

Case study of nokia telecommunications



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Expatriation has substantial meaning to multinational corporations. Expatriate performance management plays an essential role in achieving higher efficiency and long-term success. Nokia Telecommunications Ltd is a famous telecommunications corporation based in Finland to provide mobile phone services covering Internet and communications industries around the world. NT's expatriate performance management and appraisal will be discussed and analyzed in this paper and some recommendations will be made for Nokia Telecommunications to perfect its human resource management (HRM).

Performance management is a comprehensive human resource management process through goal setting, performance appraisal and feedback, continuous training and development efforts, and performance-related pay to help companies incorporate strategy into individual employee efforts and turn employees' potential into the desired results (Delery and Doty, 1996; Sparrow and Hiltrop, 1994). Performance management is an enduring process embedded into the whole human resources management with comprehensive performance plans. Expatriate assignments provide a complex context for performance management. Each of the characteristics of an integrated performance management system is influenced when performance management crosses national and cultural boundaries (Fenwick, 2004). Expatriates in multinational corporations (MNC), with its complexity and different types of expatriates, performance management should be differentiated and emphasized.

1. 2 Background of Nokia Telecommunications Ltd

Nokia telecommunications is a famous telecommunications corporation based in Finland to provide mobile phone services covering Internet and communications industries around the world. It is a largely internationalized corporation which has thousands of expatriates all over the world every year. Consequently, performance management on these expatriates is and should be considered to be an important part in its whole international human resource management procedure. Nokia has a relatively comprehensive expatriate performance management system but is not clearly identified out of the HRM. In order to put their global strategies embedded all over into Nokia's international markets, an integrated expatriate PM might help greatly.

2. 0 Nokia's expatriate performance management analysis

2. 1 Types of expatriates

Nokia Telecommunications' expatriates can be divided into five parts basically according to their positions and functions. The five categories are top manager, middle manager, business establisher, customer project and R&D project. Each type of expatriates might be different in their goal setting, performance evaluation, training and development and performance-related pay. In this paper we are going to study from these perspectives accordingly.

2. 2 PM methods used to each type

Table 1¼Summary of the key performance management characteristics in five types of expatriate groups at Nokia Telecommunications:

Top manager(a)

Middle manager(b)

Business establisher(c)

Customer project(d)

R&D project(e)

Goal setting

To a great extent self-developed goals that are agreed with manager(s) located in another country (at the HQ or area HQ)

Emphasis on clear, financial goals

The manager in a host location set the goals, yet many expatriates also have a manager at HQ

Goals vary from fairly specific to very specific

Goals are agreed upon with the primary manager, located either in the host or the home country

Relatively few, broad goals

No formal, work-related goal setting

The manager in the host location sets the goals

Goals vary from vague to specific

Performance evaluation

By the manager(s) located in another country

When actually done, performance by a manager in the host location

Satisfactory amount of ongoing performance feedback for most

By the primary manager(s)

Satisfactory amount of ongoing performance feedback for some

Formal evaluation rather nonexistent; if happens, it is done by a host country manager

Insufficient amount of ongoing feedback

By a manager in the host location

Satisfactory amount of ongoing performance feedback

Training and development

Expectation that the expatriate raises the issue

Discussed and agreed with the host location manager

Expatriates engaged in training while on assignment

Discussed and agreed with the primary manager

Expatriated had no time to engage in training while on assignment

Discuss and agreed with administrative manager in the home country

Expatriates had no time to engage in training while on assignment

Discussed and agreed with a host country manager

Expatriates had no time to engage in training while on assignment

Performance-related pay

Clear linkage between performance and incentives

All worked under an incentive scheme, yet the linkage between performance and pay was often unclear

Most worked under an incentive scheme, yet the linkage between performance and pay was often unclear

Entitled to yearly bonuses that were not linked strictly to individual performance

Some expatriates entitled to bonuses that were linked only in part to individual performance

(Source: Marja Tahvanainen, (2002), Expatriate Performance Management: The Case of Nokia Telecommunications. Note that a, b, c, d, e are used to refer to one type of the expatriate group sequentially.)

As illustrated in the above table, goal setting varies from specific to vague as a sequence of a-b-c-d. Performance evaluations of b, c, d, e are held by host countries and have satisfactory amount of ongoing performance feedbacks more or less while performance evaluation of a is held by managers in another country. Training and development of c, d, e expatriates is far from satisfactory and almost have no time to engage in it, while that of b has a good training while on assignment, that of a has a

flexible choice on it. As for performance-related pay, it varies from clear linkage to unclear a-e-d-b, c.

2. 3 Performance appraisal

The characteristics of mobility, business practice and culture discrepancies of expatriation decide the potential difficulty of performance appraisal in MNC. This is true of Nokia Telecommunications as well. As we can see some that the above table shows, expatriates' performance appraisal is ambiguous from the perspective of performance evaluation and performance-related pay. The majority of expatriates are evaluated by the managers in the host country, namely Finland in Nokia Telecommunications, except for top managers. Rather, the linkage between performance and pay were actually not so clear, though most have an incentive scheme. Apart from this, there are also some other indications. Some of expatriates were undervalued under the circumstances of a relatively harder assignment and a tougher working environment while some were overvalued.

3. 0 Recommendations

Taking the case of Nokia Telecommunications into overall considerations, the following recommendations are given from the perspectives of integrated performance management mechanism and flexible evaluation and incentive system respectively.

3. 1 Integrated performance management mechanism

The method Nokia Telecommunications has adopted in managing expatriates can be generally described as a mechanism based on domestic human

resource management system while with a small flexibility on top managers and the four others types of expatriates.

As a matter of fact that globalization and expansion will have become an irresistible trend of Nokia Telecommunications, its business strategies have to be implemented on this basis. In the few years after, its expatriation will increase on a larger scale. From the author's point of view, an integrated performance management mechanism is imperative. This means a mechanism of managing expatriates' performance in a comprehensive and various way that include basic factors such as their expatriation location, task, job description and specification, expatriation duration, daily appraisal basis, and so on. Following these factors build a electric system which will relatively regulate different types of expatriates as fair as possible.

3. 2 Flexible evaluation and incentive system

As an necessary part of a performance management system, performance evaluation system serves as an index to indicate the former's effectiveness and efficiency while an incentive program is used to supplement in encouraging and enhancing expatriates' working morale and motive.

Because of the complexity expatriates might encounter of national and cultural borders, a flexible evaluation and incentive system would work better which takes those human and non-human factors into consideration.

For Nokia Telecommunications, flexibility means that expatriate groups b, c, d, e should be given more flexible choices in the whole evaluation procedures, such as to transfer more power to the expatriation locus itself to handle its own performance appraisal while the host country plays a role of censor and

approving, to let expatriate groups c, d, e benefit in training and development by providing additional schemes or just reimburse them in other ways. Another is to attach more linkage in performance-related pay which ensures the expatriates establish efficient working habits and shoulder higher sense of responsibilities and loyalty over the company and customer.

4. 0 Conclusion

Expatriate performance and appraisal management, as an increasingly valuable part when doing business internationally, is bound to get more attention from MNCs. As the case studied in this paper of Nokia Telecommunications, expatriate PM strategies are differentiated in many ways. This paper tries to find the types and methods used in PM of expatriation via Nokia Telecommunications and analyze some basic notes a MNC should pay attention in dealing with expatriation performance management.