

# Triumph over Failure of Expatriate in an International Assignments from the International Human Resource Management Perspective

Babin Pokharel<sup>1</sup>

<sup>1</sup> Kathmandu University School of Education, Nepal

Correspondence: Babin Pokharel, Kathmandu University School of Education, Nepal. E-mail: babinpokharel@gmail.com

Received: January 7, 2016

Accepted: March 17, 2016

Online Published: April 18, 2016

doi:10.5539/ijbm.v11n5p310

URL: <http://dx.doi.org/10.5539/ijbm.v11n5p310>

## Abstract

This conceptual article aims at understanding the reason behind the failure of expatriate in international assignments and focuses on comprehensive Human Resource concepts that will help in overcoming the rate of expatriate failure. Various HR concepts in relation with HR literature are presented in this article that will have an evident effect on the company's performance and represents the effective system for the expatriate. The HR concepts presented in this article will eventually increase the job performance of the expatriate, and less likely to encounter culture shock whenever expatriate are chosen for international assignments.

**Keywords:** international human resource management, expatriate, failure, overcome, assignments

## 1. Introduction

Human Resource policy deals with managing people, it involves human behavior and relationships that are inherently complex, potentially conflictual and problematic (Shapiro et al., 2011). People are difficult aspects in an organization compared to machines or money. To be more precise effective and efficient organization always believes in people management.

As quoted by Agha Hasan Abedi, President, Bank of Credit and Commerce International, Luxembourg "The conventional definition of management is getting work done through people, but real management is developing people through work." (Tsvara, 2013).

HR policy is inherently multidisciplinary. The policy of HR is very difficult to get into the strategies of an organization as it comes from variety of policy instruments related to the people involved in it. Policy instruments are carried out by all policy makers including HR managers. Many HR instruments are available for HR policy maker which makes them difficult in operation in carrying out HR functions. Various policies such as hiring policy, selection policy, training policy, induction policy, pay and rewards policy, employee development policy etc. As such HRM activities involve creating Human Resource strategy, staffing (recruitment, selection, placement), Human resource Planning Performance management, compensation (remuneration), training and development and industrial relations.

As companies go into international assignments, along with other activities of the organization, HRM Policies will also have to adapt to the changes in environment and location. While some activities will remain the same, some activities will have to change, which becomes a challenge for HRM international managers. The range of human resource activities including procurement, allocation and utilization are broad based activities of main HRM instruments. The complexities of operating in different countries and employing different national categories of workers are a key variable that differentiates domestic and international HRM. Also we must realize that there will be host countries and the home based head quarters as well as other third countries that serves as the major foundation for finance, labor and other components, which all must be carefully coordinated by the HRM department in paying attention to the specific and different methods that these areas must be managed. Also HRM managers must think of the different ways to manage the different categories of global staff namely host country nationals (HCN), parent-country nationals (PCN), and third- country nationals (TCN).

While it is recognized that Human Resource Management (HRM) problems are more complex in the international environment, there is also increased evidence to suggest that the management of international human resources is increasingly being acknowledged as a major determinant of success or failure in international

business (Tung, 1984, Dowling, 1999, Hiltrop, 1999 cited in Chew, 2004). For renowned and established MNCs, failure to be able to communicate and coordinate their activities in international business has the potential to plunge them into a crisis. The crises confronting MNCs include failed assignments due to premature return of expatriates and the loss of their returned expatriates due to poor repatriation. These crises, due to poor expatriate management, can, therefore, threaten the organizations performance and capabilities in the international arena.

Mostly determined by the rise in international strategic alliances and joint ventures present in today's global world, there is an increase in capacity of present organization to expand employees for international assignments. The changing and multifaceted scene of global organization involves high level of understanding, sensitivity and deep considerate knowledge of culture together with organizational change and programs that urge for high performance of job. In response to this challenge, most multinational corporations (MNCs) have pursued cross-cultural training programs for their expatriate managers in order to make them more culturally aware and effective in their international assignments (Luthans & Farner, 2002).

## 2. Needs of Expatriates

There are three types of employees' engagement practices in Multinational mode of international business, unlike domestic business. These are Parent Country Nationals (PCNs), Host-Country Nationals (HCNs), and (Third-Country Nationals) TCNs. Such are denoted by 'Expatriates' who goes away from one's native country in order to reside abroad for the fulfilling assignment.

Human resource practices call for further complications to handle these people because different provisions are to be arranged to such expatriates as their compensation and benefits as per the negotiations and rules of host country and home country. For example person employed in the foreign branch of Nepalese organizations get Saturday as public holiday whereas employees from host country get Sunday holiday. Similar effects are there in the case of salary, currency, benefits, tax, language etc.

Whatever complications there seem, without expatriate business cannot run, for instance Nepalese Airline uses foreigners and foreign airlines have employed Nepalese people. Similarly, embassies employ people of host country, home country and third country. The main reason is that business must consider the local culture as well as standard if it has to be sustained and grow.

### 2.1 Failure of Expatriate

What expatriate failure means? A number of answers are available: that can be personal dissatisfaction with experience (by expatriate or family), damage to overseas business relationships, early return home or termination, poor quality of performance in foreign assignment, employee not fully utilized during assignment, overemphasis in selection on technical competence to disregard of other necessary attributes, lack of adjustment to local conditions, no acceptance by local nationals, not recognizing or missing overseas business opportunities, inability to identify and/or train a local successor, leave soon after repatriation, not use foreign experience in assignment after repatriation, compounding factors, length of assignment, degree of concern about repatriation, overemphasis in selection on technical competence to disregard of other necessary attributes, degree of training for overseas assignment, degree of support while on overseas assignment.

The study done by Black and Gregersen (1997) has revealed that dissatisfaction with their job or the impact of culture shock in the 10 to 20 per cent of United States (U.S.) expatriates.

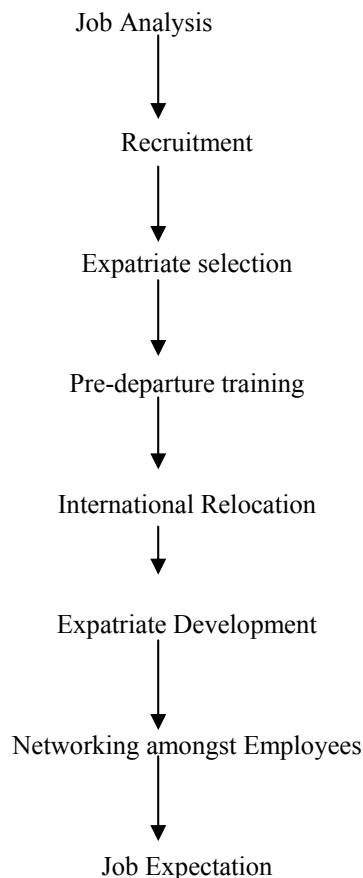
Failure rate of expatriate is 70% whereas in developed country is 20 - 40%. One-third of those who stayed for the duration did not perform satisfactory to the expectations of their organizations. The effects of failure is salary, training and development costs, travelling allowance and daily allowances are to be born without due return. Such direct cost in one study was amounted to \$250,000 and \$1 million.

Expatriate failure is most common but gives a great trouble in internal business. Studies on these have several reasons. The most common reasons for expatriate they do not stay up to a stated period due to adjustment problems, home sick, leaving spouse, poor performance etc. Inability of spouse/partner to adjust or spouse/partner dissatisfaction, inability of expatriate to adjust, unidentified family-related problems, mistake in candidate/expatriate selection or just does not meet expectations, expatriate's personality or lack of emotional maturity, expatriate's inability to cope with larger responsibilities of overseas work, expatriate's lack of technical competence, expatriate's lack of motivation to work overseas, dissatisfaction with quality of life in foreign assignment, dissatisfaction with compensation and benefits, inadequate cultural and language preparation, inadequate support for IA and family while on overseas assignment

Employees working in the home or parent company will be accustomed to the culture and the procedures, of the running of the company as well as the country. However, even the same company may operate under different

rules once it is positioned in a foreign country. Even though some organization may claim that they practice same working culture throughout their system but in real business world it is always not possible. This is mainly due to the fact that people in different cultures behave in a different ways; as such there are no two cultures which are the same, as such when employees and employers must acknowledge the fact that when dealing with foreign countries the way operations as well as employees must be handled in a different manner.

When recruiting an employee to any country around there are many issues from the starting point of job evaluation to the point of repatriation that must be taken care of or addressed. The following is a flow chart of what areas should have been considered at the start of sending an employee to a foreign country.



The above flow chart depicts the steps that should be considered when sending expatriates to a foreign country. As the length of the flow chart suggests, the process of sending an expatriate is a process which must be done with much consideration and months of planning.

## 2.2 Job Analysis

The initial step in human resource is to embark on a job analysis procedure of the job opening that is being recruited to. Job analysis has two components: Job description and job specification.

Job descriptions tell about the duties that an expatriate should do. It is the chart of responsibilities that an employee should discharge while in the job. It should be matched with the abilities which include Knowledge, attitude, skill and hospitality. This prescription is called job specification. To complete the job perfectly there should be no compromise at all in between job specification and job description.

These days there is a demand of flexibility in job descriptions due to the sudden changes in environment led by entry of giant rivals, invention of new robust technology for production and distribution, so companies must prepare highly dynamic people who can be fit for every situation whatever may arise.

### *2.3 Recruitment*

For achieving competitive advantage the status human resources must be more in every aspect of knowledge, skill and attitudes than that of rival so recruitment which means searching of such people is very important. A better recruitment searches potential candidates who develops the organizations to lead the industry and keep in positioned.

Many commentators such as Bratton and Gold (1999) have put forward their points stating that organizations must search candidates who deserve to be the leader to drive the company in the competitive environment. Instead of specific skills to do a particular job he or she should be flexible to understand every complexity and chaos, set a mental model, understand the culture and lead the team to give better performance than rival. Hence, given the important roles commonly assigned to expatriates, which needs flexibility, right attitude and motivation as well.

### *2.4 Expatriate Selection*

In practice companies send people to different foreign locations when they enter into FDI or MNCs. The major reasons can be to support production function or distribution functions of the organizations.

The primary purpose of sending people to foreign assignment is to make a person fit so that organizations efficiency and effectiveness rise. The expatriate sent by companies must be more capable than that of the employees of foreign rivals and competitors. It is because unless total number of employees one by one is not superior in knowledge, attitude, skill and hospitality (KASH balance) the organizations may not be able to compete. In this respect it can be suggested that to some extent selecting someone who has been an expatriate before is a better alternative than considering someone who is very new to the experience. However evaluating what the need for the expatriate assignment gives the management a clearer idea of what type of employee should be send for the assignment and what are the minimum expectations of the assignment.

### *2.5 Pre-Departure Training*

Once an employee has been selected for an expatriate position, pre- departure training is considered to be the next critical step in attempting to ensure the expatriate's effectiveness and success abroad, particularly where the destination country is considered culturally tough (Dowling et al, 2008). Efficient culture training provides employees with effective ideas for adjustment to the new culture of job assignments. The major purpose of pre departure training is to get familiarise with unsuspected event that a new culture offers.

In training, the expatriates should receive should be broken in to three main areas; Language training, Job Related training, International training which is based on the culture of the organization and the culture prevailing in the respective country.

Firstly, the expatriate should be given a training and familiarization on laws prevailing in the country, cultural orientation, services available for the family of the expatriate and well as for the employee, i.e., facilities for schools work for spouse, transportation methods, possible weather changes, a political situation, import export laws and other information about the country that may be in handy when living in a foreign country.

Another type of training that must be provided for expatriates, is related to the job and what responsibilities and tasks the expatriate would be expected to full fill during the time of the assignment. This would give a detailed idea and know how of what is expected of the expatriate and how he should go about full filling his duties. This would also include training of the culture of the organization that the employee would have to work in as well as the type of people he would have to come in contact with.

### *2.6 Networking amongst Employees*

When working in foreign countries networking becomes the crucial factor. The operations of the subsidiaries should be known and be recognized by the Headquarters. When considering as HRM point of view when sending an employee as an expatriate to another country, it is the duty of the HRM manager to ensure that the employee is settled in and is having no problems in performing the take the tasks he has been set to perform. As such the happenings of the subsidiary firm which the expatriate is working should have been in constant contact with the headquarters from where the expatriate was sent.

### *2.7 Job Expectation*

Along with job evaluation should also be job expectation. This is concerned with what is actually expected of the job analysis, the results and outcome of the assignment. Job expectation should play a major role as this will identify whether if sending the employee out to a foreign country is the right thing to do, and if the assignment

has the capability to live up to its expectations. The out come and the success of the assignment would be an indicator of the credibility of the expatriate, and the manger's capabilities in decision making and judgments.

### 3. Conclusion

There are many HRM problems which come to play in the issue of expatriate planning, executing and manifesting their roles in international assignments. It is evident that management needs to assist every employee who is going to be an expatriate before any international assignments which would ease them to do their job. Firstly, the management should focus on the methodical process for recruitment and selection not simply handpicking a person they like. When sending an expatriate, as it is an expense to the company, they must make sure the person they send is the correct person and the investment on expatriate meets the expected returns and as such they must take careful measures to select the correct person. Secondly, proper expatriate training/briefing for a start should be given. Although person chosen to be an expatriate are experienced employee who had worked in many other countries before and have a good knowledge of the company and the way operations are done in the company. However, been an expatriate, does not mean that the experience in every country is the same. Each expatriate training will be different according to the country you are assigned and as such every time an expatriate goes out for a different assignment, a different training must be conducted to tackle the adjustment together and there would be far less tension and cultural shock. Another major hurdle in expatriate management is the lack of communication and networking between the head office and the rest of the subsidiaries as well as the subsidiaries in other countries. The lack of communication further reflects the failure of international assignments. But the most important factor that eradicates the failure of expartitite in an international assignments is, when sending an expatriate out on a foreign assignment, company must clearly state what is required and the reason for the assignment. Without specifying the reason for the assignment and the job expectation of the employee the company can not expect the employee to perform to potential without understanding what is expected from them.

To sum up, given the costs involved, some remedial action is possible since, the candidate has experience in the business, and if they are willing to change. These remedial actions include, offering training and additional assistance to expatriate. For instance: retreats and informal get together to develop team spirit, frequent meetings with the management to iron out problems and helping the family to adjust to the environment, including assistance to find employment opportunities for the spouse in a foreign land. However, if Human Resource Manager can take Job Evaluation, Recruitment and selection, Pre Departure Training, proper relocation and development of expatriate into especial consideration whenever there is an international assignment, a company can certainly triumph over the failure of expatriate.

### References

- Briscoe, D. R (1995). *International Human Resource Management*. Prentice Hall.
- Chew, J. (2004). Managing MNC Expatriates through Crises: A Challenge for International Human Resource Management. *Research and Practice in Human Resource Management*, 12(2).
- Coyle-Shapiro, J., Hoque, K., Kessler, I., & Richardson, R. (2011). *Human resource management*. University of London.
- Evens, P., Pucik, V., & Barsoux, J. (1998). The Global Challenge: Frameworks for International Human Resource Management. *University of London Subject Guild*.
- Gomez L. R., Balkin, D. B., Cardy, R. L. (1995). *Managing Human Resources*. Englewood Cliffs. Prentice Hall.
- Kyle, W. L., & Steve, F. (2002). Expatriate development: The use of 360-degree feedback. *Journal of Management Development*, 21(10), 780-793.
- Peter, J., Dowling, M. F., & Allen, D. (2008). *Engle International Human Resource Management: Managing People in a Multinational Context*. Cengage Learning EMEA.
- Peter, T. (2013). *The Relationship between the Management Strategies of school Principals and the Job Satisfaction Levels of Educators*. University of South Africa. Retrieved from [http://uir.unisa.ac.za/bitstream/handle/10500/9469/thesis\\_tsvara\\_p.pdf.txt?sequence=3](http://uir.unisa.ac.za/bitstream/handle/10500/9469/thesis_tsvara_p.pdf.txt?sequence=3)

### Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/3.0/>).