

FORMS OF INTERNATIONAL ASSIGNMENTS APPLIED BY FOREIGN COMPANIES OPERATING IN ALBANIA

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Abstract

Various authors argue that, in today’s highly competitive global business environment, the effective management of international human resources, is imperative for the MNCs¹ ability to appropriately identify and fulfill markets’ demands, to continuously innovate and consequently to differentiate from their competitors. Within the context of international human resources management (IHRM), global staffing, has been receiving particular attention among researchers, for almost three decades, firstly focusing on expatriates’ management and more recently on new forms of international assignments.

Nevertheless, discussions on the field of IHRM as well as the issue of global staffing are quite new and rare in the Albanian management literature, despite the growing number of foreign companies investing and operating in Albania. Due to this literature gap, especially regarding the new forms of international transfers, the purpose of this paper is to make the first step in understanding the actual forms of international assignments used by foreign companies in Albania. Accordingly, the paper is built as an exploratory study, based on three main pillars. At first, it aims to present the various forms of international transfers MNC’s use. Second, it tries to explore, through the use of case studies, if any of these forms is applicable by foreign companies in Albania. And third, it aims to set a base for raising questions for future research in this specific topic.

The primary research instrument used for the purposes of this paper is the semi-structured interview, conducted with the HRM officials at the headquarters of the companies selected as case studies, or the manager of the HR department of these companies’ subsidiaries in Albania. Given the exploratory nature of the study and the fact that it belongs to a quite new topic in the Albanian literature, several foreign companies operating in our country, belonging to different sectors, such as banking, production, insurance, education and telecommunication, have been subject of interviews with HRM staff. However, only the interview results of two of these case studies are presented in details in the paper.

Keywords: expatriates, international assignments, foreign companies, Albania

JEL classification: M160

1. Introduction

Various authors argue that, in today’s highly competitive global business environment, the effective management of international human resources, is imperative for the MNCs’ ability to appropriately identify and fulfill markets’ demands, to continuously innovate and consequently to differentiate from their competitors (Zheng, 2011 referring to Schuler & Tarique, 2007 and Dowling et al., 2008; Petković & Đorđević, 2013; McDonnell & Scullion, 2013; Boriçi et al., 2013; Boriçi & Çelepija, 2014; Vasquez & McGaughey, 2016; Boriçi, 2017). Within the context of international human resources management (IHRM), global staffing, has been receiving particular attention among researchers, for almost three decades, firstly focusing on expatriates’ management and more recently on new forms of international

¹ MNC-multinational company

assignments (Mayerhofer et al., 2004; Collings et al., 2007; Collings et al., 2009; Mayerhofer et al., 2012; Vasquez & McGaughey, 2016).

Expatriates, also called parent country nationals or PCNs (Harzing, 2001), represent employees relocated together with their families for a limited period of time varying between 12 to 36 months, or 3 to 5 years (Vasquez & McGaughey, 2016 referring to Mayerhofer et al., 2004b; Tahvanainen et al., 2005 & Collings et al., 2007, pg. 199). This relocation assumes that they are sent by the headquarters to work for the above mentioned period in one of the company's subsidiaries abroad (Harzing 2001a, pg. 366; Mayerhofer et al., 2012), to perform mainly managerial tasks. Based on the work of Edström & Galbraith (1977), researchers in the field of IHRM have identified three major reasons for MNCs to send out expatriates (Harzing, 2001; Gong, 2003b; Mayerhofer et al., 2004; Bonache & Pla-Barber, 2005; Tarique et al., 2006; Reiche, 2006; Collings et al., 2007; Reiche & Harzing, 2008; McNulty & Brewster, 2017): a) position filling, b) management development, and c) organization development. At first, MNCs decide to send managers from the home office to run their subsidiaries abroad, in cases when, in markets where subsidiaries operate, there is shortage of qualified individuals to accomplish this task. In addition, the transfer of PCNs to foreign markets helps the later to enhance their global conscience and experience, and therefore to evaluate the company they work for from a global perspective (Boriçi & Çelepija, 2014). Moreover, expatriates are judged well suited to perform the control, communication and coordination task among the headquarters and the subsidiaries (Harzing, 2001, Tharenou, 2013). This function has received particular attention during the crisis of 2008-2009 and the years following, since throughout this period the level of insecurity and instability in the world economies increased, hence expanding the MNCs' need to exert more control over their subsidiaries, and consequently their need to employ more expatriates to accomplish this task (Boriçi, 2017 referring to Bhatti, 2014).

Nevertheless, the use of expatriates is associated with some disadvantages, which have been repetitively emphasized by the IHRM literature and MNCs' managers. In various cases, such disadvantages have influenced MNCs' decisions on staffing policies, pushing them to replace expatriates with host country nationals (HCNs) (Harzing, 2001, employees from the host country) and/or apply new alternative forms of international transfers (Collings et al., 2007; Meyskens et al., 2009; Mayerhofer et al., 2012, Vasquez & McGaughey, 2016). The first disadvantage is related to the fact that expatriates, as compared to HCNs, are much less familiar with the host country's business environment (Boriçi & Çelepija, 2014 referring to Harvey et al., 1999, 2000b; Czinkota et al., 2005; Tharenou & Harvey, 2006, Wild & Wild, 2016). The lack of clarity and deep knowledge on the political, economic, socio-cultural and technological characteristics of this environment can influence negatively on their ability to make the right decisions in the subsidiaries they are assigned to manage. Additionally, the presence of expatriates at the subsidiaries' top-level management may create communication barriers among them and lower-level employees. The later may feel they are not well understood by their upper – level managers since they belong to a foreign culture and are not able to integrate to the local one (Wild & Wild, 2016). As a consequence, a cold and non-cooperative climate is created within the subsidiary, so affecting its future performance.

Expatriation is as well a very expensive staffing policy. MNCs pay expatriates several allowances, first of all to induce them accept the transfer (Czinkota et al., 2011), and second, to provide compensation for all the expenses associated with their relocation together with their families (Wild & Wild, 2016). According to Mitrev et al., (2012) the annual salary of a PCN can be three to five times higher than that of an HCN. Besides, in many cases expatriates have big difficulties to adjust to the environment, culture and business practices in the host country. In other cases, their families fail to integrate to the culture and lifestyle there, so exerting pressure on expatriated managers and their ability to perform well on their managerial tasks (Czinkota et al., 2011; McDonnell & Scullion, 2013; Boriçi & Çelepija, 2014; Wild & Wild, 2016, Erogul & Rahman, 2017). This can often bring to a phenomenon called expatriate failure, which has been defined as: a) premature return of expatriates from their international assignments, b) expatriates' weak performance, 3) and/or resignation of them from the company right immediately after repatriation (Boriçi & Çelepija, 2014 referring to Christensen & Harzing 2004).

Cases of expatriate failure are also associated with high costs, direct and indirect, for both, the MNC and the manager (Boriçi & Çelepija, 2014). A failed international assignment can cost a company from 250.000\$ up to 1 million \$ (Erogul & Rahman, 2017). The MNCs' investment on the salary, training and relocation expenses of PCNs reveals worthless if they fail on their international assignments. Moreover, companies may lose opportunities and market share as a result of a weak expatriate performance. On the other hand, the expatriated manager him/herself may lose self-esteem and motivation to accept difficult tasks in the future, or even worse, his family relationships can suffer from a possible expatriate failure (Boriçi & Çelepija, 2014).

Based on the above mentioned expatriation disadvantages, as well as on the need of MNCs to have international managers'/employees' transfers across subsidiaries, for the purpose of coordination, control and knowledge flow among them, researchers and business practitioners have proposed and applied new alternative of international assignments. The next section provides a complete overview on them, emphasizing on the description of each, the advantages and disadvantages as well as on the specific cases when each is mostly used.

2. Alternative forms of international assignments

Short-term assignments – in this case the assignments might last from 1 month to a year and are usually driven by the necessity to solve specific problems, which on most of the cases are of technical or engineering-related nature (Meyskens et al., 2009). Families do not need to relocate in these types of assignments. Furthermore, in these cases, salary, pension, social security and other career related issues are yet handled by the headquarters (Mayrhofer et al., 2012). According to a study on Australian MNCs this kind of assignment is mainly used to reduce the failure rate of classical expatriation (Mayrhofer et al., 2012 referring to Jie & Lang, 2009).

A key positive effect of short-term assignees for the organization is cost reduction compared to classical expatriation (Mayrhofer et al., 2012 referring to Tahvanainen et al., 2005; Collings et al., 2007b). Cost reduction in such cases is possible too because the procedures for their selection and preparation for the host country are more informal and ad-hoc (Reiche & Harzing, 2008). Nevertheless, they still replace well PCNs in accomplishing some tasks. They train the local workforce, handle specific projects' needs and exert managerial control by the home country over the subsidiaries' activities (Mayrhofer et al., 2012). Short-term assignees have the opportunity to gain international experience early in their careers, but they still might have some problems regarding their social networks, in particular their families (Mayrhofer et al., 2012 referring to Starr, 2009). According to Reiche & Harzing (2008), who refer to Tahvanainen et al., 2005, several studies mention their inability to create good relationships with local colleagues and customers, as well as the risk they occur to have conjugal problems.

Frequent flyer assignments (or international business travelers, IBT) – As the name suggests itself these employees travel frequently among the home and the host countries, but do not relocate abroad and their families don't do it too (Meyskens et al., 2009; Mayrhofer et al., 2012, Vasquez & McGaughey, 2016). Communication with the headquarters is regular and the work is done both in the home office and the subsidiaries abroad. Meyskens et al. (2009), referring to Mayrhofer et al. (2004), mention the case of German textile industry to better illustrate the role of frequent flyers. According to them, such employees travel often to the various production locations of the multinationals operating in this industry, in order to assure quality and time coordination across these facilities.

Collings et al. (2007) referring to Welch and Worm (2006) argue that IBTs are more suitable to be transferred to developing countries because they might hesitate to relocate there for a long-time period, also they are suitable in the European context, because of short distances between European capitals (1 to 3 hours of flight). Their main task is developing new networks in foreign markets, but other important tasks are annual budgeting meetings or production scheduling in MNCs, too. Also, the IBT's role for the organization is crucial during the establishment or closing of an operation abroad.

The use of this type of assignment abroad has its positive and negative effects on both the organization and the individuals. The positive side is related to cost reduction for the MNCs,

because of their presence during the business transactions without the requirement for their relocation, which on the other hand minimizes the impact of international work on dual career couples. Other advantages include personal development because of expanded knowledge and horizons, the creation of new connections and the enlargement of social networks (Collins et al., 2007 referring to DeFrank et al., 2000; Westman, Etzion, & Gattenio, 2008; Welch et al., 2007).

However, there exist some negative effects too. Sometimes it is difficult for the organization to stay in contact with IBTs due to their frequent trips, which may bring problems related to their performance appraisal, career development, and leadership (Collings et al., 2007). Moreover, due to the huge amount of work they are involved in, cases of burnout and health problems, both physical and mental, among IBTs are of concern, (Collings et al., 2007; Meyskens et al., 2009), such as family issues too. Despite the fact that IBTs are not relocated to other countries, there are still chances for them to be faced with family problems due to short and frequent trips. In addition, according to Meyskens et al., 2009, the management of taxes and immigration laws they are exposed to, as well as their cost, are critical issues the company should carefully pay attention to.

Commuter assignments – the employees move back and forth on a weekly or bi-weekly basis to the same host country, generally without the need for the commuters' families to relocate (Meyskens et al., 2009; Vasquez & McGaughey, 2016 referring to Mayerhofer et al., 2004a & Collings et al., 2007).

While IBTs are suitable in a European context, commuter assignments are seen more useful in a Chinese context and are more common on oilrigs cases (Collings et al., 2007). But, there are some concerns related to these assignments too, such as compensation, taxation and security (Collings et al., 2007 referring to Dowling and Welch, 2004: 68), as well as burnout and family issues, due to the difficulty to achieve the right work-life balance (Meyskens et al., 2009).

Flexpatriates – These assignees travel also for short-time periods, do not relocate and do not take their spouses or other family members with them during their trips. Instead, what distinguishes them from other forms is the flexible nature of their business trips, in terms of locations, schedule, and their social relations (Vasquez & McGaughey, 2016).

Virtual assignments – in the era of globalization, virtual assignments might be helpful to use the best talents wherever they are located (Maznevski et al., 2006). These assignments are particular international assignments in the sense that they do not actually involve relocation of the assignees. In fact virtual teams are created with members situated in different locations communicating with each other among the latest communication technologies (Collings et al., 2007; Mayerhofer et al., 2012, Vasquez & McGaughey, 2016).

Virtual teams represent an interesting solution to many organizations; particularly they are appropriate in routine activities. At first they save money to the companies which do not need to spend for international transfers of their employees. Second, they help coordinate local operations to the global perspective of the multinationals and speed decision making across borders through instant virtual team meetings (Collings et al., 2007). Also, virtual assignees can gain international experience working in cross-border virtual teams (Mayerhofer et al., 2012 referring to Mockaitis, Rose, & Zettinig, 2009).

Nevertheless, some disadvantages are associated to these type of assignments too. First of all, they exclude face to face communication among team members, which is critical in certain situations (Reiche & Harzing, 2008). Besides, they find it difficult to cooperate with each other since they are continuously influenced by their subsidiary, superiors and/or local customers (Mayerhofer et al., 2012 referring to Zimmermann & Sparrow, 2007). Third, cultural differences and the virtual dimension itself can impact the interpersonal relationships within the teams (Mayerhofer et al., 2012 referring to Hardin et al., 2007) and raise the possibility of misunderstanding (Mayerhofer et al., 2012) among members.

Inpatriates – Inpatriates on the other hand represent host or third country employees transferred to the head office of a multinational (Sarabi et al., 2017) with the intent to facilitate knowledge flow among the headquarters and the subsidiaries. Their contribution is particularly important during the transfer of knowledge from the subsidiaries to the headquarters, since their ability to understand, interpret and report information on host countries' business environments is greater than that of other international assignees, because

of their familiarity with such environments (Boriçi et al., 2013). This is also confirmed by Harzing et al., 2016, who, on their study of 800 subsidiaries operating in 13 countries, revealed that knowledge transfer from the subsidiaries to the headquarters is significantly higher in the cases of subsidiaries with former inpatriates. Likewise, the employment of former inpatriates resulted to be more strongly related to knowledge transfer than that of expatriates, for both sides of knowledge transfer.

According to Mayrhofer et al., 2012, who refer to a study of Collings et al. (2010), there is a model that shows four categories of factors for organizational use of inpatriates. These categories are: a) headquarters factors (nationality, sector, size of the MNC); b) subsidiary factors (age and size, relationship with the headquarters, foundation through merger and acquisition or not); c) structural factors (integration of the MNC, organizational structure); and d) HR systems' factors (the level of sophistication of the respective HR systems for spotting and developing international talent). It is also interesting to mention that European companies consider appropriate the use of inpatriate managers when enlarging their activity into formerly communist countries in Eastern Europe (Mayrhofer et al., 2008).

Self-initiated expatriates (SIEs) –These employees represent individuals who move abroad with the intent to find better job opportunities in foreign countries. Differently from the traditional expatriates, who are transferred by their respective organizations to fulfill specific tasks abroad, they decide by themselves to move outside their own country in order to progress in their career, according to their personal aspirations (Mayrhofer et al., 2012; Halim et al., 2018). Reasons for moving abroad are exploration, seeing other cultures, social attraction etc. Reiche & Harzing, (2008), referring to Suutari & Brewster (2006), identify some characteristics which distinguish SIEs from the traditional expatriates. SIEs are usually younger, female or single and may be stipulated to expatriate due to their interest on internationalism or lack of appropriate jobs at their home country. They also used to work for organizations with a lower focus on international business or performed low-hierarchical tasks before undertaking expatriation (Reiche & Harzing, 2008).

SIEs represent a particular opportunity to organizations from a cost effectiveness and career planning prospective, and represent a flattering option due to their international experience, very highly appreciated nowadays (Reiche & Harzing, 2008). Companies do not need to go through a long and costly process to recruit and select them. Also, they do not pay them the expensive allowances they are obligated to pay to traditional expatriates. On the other hand, SIEs have lower expectations regarding long-term career planning by the organizations, since their transfer abroad was their initiative and not the organizations' necessity (Mayrhofer et al., 2012). For individuals this type of assignment offers independence, openness for new experiences, application of knowledge in a variety of situations etc.

There are also some negative sides related to self-initiated expatriation, both for the organizations and the individuals involved. These drawbacks are related to the SIEs' lack of experience with the headquarter and/or home country organization, the traditional risks characterizing the recruiting process in an external labor market, the problems of integration into the organizational structure, the overestimation of the ability to transfer knowledge and skills, and the lack of career support from the home organization (Mayrhofer et al., 2012 referring to Suutari & Brewster, 2000; Banai & Harry, 2004).

Interesting findings about SIEs are also those of Richardson (2006), who designed and conducted a qualitative study of 30 British lecturers teaching in universities in 4 foreign countries. She discovered that family, in particular the SIEs' spouses and children, have a particular influence on the decision to expatriate. Even more, previous social experiences and relationships, including those of the childhood, may be significant when individuals decide to undertake this career path.

Permanent international transferees – Employees pertaining to this category move continuously from country to country, performing various international assignments on behalf of the company they work for, and, may return or not briefly to the home country. Because of that, in this case, the classical differentiation amongst the home, host and third country nationals' concepts is not anymore important. Permanent international transferees lose over time their attachment to any specific country (Mayrhofer et al., 2012). These assignees are very appropriate in the diplomatic service. The creation of members with international

orientation is essential for organizations (Mayrhofer et al., 2012 referring to Harvey, Price, Speier, & Novicevic, 1999b). They can use these international assignees (for example technical specialists with international orientation) wherever staffing needs arise worldwide.

3. Cases of international assignments in foreign companies in Albania

As mentioned previously in the abstract of this paper, the issue of global staffing is rarely discussed in the Albanian literature, even if the number of foreign companies investing and operating in Albania is growing. Therefore, the major purpose of this work is to explore if cases of international transfers exist and if they do, which forms do they take, in the case of foreign companies in Albania. Because of the exploratory nature of the study, the instrument used to collect this information was the semi-structured interview conducted with HRM officials working to the headquarters or the subsidiaries of foreign companies in Albania. Companies operating in several sectors, such as banking, production, insurance, telecommunication and education, were involved in the interviewing process, nevertheless, only a part of them provided valuable information for the purposes of this paper. Following are presented the interviewing process results, focusing on more details on the results from two case studies, Intesa San Paolo Bank Albania and Andritz Group.

3.1. General interview results

The interviewing process revealed that all companies involved had had cases of international transfers. Expatriation resulted to be the main used form, mostly for the purpose of increasing control and coordination among the headquarters and the subsidiaries. In all cases of expatriation, the biggest difficulty encountered by the transferred employees was reported to be the adjustment to a new way of solving and managing business problems in Albania. Also, the high cost of expatriates was mentioned as well as an important drawback associated with this practice. In fact, in the case of Albtelecom², this was emphasized as the primary reason for the reduction of Turkish employees working in the Albanian subsidiary and their replacement over time with Albanian ones. As a consequence, in the case of this company, only top-level managerial positions in the Albanian subsidiary are currently held by Turkish nationals.

Sporadic examples of short-term assignments or inpatriation were found respectively in the cases of Shqipëria Trikot³ and Intersig Vienna Insurance Group⁴. Production supervision, job rotation and exchange of experience on new developed products were the major reasons for such transfers. Meanwhile, in the case of Albtelecom, there have been rare cases of virtual teams mainly built for particular projects and usually for the intent of reducing transfer costs. Also in some occasions, Albanian employees in this company have been transferred for short-time periods, such as 1-2 months at the headquarters in Turkey, to fill empty positions in different departments. These movements have been considered beneficial from the employees involved and Albanian subsidiary's viewpoint due to their possibility to gain experience and knowledge directly at the headquarters. However, the most interesting cases, resulting from the interviews were that of Intesa San Paolo Bank Albania and Andritz Group. In these cases, companies were applying several forms of international transfers, which reflect the

² Albtelecom represents a leader telecommunication company currently offering four major services: fixed and mobile telephony, internet and IPTV. It was previously owned by the state and the only company operating in this sector. It was officially privatized in 2007 and is actually owned by ÇETEL a.s Company (Ankara), member of CALIK Holding, with headquarters in Istanbul, Turkey in consortium with Turk Telekom. (Information about the company is obtained from the interview and the official website of the company: <https://www.albtelecom.al/en/about-albtelecom/about-us/history/>).

³ Shqipëria Trikot (SHTR), located in Shkodra, is a subsidiary of Cotonella B.V. Netherlands, which produces intimate outfit with raw materials, provided by the ordering company, Cotonella SPA Italy. (Information about the company is obtained from the interview).

⁴ Intersig Vienna Insurance Group, is part of Vienna Insurance Group (VIG) which owns 75%.INTERSIG shares since 2011 and provides insurance services to the Albanian market. (Information about the company is obtained from the interview).

characteristics and the motives for using them mentioned in the first and second part of the paper.

3.2. The Case of Intesa San Paolo Bank Albania

Intesa San Paolo Group⁵

Intesa San Paolo represents a banking group established by the merger of two prestigious Italian financial institutions, respectively Banca Intesa and San Paolo IMI, with the intent to better serve to both familiar and business clients. Today the group ranks through the firsts in the Eurozone market, with a market capitalization of 34 billion Euros⁶. It is also a leader in the Italian market in all product offerings, such as, retail, corporate and wealth management services. The Group serves to a number of 11,9 million clients throughout a network of 4.400 branches spread all over the Italian territory, each of which covers at least 12% of the market in the majority of the regions⁷. As far as its international expansion is concerned, Intesa San Paolo is present in 12 countries of Central and Eastern Europe, Middle East and North Africa, offering services to a total number of 7,5 million clients, both individuals and businesses, among a network of 1.100 branches. It also provides support to corporate businesses amid a network of specialists present in 25 countries, including those in North Africa and Middle East, as well as those where Italian companies operate the most, such as USA, Brasil, Russia, India and China⁸.

Intesa San Paolo Bank Albania⁹

Intesa San Paolo Bank Albania started its activity in the year 2008 and today represents one of the leading retail banks in Albania. Its offerings encompass a range of financial services provided to individuals, SMEs and corporate businesses by its Head Office in Tirana and a network of 34 branches covering the entire Albanian territory¹⁰. Innovations and product improvements at Intesa San Paolo Bank are inspired by its clients. The bank applies the “We hear you 100%” program as well as an annual survey in order to track on the continuous customer satisfaction and build its business strategy and respective action plans¹¹.

3.2.1. Interview results

In order to learn about staffing policies and international transfers' cases at Intesa San Paolo Bank Albania, several interviews were conducted with managers and employees at the Head Office of Intesa San Paolo Group in Milan. The interviews revealed that the policy applied in Albania was generally aligned with the Group's policies used in other European markets. There was not a specific policy for the Albanian market. Nevertheless, the staffing policy at Intesa San Paolo Bank Albania was in compliance with the Albanian Civil Code requirements.

As far as the nationality of managers at the Albanian subsidiary is concerned, it resulted that only the CEO and the Vice CEO were foreigners, sent by the Head Office to supervise the activity in Albania, as shown below in the latest organizational structure of Intesa San Paolo Bank Albania. The rest of the top and medium level managers were Albanians. However, as the interviewed managers reported, this was not always the case. In other countries where the Group was operating, the CEO could also be a local staff, while other top and medium level managers could be international.

Various forms of international transfers were used at Intesa San Paolo Bank Albania, but, as in the case of other interviewed companies, expatriation resulted to be the main one. The need to increase control and coordination among the Head Office in Milan and the subsidiary in Albania, as well as the need to enhance international experience of managers, were

⁵ <https://www.group.intesasanpaolo.com/script/Isir0/si09/>

⁶ <https://www.group.intesasanpaolo.com/script/Isir0/si09/>

⁷ <https://www.group.intesasanpaolo.com/script/Isir0/si09/>

⁸ <https://www.group.intesasanpaolo.com/script/Isir0/si09/>

⁹ <https://www.intesasanpaolobank.al/retail/footer/rreth-nesh.html>

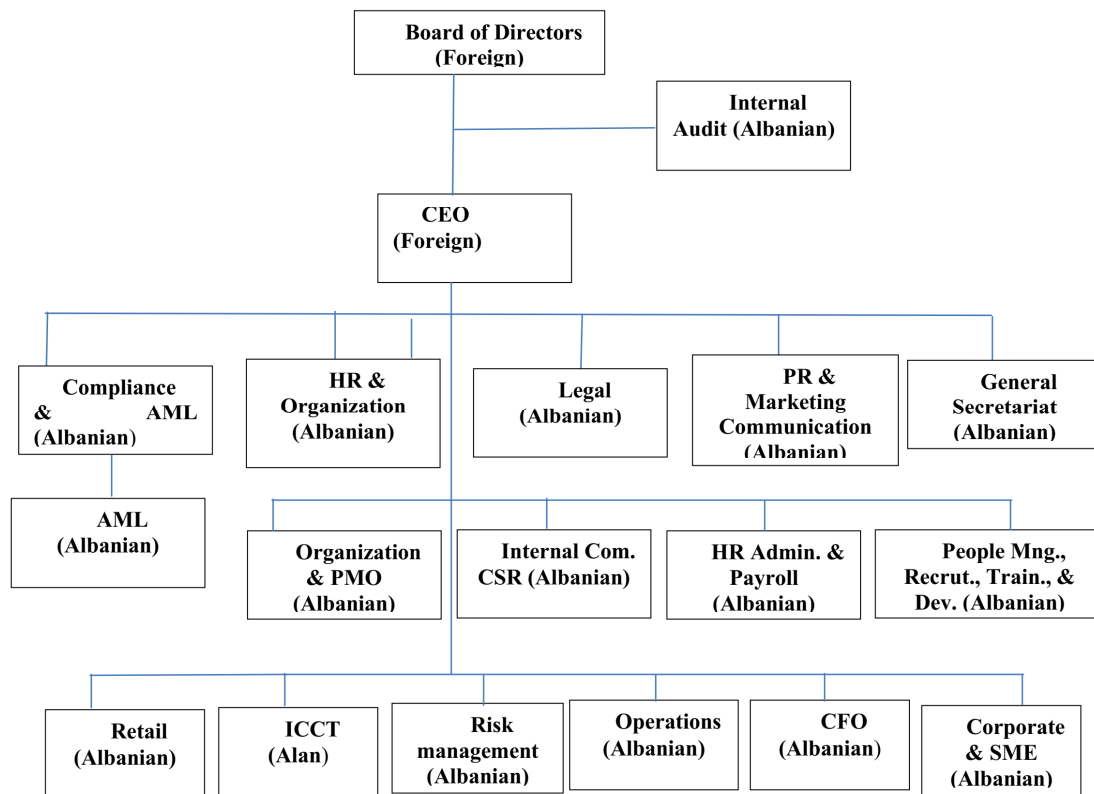
¹⁰ <https://www.intesasanpaolobank.al/retail/footer/rreth-nesh.html> and interview with the HRM official at the headquarters

¹¹ <https://www.intesasanpaolobank.al/retail/footer/rreth-nesh.html>

reported to be the major reasons for having a foreign CEO and a foreign Vice CEO. On the other hand, the lack of familiarity and difficulty of adjustment of foreign managers with the Albanian environment, as well as their high cost, were evaluated to be equally important in deciding to staff the rest of the managerial positions with Albanians.

Usually expatriated managers were contracted for a period of 3-5 years. During the history of Intesa San Paolo Bank activity in Albania, all expatriated managers were repatriated after finishing the contract. There were no cases of premature returns. However, interviews revealed that all these expatriates had had difficulty to adjust to the Albanian way of solving and managing business problems, as was mentioned too by other interviewed companies. There were also cases of replacement of foreign managers with Albanian ones, but always after the later had finished their managerial task in Albania. Several reasons for these replacement cases were mentioned, which are all in line with the literature on staffing policies for multinational companies.

Intesa San Paolo Bank Albania organizational structure¹²



At one case the replacement took place because the contract of the foreign manager had finished and the company was able to find a qualified and experienced Albanian manager to take over the task. Also in this case, due to the previous work of the foreign manager, the company's expectations had been achieved and it was judged that the strategic business instructions could be implemented without the need for the presence of a foreign manager. The familiarity and a better knowledge of the Albanian business environment was emphasized as another reason, especially in cases when foreign managers were unable to build up the required contacts within this market. As mentioned above, actually, only the CEO and Vice CEO positions are held by foreigners, while the other managerial structures are covered by Albanians, for the purpose of being closer to the market and its particular challenges.

Besides expatriation, other forms of international transfers, among Albania and Italy (where the Head Office is located), are mentioned to be used as well in the case of San Paolo Group Albania. Short-term assignments, commuter and frequent flyer assignments, were

¹² Retrieved at http://www.intesasanpaolobank.al/web/About_Intesa_Sanpaolo_Bank_Albania.php on October 2018

reported to be applied for two main purposes. At first, these forms seemed to be very helpful in transferring the specific know-how for the specific projects where the company was engaged to. Second, the implementation of new business strategies formulated by the Head Office, resulted to be very effective through managers' transfers from the headquarters to the subsidiary in Albania for short time periods.

Furthermore, the establishment of virtual teams for developing and implementing specific projects led by the headquarters, is another example of using alternative forms to expatriation to transfer knowledge and coordinate work among the San Paolo Group's Head Office and its subsidiaries, including the one located in Albania. The Project Manager, working usually at the headquarters, cooperates with managers in the Albanian subsidiary and those in other subsidiaries around the world, who are responsible for different stages of the project, through the use of virtual networks. Many of the Group's systematic and operative systems, as well as some of the services provided by the Group, have been developed this way. In some cases, to support the virtual team work, short-term trips of managers involved, have been applied too, mainly for meeting purposes.

Inpatriation has also been part of the international staffing policy used by Intesa San Paolo Group, and Intesa San Paolo Bank Albania has not been exclusion to this. Nevertheless, the frequency of such staff movements has been lower as compared to that of HQ staff movements towards the subsidiaries. Albanian employees, with good performance and experience in certain positions, have been sent to the HQ, with the intent to enhance cooperation and coordination of work among the Head Office and the local subsidiary. Their local knowledge has been particularly helpful for the HQ to evaluate the Albanian market needs and for building of the right strategies to achieve them. On the other hand, the transferred employees have had the opportunity to see things from the HQ viewpoint and share experiences with employees from other countries (also transferred to the Head Office), therefore developing professionally.

A lot of cases of permanent transferees have been reported as well at Intesa San Paolo Group. These employees are distinguished for their particular skills, qualifications and experiences, which render them appropriate for various managerial positions and the implementation of certain headquarters strategies in different subsidiaries. Their contribution has also helped to strengthen the bond among the HQ and the subsidiaries, including the Albanian one.

3.3. The Case of Andritz Group

Andritz Group¹³ and Andritz activity in Albania

Andritz Group represents an Austrian based multinational providing a variety of products and services to several industries, such as, the hydropower, the pulp and paper as well as the metal and steel working industry. It is also considered the world's leading separation specialist¹⁴, providing to customers worldwide the latest knowledge, equipment and services that help them solve environmental, energy based, nutrition and health challenges.

Andritz Group's headquarters is located in Graz, Austria, with the rest of operations expanded in more than 280 locations or in over 40 countries of the world. It has an experience of 170 years in the market and the number of its employees worldwide amounts to 29,600¹⁵.

Andritz Group is present in Albania since the year 2010, providing among Andritz Hydro Branch Albania its supporting services for the building and reconstruction of hydro power plants in our country. During this period it has been the main subcontractor for the building of Ashta hydropower plant, by providing the necessary mechanical and electrical equipment for this project, while from the year 2013 up to now it is assisting in the reconstruction of Komani hydro power plant¹⁶. This project is also known as Andritz Hydro Branch Albania (Komani Site).

¹³ <https://www.andritz.com/group-en/about-us>

¹⁴ <https://www.andritz.com/separation-en>

¹⁵ <https://www.andritz.com/group-en/about-us>

¹⁶ Information retrieved from the interview

3.3.1. Interview results

The identification of staffing policies at Andritz Hydro Branch Albania (Komani Site) was made possible through the assistance provided by the Andritz Hydro Branch Albania (Komani Site)'s Commercial Administrator, who helped in answering the interview questions. He revealed an interesting fact about this project, all managers of almost all levels were foreigners, mainly from the headquarters and they were as well recruited at the headquarters. In fact, only three operational managerial positions were actually held by Albanians.

The main reason for having managers from the headquarters or other foreign managers in the various levels of management is related to the need to transfer technical and managerial knowledge to Albania and the need to maintain a certain level of control and coordination among the headquarters in Graz and the project in Albania. In the meantime, the three Albanians holding the operational level positions, were chosen for their familiarity with the Albanian market and business environment.

There are no cases of replacing foreign managers with Albanian ones, except for the period of summer and winter holidays. Nevertheless, even in these situations, the Albanians chosen to make the replacement were those who had been working closely with the foreign managers during the rest of the year.

As far as the duration of foreign managers staying in Albania is concerned, it is quite variable, from a few days to 5 years (i.e. till the end of the project). For those staying for a period longer than one year, the main difficulty encountered resulted to be their distance from the family, since they normally do not take their families with them on these transfers.

There has been only one case in which the manager decided to interrupt its task in Albania. This happened because the manager wanted to pursue another project in another country, since his knowledge about that country was greater than that about Albania. This decision was supported by the headquarters and judged as beneficial for both, the company and the manager itself.

Short-term transfers are also applied in the case of Andritz Hydro Branch Albania (Komani Site). These transfers are typically two months long and are used primarily when the volume of work is large. In such cases the presence of a second person is necessary to assist the actual manager effectively perform its function. Such transfers have resulted to be quite effective for the company and the assignees are not accompanied by their families.

Particular cases of building virtual teams are not mentioned in the case of Andritz Hydro Branch Albania (Komani Site), but online communication among it and the headquarters is continuous, helping to solve several problems in a shorter time and at a lower cost. Nevertheless, in some instances managers from Andritz Hydro Branch Albania have travelled to the headquarters to participate in important meetings, discussions and/or in training sessions, which have contributed positively to their future performance and the performance of the Albanian branch.

Being a globally expanded company, Andritz Group has continuously based its success, among other things, in attracting a globally diverse staff. For that purpose, it has been open to accept and evaluate applications from, as well as to employ individuals of different nationalities, who, in the attempt to find better job opportunities have travelled abroad, the so-called self-initiated expatriates. By attracting and employing such individuals, the company has built a great pool of international managers who are able to first, break cultural barriers among the company's different affiliates and second, to transfer knowledge and good practices among them. A part of this group of managers is in continuous movement from a project to a project, from a country to another, representing therefore another category of international assignments mentioned above, i.e., that of the permanent international transferees. Some of the foreign managers of Andritz Group working at Andritz Hydro Branch Albania (Komani Site) belong to both categories, the self-initiated expatriates and the permanent international transferees.

Another particular international transfer used by Andritz Group is that of groups of engineers who are sent from the headquarters to other countries to do the pretests of finished projects, before the later are put to efficiency. Such transfers last some weeks, depending on the type and the complexity of the project pretested.

4. Conclusions

The effective management of international human resources (IHRM) has been identified by many authors as one of the key factors influencing the ability of an MNC to compete successfully in today's global market. In particular, their work has emphasized on the issue of global staffing. During the last three decades the main focus of research has been the study of expatriates' management, but in the recent years new forms of international transfers have been discussed and suggested by the researchers, such as, short-term assignments, frequent flyer assignments, commuter assignments, flexpatriates, inpatriates, virtual teams, permanent international transferees and/or self-initiated expatriates.

However, the Albanian literature on IHRM and specifically on the issue of global staffing continues to be quite scarce, even though the foreign direct investments in the country are increasing over time. Based on this, the aim of this paper was to make a first contribution, by exploring the various forms of international assignments actually applied by foreign companies operating in Albania. For this purpose semi-structured interviews were conducted with HRM officials at the headquarters of some companies or, in other cases, with the HR department manager of the companies' subsidiaries in Albania. Companies included in the interviewing process were selected from different sectors of economy, such as banking, production, insurance, telecommunication, education, etc. Nevertheless, only a part of the realized interviews provided valuable information for further analysis. In particular, interesting and valuable information was provided in the case of Intesa San Paolo Bank and Andritz Group.

International transfers resulted to be a practice followed by all companies included in the interviewing process, with expatriation prevailing as the most used form. All companies revealed that the main reason for using expatriates was their headquarters' necessity to increase control and coordination with their respective Albanian subsidiaries. They also emphasized that their expatriates faced big difficulties to adjust to the Albanian way of solving business problems.

But, in the cases of San Paolo Bank Albania and Andritz Group, companies were applying additional forms of international transfers, besides expatriation. For that reason they have been discussed in more details during the paper. Short-term assignments, commuter and frequent flyer assignments, as well as virtual teams were mentioned to be used occasionally in the case of San Paolo Bank Albania, mainly for the purpose of developing and implementing specific projects or that of implementing new business strategies. Also some movements of Albanian staff to the headquarters of the company in Italy for a period of time have been reported to be beneficial for both parts, by improving cooperation and coordination among the head office and the Albanian subsidiary as well as by enhancing global awareness and viewpoint about the company of the Albanian staff members. In this regard particularly helpful has been too the contribution of permanent transferees, as another category of international assignments applied by Intesa San Paolo Group.

Andritz Group and its Andritz Hydro Branch Albania (Komani Site) project represent another interesting case as far as international staff transfers are concerned. As mentioned above almost all managerial positions are covered by expatriates, no matter which level they belong. This reflects the high necessity of the headquarters to maintain strong control and supervision over the Albanian project. But, some situations of short-term transfers are found in this case too. They take place primarily when the work volume is large and actual foreign managers need assistance from other transferees from the headquarters to successfully face the workload. An additional interesting fact in the case of Andritz Group is the propensity of the company to attract staff from different nationalities, willing to get job opportunities abroad and to move from one country and/or culture to the other, also equipped with large international experiences. These individuals actually refer to the categories of self-initiated expatriates and permanent transferees. In fact many of the foreign managers working at the Albanian project belong to these two categories.

Besides the value of the aforementioned conclusions, they still represent a first attempt to explore the issue of international transfers applied by foreign companies in Albania. They are also based on a limited number of cases and on the elaboration of information provided by semi-structured interviews. Therefore a deeper exploration on the issue is necessary in the

future. At first a larger number of companies should be included in the study. And second, in relation to this, a deeper analysis of the specific factors influencing companies' choices of particular forms of international assignments. A survey procedure and a quantitative methodology of data analysis might be necessary in order to identify and confirm the relationship among a set of factors determining the choice of a particular form.

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