# Reorganisations in multinational enterprises

**Maarten van Klaveren,** m.vanklaveren@uva.nl

STZ consultancy & research, Eindhoven – University of Amsterdam / AIAS

**Kea Tijdens,** k.g.tijdens@uva.nl

University of Amsterdam / AIAS

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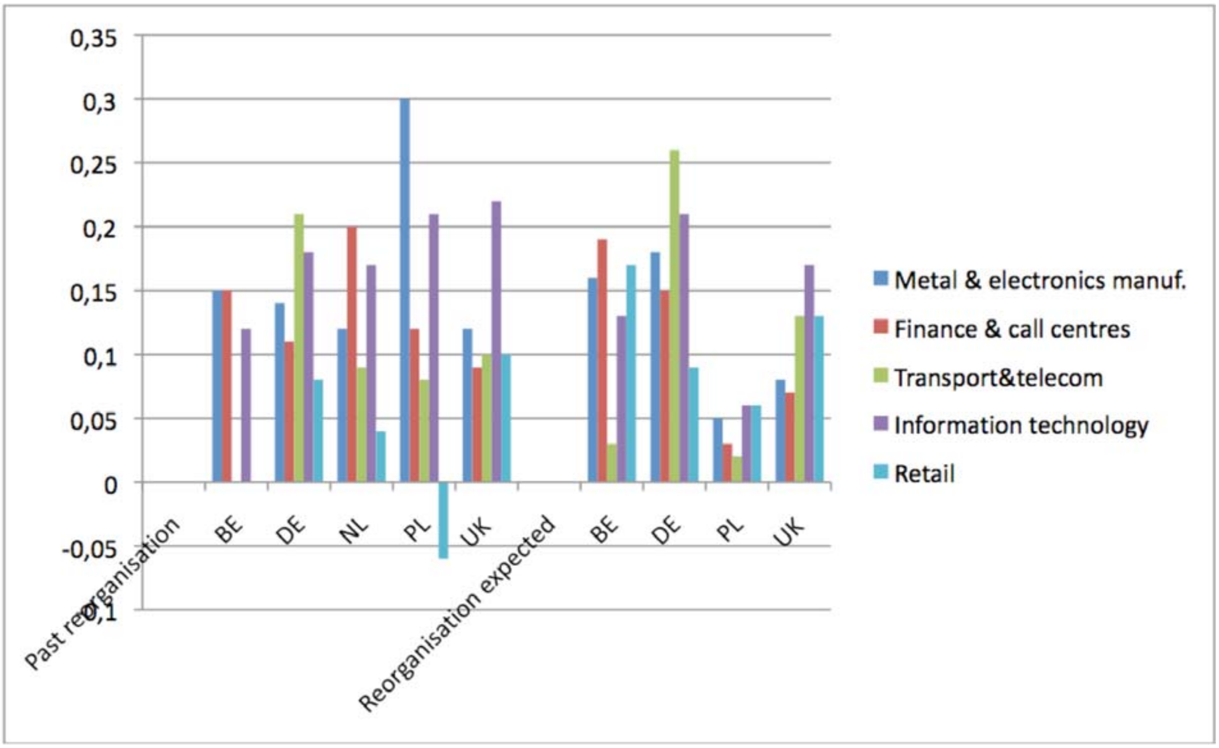
All kinds of messages gives one the impression that multinational entreprises (MNEs) often carry out reorganisations, more often also than domestic firms. If so, this should not necessarily be evaluated negatively: maybe in this way MNEs were able to adapt more rapidly to changing conditions. Yet, in recent years they rather frequently seem to take refuge to reorganisations in order to please shareholders, or to respond to the latest fads advertised in the boardrooms by management gurus.

Is the impression of MNEs reorganisation behaviour in line with the facts? Based on *WageIndicator* data gathered from January 2007 – June 2008, we can trace the differences between the proportions of respondents that indicated to have faced reorganisations in the previous year in MNEs respectively in domestic firms. We did so for five EU member states: Belgium, Germany, the Netherlands, Poland and the United Kingdom, as well as for five industries:  metal and electronics manufacturing; finance and call centres; transport and telecom; Information Technology, and retail. The outcomes confirmed the impression:  in 22 of 25 possible cases, more reorganisations were reported to have taken place in MNEs. In Belgium two industries, transport / telecom and retail, showed no difference in this respect between MNEs and domestic firms: for them the graph ends up at zero. The only real exception was retail in Poland, where respondents in domestic firms reported more reorganisations.  MNEs proved to have reorganized much more frequently than their domestic competitors in notably the IT sector and in metal and electronics, while the differences were much smaller in  transport and telecom and notably in retail. Across countries, the differences between MNEs and domestic firms were largest in Germany and Poland, and smallest in Belgium.

It can be questioned if the expectations of employees concerning reorganisations to be expected are similar to these experiences. We can find the answer based on the replies of *WageIndicator* respondents on the question posed in the questionnaire whether they expect a reorganisation in "their" company in the next 12 months. We analysed the same five industries, though we now had to leave out the Netherlands, as in this period at stake the Dutch questionnaire did not include the question concerning expectations. Yet, the outcomes remain interesting. The evidence is clear and uni-vocal: in all four countries and five industries employees in MNEs reported more to expect a reorganisation in the year to come than their colleagues in domestic firms did. In Belgium and Germany the differences between MNEs and domestic firms concerning expected reorganisations were larger than the differences concerning previous reorganisations for all five industries. In Poland this was the case for four industries, in the UK for two. Compared to the outcomes on previous reorganisations, the scores for the various industries on expected reorganisations came much closer. Much more often than their colleagues in domestic firms, respondents in MNEs in transport / telecom and retail expected to be confronted with reorganisations.

*Differences between percentages of respondents reporting that organisation faced reorganisation in previous year and percentages reporting to expect reorganisation in next 12 months, in MNEs and domestic firms, by country and industry (%-points)*




*Source: WageIndicator data, unwighted, selection employees, January 2007 – Juni 2008*

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**Maarten van Klaveren is senior consultant at STZ consultancy & research, Eindhoven, and researcher at AIAS, University of Amsterdam**

**Kea Tijdens is research co-ordinator at AIAS, University of Amsterdam**