

Managing Expatriates: New Practices in South Korea

Gestión de Expatriados: Nuevas Prácticas en Corea del Sur

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Received: 15/06/2017 • Approved: 12/07/2017

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ABSTRACT:

This article presents the research study in the field of international human resource management, the statistical and conceptual issues of expatriate's managing are discussed. The purpose of this paper is to investigate the modern trends in managing expatriates in South Korea, explore new practices, and create expatriate profile. Specifically this study discuss SCARF model (Roger, 2010). The single country (South Korea) and two Korean companies are research limitations. Findings of this paper – labor migration survey, in-depth interview of expatriates, new model of managing expatriates in South Korea. Future research is needed to study more cases of foreign countries for comparative analysis.

Keywords managing expatriates, labor force, HRM in global companies, SCARF model.

RESUMEN:

Este artículo presenta el estudio de investigación en el campo del manejo de recursos humanos internacionales, se discuten las cuestiones estadísticas y conceptuales de la gestión de expatriados. El propósito de este trabajo es investigar las tendencias modernas en el manejo de expatriados en Corea del Sur, explorar nuevas prácticas y crear perfil de expatriados. Específicamente, este estudio discute el modelo SCARF (Roger, 2010). El único país (Corea del Sur) y dos compañías coreanas son limitaciones de la investigación. Conclusiones de este trabajo - encuesta de migración laboral, entrevista en profundidad de expatriados, nuevo modelo de gestión de los expatriados en Corea del Sur. Es necesaria una investigación futura para estudiar más casos de países extranjeros para el análisis comparativo.

Palabras clave Gestión de expatriados, mano de obra, HRM en empresas globales, modelo SCARF.

1. Introduction

The globalization of the world economy requires more professional employee cross over the world, create new competitive competencies and build strong leadership (McCaughey, Deirdre & Bruning, Nealia S., 2005). The success of TNCs now largely depends on their ability to organize

at the global level the flow of information, capital, labor and other resources (Adams RH., 2003).

In today's global economy, having a workforce that is fluent in the ways of the world is not a luxury. It is a competitive necessity (Cerdin, J.L. and Selmer, J., 2014). No wonder nearly 80% of midsize and large companies currently send professionals abroad—and 45% plan to increase the number they have on assignment (Figure 1).

Fig. 1



Source: World Bank national accounts data
(<http://databank.worldbank.org/data/reports>)

Labor mobility strategies need to be comprehensive, flexible, adaptive and constantly evolving to meet specific business needs, cope with the growing demands for staff involvement while managing the different needs and expectations of different generations of employees from one side and competitive business strategy from another side (Global Human Capital Trends, 2014).

The gap between the supply and demand of personnel is determined by the deficit in different regions of the world and the acute shortage of experts in specific markets and in specific areas (Anderson B.A., 2005). The theme of staff mobility is in the top line of the current agenda. However, this mobility is not in the sense that existed in the past, it is modern manifestations of mobility, corresponding to the challenges of modern times. The explosive growth in emerging markets creates a tangible increase the number of specialists working outside the country (Belderbos, Rene A. & Heijltjes, Manelle G., 2005).

2. Theoretical Framework of Global Labor Mobility

2.1. Definitions and models of labor migration process

Among the key theories and concepts in the study of migration, processes of personnel can be distinguished neoclassical concept. This concept the emphasis is placed on country differences in wage levels. Hicks in his theory "The theory of wages" (Paul Flatau, 2002) considers labor migration as decision of a rational individual, capable of full and reliable information correctly

assesses their prospects. Dowling, P.J., Festing, M., and Engle, A.D., Sr. (2008) singled out such a factor provoking moving of workers, as a level of incomes of associates and aspiration to occupy a higher position in a particular social group. In the context of the globalization of the world economy, migration continues in the concept of the global migration system.

The researcher Wallerstein (Immanuel Wallerstein, 1976) considers the world system as multicultural territorial division of labor, based on methods and production conditions and leading to the allocation of three regional zones: the core, semi periphery and periphery.

2.2. Importance of "expat" mobility. Forms of expatriation.

Expatriation has long been identified as a coordination and control mechanism used by MNCs (Al Ariss, A., Cerdin, J.-L. and Brewster, C., 2015). As global competition continues to intensify, it becomes increasingly important for multinational corporations (MNCs) to maintain control over their international operations (Carlson, Leah., 2005) since appropriate control will ensure that the MNCs' strategic goals are met and deviations from standards are corrected to enable subsidiaries act in accordance with headquarters' policies (Vaiman, V. and Brewster, C., 2015).

Managing expatriates' mobility can be used like the tool to improve competitiveness global corporations (Gergen, K.J., 2012).

Recognition of the fact that in the conditions of increasing international business, in which the regional specificity often plays a key role and in conditions which moves to other countries for workers with respect to painless, the idea of a "home" country is becoming less relevant (Belderbos, Rene A. & Heijltjes, Manelle G., 2005).

Nowadays expatriates participate in one of modern type of mobility:

1. Short-term assignments (less than 1 year contract) - have become more popular; 20% of assignments now last less than 12 months, compared with 10% in 2015.
2. Project-based assignments. Organizations are bringing selected employees from different parts of the organization together for a specific project, requiring some to relocate temporarily, or travel frequently while the work is carried out.
3. Commuting and extended business travel allows assignees to work in a specific location without relocating and has become a viable alternative to relocation for employees with family commitments, and in roles that require extensive travel by their nature.
4. Intra-country mobility is on the rise as organizations look to maximize their investment in mobility. It may be easier and more effective, for example, for a company to transfer skilled workers from Shenzhen to Huangshan or from Mumbai to Ahmadabad, than to move workers from the US or other mature markets (OECD, 2001).
5. Rotational employee programs, often used in the development of high potential employees and in specific industries, are becoming increasingly internationalized.
6. Global nomads. Regional leaders often find that their role requires extensive business travel and as a result, they are constantly on the move. Similarly, some specialists move from project to project to the extent that they effectively have no 'home' country.
7. One-way relocation, as organizations move their regional or global headquarters in order to be closer to business interests and the fastest-growing markets, meaning the permanent relocation of key managers and their families.
8. Contingent labor is increasingly being used by organizations to meet short-term and specialist demand.

Virtual mobility is the final piece in the jigsaw (Punnett, B.J., 2004). Technological innovation has allowed employers to bring the best people, wherever they may be, to work and train together (Xavier Salamin and Eric Davoine, 2015).

3. Survey and Results.

3.1. Methodology

This research discusses the SCARF model (Rock, 2008). The SCARF model is a summary of important discoveries from neuroscience about the way people interact socially.

The model is made up of Status, Certainty, Autonomy, Relatedness and Fairness. These five domains have been shown in many studies to activate the same reward circuitry that physical rewards activate, like money, and the same threat circuitry that physical threats, like pain, activate (Rock, 2009).

Understanding that these five domains are primary needs helps individuals and leaders better navigate the social world in the workplace (Rock, 2009).

According to this model this research is based on 3 main hypotheses:

H1: Labor mobility strategies need to be comprehensive, flexible, adaptive and constantly evolving to meet specific business needs in South Korean labor market.

H2: Competence-based approach is used as major strategy basis in managing expatriates in South Korean companies.

The amount of foreign employment rose during last years in South Korea and we can see positive trend (Table 1).

Table 1
2016 Foreigner Labor Force Survey (South Korea)

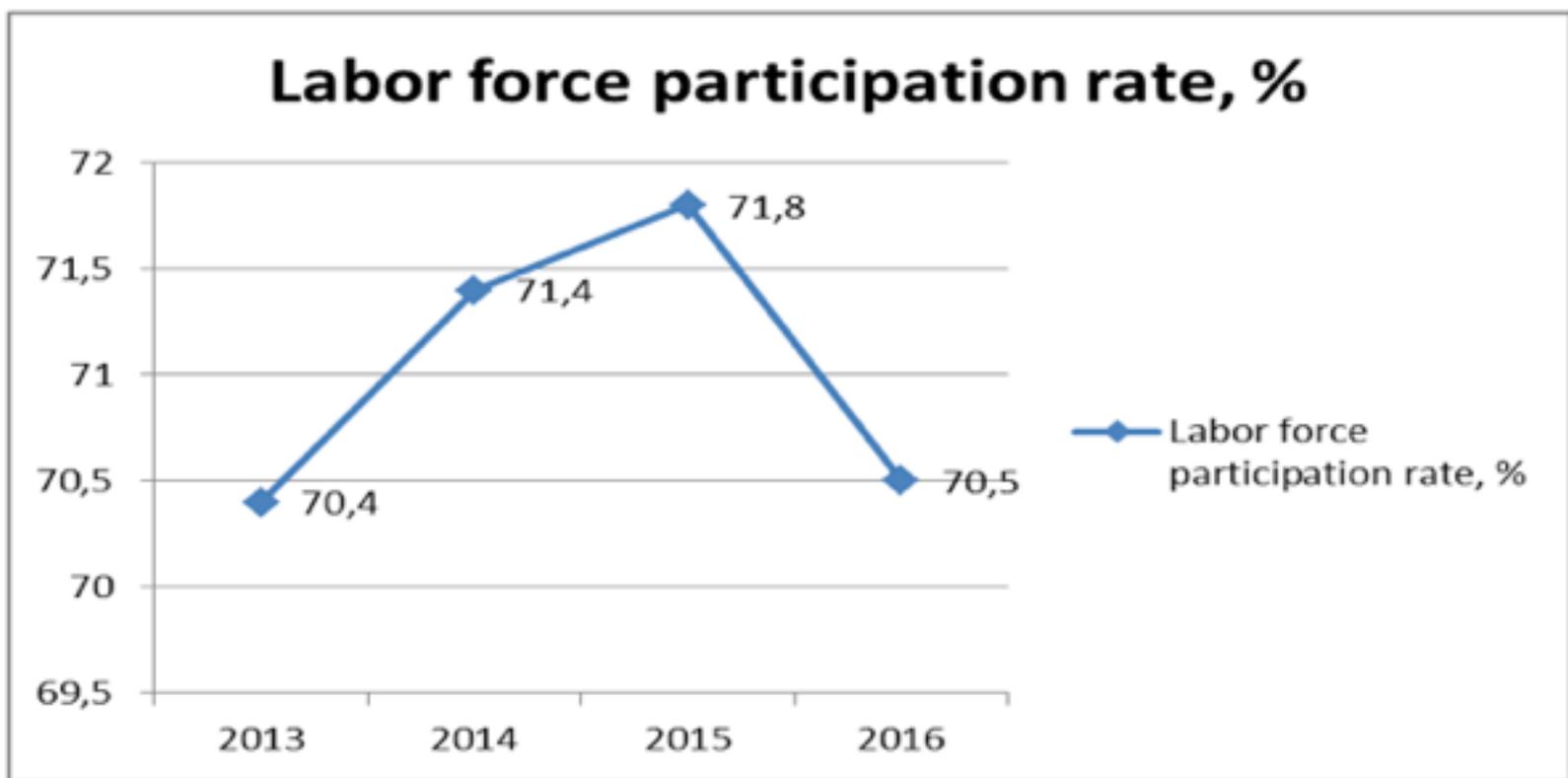
Year	Foreign employment population, thousand people	Trend	Trend,%
2016	1421	+51	+3.7
2015	1370	+85	+5.2
2014	1285		

Source: KOSTAT (Statistics Korea)
<http://kostat.go.kr/portal/eng/pressReleases/>

In May 2016, there was 1,425 thousand persons. This trend rose by 51 thousand persons (3.7 percent) from the previous year:

- The employed foreigners amounted to 962 thousand persons, which grew by 25 thousand persons (2.6 percent) from 2015.
- The employment-population ratio for foreigners stood at 67.6 percent, down 0.7% from 2015. The unemployment rate of foreigners stood at 4.2 percent, down 0.7% from 2015 (figure 2).

Fig. 2
Labor force participation rate for foreigners in South Korea, % of total participation



Source: KOSTAT (Statistics Korea)

<http://kostat.go.kr/portal/eng/pressReleases/>

3.2 Managing expatriates in Korean companies. Framework of survey (research procedure)

Survey was done by author during 2015-2016 and covered two fields.

Field 1: By author there are 24 persons from different departments and job positions were interviewed, who are expatriates in Samsung and Hyundai companies located in South Korea. They were asked about their individual characteristics and skills (Table 3). All answers were divided in 3 levels according to the importance of each skill for the workplace (1 - low level of importance, 2 - medium level, 3 - high level).

Field 2: By author there are eight managers of different departments and were interviewed, who are managing in Samsung and Hyundai companies located in South Korea. They were asked about core competencies of expatriates (Table 4). All answers were divided in 3 levels according to the importance of each competence for company's strategic goals (1 - low level of importance, 2 - medium level, 3 - high level).

The framework of research (example of questionnaire) is provided in Appendixes 1 and 2 (table 2, table 3).

Table 2
Structure of questionnaire (for expats)

Question	Answer
1. General information	
Job position	
Age	
Sex	

Work responsibilities			
Work experience (on this position)			
Period of contract			
Mismatch in expectations			
Nationality			
2. Specific information (competencies)	3	2	1
Perception			
Cultural			
Professional			
Communication			
Self-management			
Strategic			
Cognitive			

Table 3
Structure of questionnaire (for managers)

Question	Answer		
Specific information (competencies)	3	2	1
Perception			
Cultural			
Professional			
Communication			
Self-management			
Strategic			
Cognitive			

4. Results and Future Research

4.1. Results

According to survey, the results were received. According to answers of respondent the profile of expatriate in South Korean companies were investigate (table 4).

Table 4
Typical profile of expatriate in South Korea

Indicator	Result
Sex	Male
Period of contract	Long-term (2 years and more)
Job position	Specialist (different industries, high skilled)
Home country (region)	EU/USA
Age	35-45
Main responsibility	Managing a global operation/career development

We can see that the typical profile of expatriate in South Korea includes young man in age of 35-45, usually without family, but with good experience and professional skills, motivated for managing global operation and interested in career development.

According to the second field of research the most important competencies of expatriates were found (table 5).

Table 5
Importance of expatriate's skills by levels

Competencies	Importance for expat, level	Importance for manager, level
Perception	7	7
Cultural	1	3
Professional	4	2
Communication	2	4
Self-management	3	6

Strategic	5	1
Cognitive	6	5

It is interesting investigate, that the level of competence' importance is different between manager's view and expatriate's view. For example, for manager it is important to meet strategic and professional competencies of expatriate first of all, and for expatriate himself it is most important to provide cultural and communication skills in South Korean companies.

Also there were found mismatches in expectations of manager and expatriates (table 6 and table 7).

Table 6
Mismatch in expectations managing expatriation

Indicator	Expatriate, %	Company, %
Candidate concerns	54	17
Organizational improvements	50	20
On assignment	48	57

Source: All participant responses are from ECA's Managing Mobility (Survey 2016)

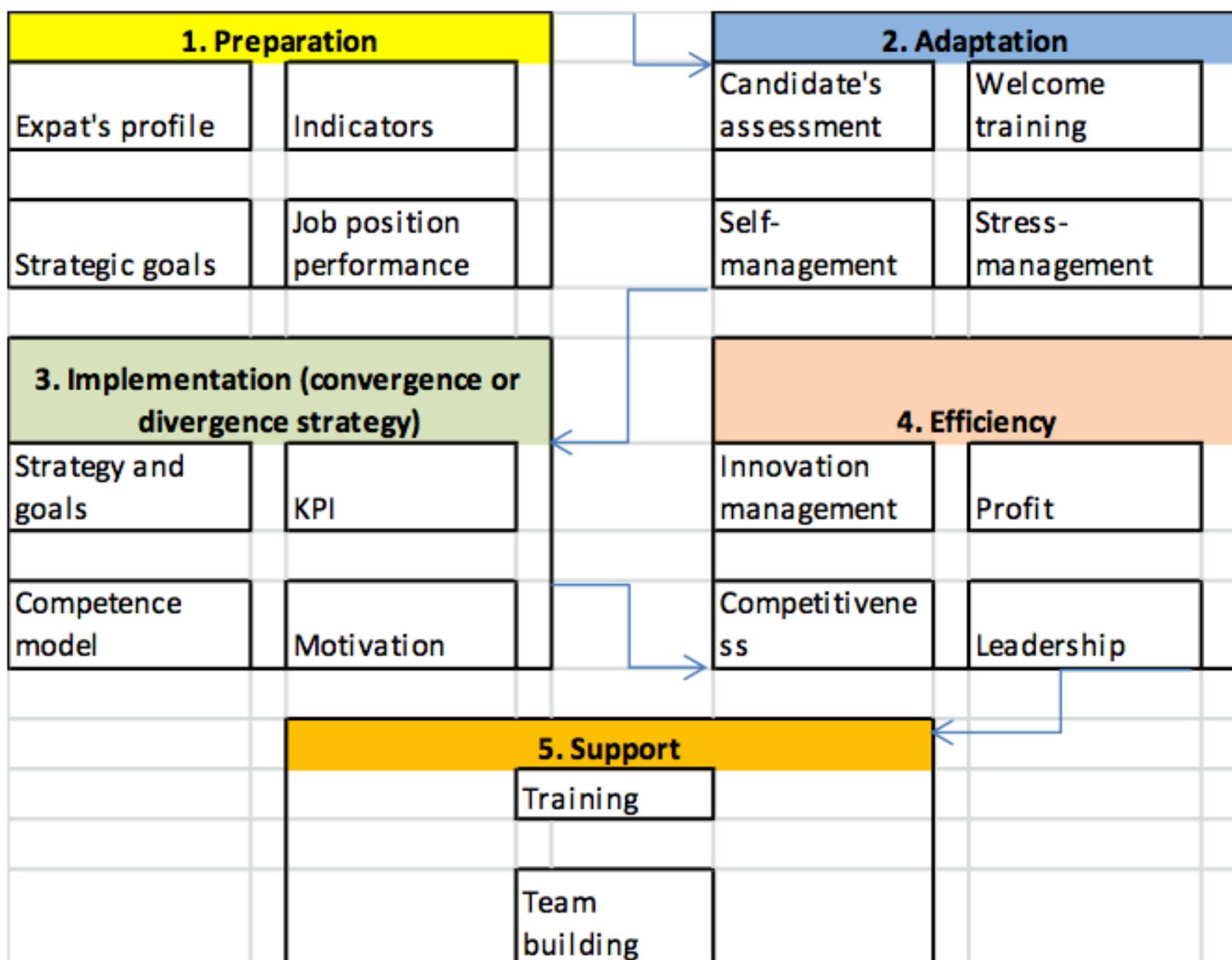
Table 7
Mismatch in expectations managing expatriation in South Korea

Indicator	Expatriate, %	Company, %
Candidate concerns	48	22
Organizational improvements	45	25
On assignment	41	45

Source: All participant responses are from Samsung and Hyundai companies, located in South Korea (Author's survey, 2016)

In this case, it is necessary to provide the improving model of expat's management in South Korea. This model consists of several steps in different business areas of company (figure 5).

Fig. 5
Model of expat's management in South Korea (author's survey)



4.2. Discussion

Modern studies on the managing expatriates are of interest to many companies in various countries around the world. However, the main issue and subject of discussion remain questions of assessing the impact of external and internal factors on the processes of global labor migration. It is possible to analyze migration processes in international markets from the position of influence of such external factors as the development of branch technologies, the transformation of international operations, the expansion of companies' activity into international markets. Among the internal factors affecting the processes of labor migration can be identified the flexibility of the strategy, key competencies as factors of the competitiveness in the global market.

The question of motivation and adaptation of expatriates in international companies is controversial, since it is impossible to apply a universal model of expatriate management in different countries, taking into account the peculiarities of national management and culture (McCaughey, Deirdre & Bruning, Nealia S., 2005). In this regard, it is necessary to further study the motivational mechanisms for managing expatriates.

Future research will concern the each field in the new managing expatriate's model with estimating indicators.

5. Conclusions

This study presents the results of a labor migration processes' analysis in South Korea, including mobility indicators and the structure of expatriation. The importance and relevance of the issues of expatriate management in international companies are examined and analyzed based on industry field of Korean companies. Static information was used to obtain the results, and an empirical study was conducted on the basis of a competence approach to the management of the international companies.

Interesting results were found in research field reflecting the different levels of importance of competences in Korean companies on the part of managers and expatriates. The modern theoretical concepts of global human resources management, labor mobility and expatriation are analyzed, and a study is conducted that reflects the possibility of applying a competence approach to managing labor mobility. Various forms of expatriation, as well as strategies for managing human resources in an international company, and their impact on the processes of managing labor mobility have been discussed. Trends in the development of labor mobility in South Korea have been analyzed, tendencies of increasing the number of expatriates in Korean companies and the growing interest of Korean managers in shaping new strategies for expatriate management have been revealed.

The result of the study is a new model of expatriate management in Korean companies, which is provided by author. Further research will be devoted to the motivation of expatriates and a comparative analysis of the factors influencing the trends of expatriation in different countries.

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