employees and free agent employees.

**H2:** Each of the four segments will vary in individual attribute along the two dimensions of identity orientation to the organization (internal or external) and strategic focus (single or multi geography)

**METHODOLOGY**

This study uses a single case study with embedded multiple units of analysis research design with a view to counter the criticisms offered by Black, Mendenhall and Oddou (1991) in
recognizing the paucity of adequate expatriate research, noting that the existing literature is primarily anecdotal or atheoretical.

The case study used in this research was a large MNC in the information technology sector (Company Green), with specific focus on the human resource division operations within the Asia Pacific region (including Japan, China and India).

The survey draws on a non-equivalent group design (NEGD) aimed at collecting information about the attitudinal differences between each of the employee types. 292 employees completed the survey, of which the majority (69.7%) were Core employees. Reflecting the very nature of the category, Free Agent employees (2.7%) were difficult to identify, find and survey. This in large part reflects the fact that they are small in number, especially when compared to Core employees and the International Careerists. Likewise, Transient employees (6.5%) were less represented in the sample. As a result of the lack of responses from some of the categories, the data analysis required some caution.

In measuring and analysing inherently complex constructs such as strategic focus and identity orientation, a large number of variables needs to be collected. Within these variables, several were drawn from the extant literature and replicated in this study, as shown in Figure 2. These composite items (factors), then need to be reduced into a single item for use in the analysis (ANOVA and Discriminant function analysis). Each of the factors met the Keyser-Meyer-Olkin Measure of sampling adequacy as well as Bartlett’s test of Sphericity. However, each factor required some items to be trimmed from the scale. With the exception of Tolerance for ambiguity and perceived fairness, all satisfy the commonly accepted criteria of Cronbach’s alpha for scale reliability.

ANALYSIS AND DISCUSSION

Hypothesis 1: Establishing Differences between Each Group

Analysis of Variance (ANOVA) was used to establish differences between the groups. While some variables were significant according to Levene’s statistic, these were checked using two further measures, Brown-Forsythe and Welch. Of the variables tested using this additional measure, Business Unit; Gender; Mgr Location; and Organizational Commitment were not significant. As a result, these variables will be identified and treated with caution in further analysis.

The ANOVA demonstrated that there were significant difference in the group mean in the following variables: employment status, age, tenure, international relocations, occupational changes, social contact outside work, travel frequency, HR factors, tolerance for ambiguity and perceived fairness. These findings reinforce the extant literature that previous experiences with mobility (Jones, 1986b; Louis, 1980; Nicholson, 1984a), organizational factors, job-related factors and social factors (Gregersen & Black, 1992; Reade, 2001) are significantly distinct for each of the four groups of employees. Interestingly, demographic, personality and role-related factors were shown to not be significantly different, which is a finding that is not consistent with the literature. Within the scope of expatriation research, such factors have often been upheld as primary issues for expatriate adjustment (Birdseye & Hill, 1995).

On this basis, it can be said that Hypothesis 1 – that four distinct segments of employees exists within a MNCs HR Architecture – is shown to be correct.

Hypothesis 2: Establishing how the Groups Differ

While ANOVA can sufficiently demonstrate statistical differences between groups, it does not necessarily give us any insight as to which of the variables contribute to the difference and in what manner. As such, discriminant function analysis is used to determine which variables
discriminate between two or more naturally occurring groups. In this analysis, Wilk’s lambda is significant ($p < 0.1$) by the F test for the following variables: employment status, gender, age, tenure, international relocations, total relocations, and HR factor.

In undertaking discriminant function analysis, we are able to identify not only where the four groups differ, but why and to what extent. In this process, the factor structure matrix identified two functions: employment status (+), social identification (-), and social contact (-); and HR factors (-), travel frequency (+), and organizational commitment (+).

Examining these functions using the canonical discriminant functions (see Figure 2), we can see that two functions mapped against each other illustrate that there the four employee type are discrete and distinct groups. These two functions can be labelled the Individual Identity function (employment status, social identification and social contact) and the Organizational function (HR Factors, travel frequency and organizational commitment).

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**Organisation function** In the case of MNCs, managerial employees have been shown to draw a distinction between their local subsidiary and the global organization as manifest in separate group identifications (Gregersen et al., 1992; Reade, 2001). The application of nested identities to managerial employees in MNCs is predicated on empirical evidence which has shown that managerial employees of such organizations draw a distinction between the local subsidiary and the global organization (Gregersen and Black, 1992; Reade, 2001). Salancik (1977) demonstrated that investments individuals make to integrate into a non-job environment would also spillover to strengthen work-related commitment. In the international context, personal investments like learning the language, history, cultural norms and rituals of a country could result in a greater commitment to and identification with the local organization (Luthans, McCaul, & Dodd, 1985). In research on flexpatriates, interviewees stressed the major significance of informal contacts in assisting with preparation for foreign assignments (Mayerhofer et al., 2004c: 1381). As noted by Au et al (2002: 287) because expatriates typically have more diverse cultural networks than local managers and are more capable of boundary spanning, they can tap into the social capital that resides in different social networks.

**Identity function** There is an extensive literature on the role of pre-departure training, post-arrival support and general HR policies on international assignments, all of which suggest that the presence of such measures will increase the likelihood of an employee’s success while on an international assignment, and then in turn increase their organizational commitment (Black & Mendenhall, 1990). However, in the case of new forms of international staffing, Mayerhofer et al (2004c) found that there was very little HR involvement in the latter, which was controlled largely by unit managers. Petrovic (2000) found that for short-term assignments, difficulties included establishing consistent policies and practices across national units and tax management and compensation. A picture emerged of reduced IHRM input for movements outside the expatriate framework. In this research, it is not surprising then that HR factor, a distinguishing feature of the four segments was perceived as a negative factor for International Careerists. On the basis of the work by Louis (1980), Nicholson (1984b) and Jones (1986a), we would expect that employees who are frequently mobile will learn how to cope in and adjust to new work settings, which will help them to become comfortable and productive more easily and faster with each successive transfer.
Based on this, it can then be said that Hypothesis 2 – that each of the four segments within a MNC’s HR architecture will vary according to identity orientation to the organisation and strategic focus – is supported.

The classification statistics used to assess how well the discriminant function works, and is it works equally well for each groups of the dependent variable. In this instance it correctly classifies 75.5% of the cases. It is important to note that the functions correctly predicted 97.1% of core employees, 63.2% of transient employees and 87.5% of free agent employees. However, the function only correctly predicted 6.5% of international careerists.

**CONCLUSIONS**

Advancing our knowledge of an MNC’s labor utilisation strategy depends on our ability to develop models of the relationship between international and domestic employees, and to specify the conditions under which an MNC will establish various combinations of both.

This study found support for the existence of an HR architecture for MNCs, based on geographic orientation and mobility, and commitment to the organization. The resultant four types of employee groups were found to be distinct in their characteristics as demonstrated through an analysis of variance. Further investigation using discriminant function analysis demonstrated that several categories of variables were significant in differentiating the four groups: notably previous mobility experiences, organizational factors, HR factors and social identity and contact.

This study demonstrates numerous limitations that need to be addressed in further research efforts. For example, the naturally small and difficult to identify groups of the model (Free agents) as well as the weaker findings for some of the factors will necessitate revised research design and implementations. To this end, expanding the research beyond a single case study may overcome these limitations.

**REFERENCES AVAILABLE FROM THE AUTHOR**

**Figure 1** Hypothesised Model of MNC HR Architectures


