

Preparation Of Expatriates For Global Assignments: Revisited

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Two contributing factors generated my interest in the above topic: 1) Within the past two to three decades, expatriate opportunities for individuals around the world have rapidly increased. This growth has created a new frontier of expatriate human resource issues that many Multinational Corporations (MNC's) have had difficulty resolving; 2) With the major emphasis placed upon business schools to educate students on global issues, how have they incorporated into the curricula what we have learned about expatriate and repatriate successes and failures?

During the late 1980's, I became interested in the success-failure issues surrounding expatriate international assignments. This interest resulted in my presenting a paper on the topic in 1990 at the Global Market Economy and Society Conference held in Warsaw, Poland. My presentation focused on issues associated with expatriate selection, stress factors, international spousal and family member adjustment, success and failure experiences and repatriation.¹

Selection and preparation of expatriates for long term international assignments during this period in history are reported to be relatively unproductive. From 1970 through the 1990's, failure rates among expatriates who completed their term assignments of one or more years ranged from 30 % to 70%. Expatriates aborting assignments and returning to the United States before their contractual obligations were fulfilled were also within a similar range of 33% to 80%.²

Factors attributing to performance issues facing expatriates/repatriates from 1970 through 1990 include:³

- Inadequate selection criteria
- Inadequate orientation/training of expatriates to assist them in coping with the culture, work values and ethics of the host country
- Inadequate preparation of spouse and children in adapting to the new culture
- Marital difficulties and high divorce rates resulting from cultural shock
- Substance abuse
- Inadequate corporate communication support systems provided for expatriates while on assignment
- Gender issues
- Repatriation issues

Multinational corporations (MNC's) conducted little research to identify underlying variables that might have negative or positive impact on expatriate success or failure. During the 1970's and 1980's, research and publication in this field were not appearing in great quantities. From 1971 to 1980, only 1% of 11,000 articles were published in 24 management journals that focused on cross cultural topics relating to the international work environment. From 1984 –1988 only 9% of articles published in major international journals focused on international human resource issues. Failure rates are difficult to obtain due to the limited research in this area since Tung's research in 1981.^{4,8}

SELECTION PRACTICES AND MNC ASSUMPTIONS

Common selection practices among MNC's during the 1970's and 1980's illustrate that they seldom employed individuals outside their own corporations or outside the U.S. for expatriate positions. Most of the expatriate positions were filled with their existing employees.

A major shift, however, began to occur in corporate management selection practices during the mid-1980. MNC's began deploying fewer U.S. personnel to serve as expatriates due to the increasing percentage of expatriate failures. MNC's began reversing their hiring strategies by recruiting host country personnel for international job opportunities. They still relied on U.S. personnel, but only for short term assignments ranging from 6 – 12 months, to train host country employees.⁴

TRAINING AND DEVELOPMENT PRACTICES

MNC's during the 1970 and 1980's were also experiencing difficulty agreeing on the appropriate skills and competencies required of expatriates to be successful. Areas of disagreement among them included the following.^{5,6}

- Corporate leaders disagreed on the importance of prior international experience and expertise the employee should have prior to assuming an international assignment. While some believed prior international experience was necessary, others felt that an employee's success at the domestic level, rather than international experience, was the key predictor to being successful as an expatriate.⁴
- MNC's were struggling to discover effective training and development models to assist them in preparing expatriates to be successful. In retrospect, the 1970's and 1980's were trial and error periods for many corporations in the preparation of expatriate and repatriate orientation programs. Less than 30% of employees sent on 1 to 5 year expatriate assignments received some type of training/orientation before assuming international responsibilities. Top management generally did not underwrite training as necessary in contributing to an expatriate's successful performance.⁵
- MNC's did not advocate decentralized or customized training for expatriates within the host country. Training received was often generic and mainly offered within the U.S. borders.
- MNC's, in many cases, provided insufficient pre-training and orientation to expatriate families prior to international assignments. Typical orientation sessions for immediate family usually ranged from a few hours to a few days. Host country immersion orientation education for both employees and family members was usually not among many MNC strategic training initiatives.⁷
- Professional development opportunities for expatriates while on assignment were often lacking while their domestic counterparts benefited from corporate professional development programs and internal career moves within the domestic corporate structure.
- MNC's generally did not encourage their expatriates to learn the host country language beyond rudimentary language survival skills. Consequently, expatriates experienced difficulty communicating with all levels of host country personnel who did not have fluency in English.
- Expatriates frequently found themselves working in international firms that had no business plans, no strategic plans, few goal or objective setting processes, scarce information about market competition, ineffective cost accounting and financial management practices, few documented human resource policies, unclear staff-line designations, inadequate human resource planning and training programs, ineffective performance standards and methods for evaluating employee performance, ineffective production and inventory control systems, and major deviations from stateside corporate policies and practices.
- MNC's seldom engaged in career planning or repatriation planning for their expatriates.¹²

Lacking sophistication in the appropriate preparation of expatriates and operating on faulty human resource preparation assumptions regarding the relationship between training and successful performance, MNC's moved into the 1990's with few expatriate success stories.

COMMUNICATION SYSTEMS

Many day-to-day expatriate issues focused on coping with the communication demands of the day. For example, during the period from 1970 into the late 1980's:

- MNC corporate officers expected expatriates to be high-speed communicators, high-speed problems solvers, and high-speed decision makers. Expatriates were expected to communicate effectively with increasing spans of control due to flatter organizational structures that were commonplace among

international firms. The problem, however, was that expatriates received little if any training to deliver on these expectations.^{6, 9, 10}

- MNC expatriates were also expected to display management styles that were flexible, adaptable and participative when communicating with all levels in the international organization. The business literature at that time was rich with expectations and assumptions regarding what it would take to become a successful expatriate manager. The majority of these assumptions are communication related.
- Few well planned corporate communication support systems existed for expatriates with their U.S. counterparts. MNC's did not place high value on assisting their expatriates to continue affiliations with stateside coworkers, previous supervisors and/or with other domestic work-related affiliations. Consequently, expatriate contacts with their previous corporate relationships deteriorated over the length of time of the international assignment. This, in itself, created numerous repatriation issues for returning expatriates and their families.

REPATRIATION ISSUES

Eventually, expatriate assignments come to an end. There then comes the moment of truth for expatriates to return to the U.S and to their corporate employers. Not unlike expatriation, repatriation presents additional culture shock for returning expatriates and families. Usually, the longer the international assignment, the greater the culture shock experience. As one noted researcher stated, "Repatriation may be the most difficult aspect of an international transfer."

During the 1970's and 1980's, MNC's made few commitments to the returning expatriate that he/she will be able to return to the "old" job and receive all the benefits that were attached to it. Repatriates discovered that their job mobility and previous stateside salary levels were restricted and even plateaued due to organizational changes that transpired during their international assignment.

The irony is that expatriates, who were selected for international assignments based on their successful employment history and expertise, were becoming victims of "career regression" during their repatriation phase. Examples are abundant, illustrating repatriates having to take lower level jobs, lower salaries, and different jobs from what they held prior to their expatriate assignments. A second wave of culture shock faced them and their families.

BUSINESS SCHOOL EDUCATIONAL PRACTICES

For this period of time (1970's-1980's), one will discover that the majority of textbooks on international business topics seldom discussed, in any depth, the human resource issues mentioned above. Business majors were exposed primarily to international topics such as global economics, international finance and monetary systems, international accounting practices, importing and exporting issues, international law and geopolitical concepts. However, little information was provided to educate students on the human factors relating to expatriate success and failure issues.

CURRENT PERSPECTIVES

Moving forward from the early 1990's to 2007, we must ask ourselves what practices have changed among MNC's to improve expatriate success rates? What is being done to support a climate for successful transitioning to another culture for both the expatriate and his/her family? Here is what is known at this point in time:

- Unlike earlier trends, expatriate short- term assignments will increase by 70% in lieu of long term obligations. This will especially be the case of expatriate assignments in the European region.
- Studies have concentrated on researching predictors of expatriate adjustment, spousal adjustment and cultural adaptation to living in another country. To date, few studies have investigated the predictors of successful expatriate job performance. Surprisingly, prior international experience is found to be

negatively related to expatriate job performance.¹³ This tends to confirm one of the earlier notions during the 1990's that prior international experience is not as an important factor as one might think in predicting expatriate success.

- Published and unpublished material lead to the assumption that personality dimensions of conscientiousness, emotional stability, extraversion, and agreeableness should be considered as predictors of expatriate job success. These variables, however, are given little attention in the expatriate research literature. Personality dimensions and cultural impact may be overriding factors regardless of one's willingness to take such an assignment.¹³
- A survey of 23 multinational companies indicates that companies still consider technical expertise to be of primary importance when selecting potential candidates for international assignments. There appears to be a disagreement, however, as to what should be considered as required secondary skills.¹²

The mix of secondary skills to be considered important cover a full range of attributes from leadership to emotional intelligence to negotiating to relational management. abilities.¹¹ One study reports that fewer than half (48%) of the companies surveyed have a formal process for selecting expatriate personnel. The major tool used in the selection process is the interview process and consequent judgmental impressions made by those screening the candidate.¹²

- Causes of expatriate failures are primarily due to their inability to: 1) adapt to at least two cultures while on assignment (i.e., the work climate of the international organization and the international community in which one lives); 2) practice effective leadership and networking skills.¹²
- Few companies formally measure the success or failure of expatriate performance. This may be due to the scarcity of research examining the predictors of job performance while employed in a different work culture. It is interesting to note, however, that there tends to be common agreement among MCA's surveyed on two concepts regarding the definition of failure within the international context: 1) Failure is seen as damage to relationships with international clients or vendors resulting in loss of market share; 2) Early return of expatriates from an international assignment.¹²

Another reason why there is insufficient information on success and failure rates among expatriates is that a large number of MNC's do not formally monitor the costs of expatriate performance. The few who do measure cost will focus on pre-assignment costs and costs during the assignment, but do not measure costs associated with repatriation. It is reported that the cost of an expatriate experience (including repatriation expenses) can be 3 to 4 times that of a domestic employee. Stockholders are beginning to take notice by placing more accountability on their CEO's and corporate boards to report ROI data relative to expatriate performance outcomes.^{12, 15}

- Family issues and preservation of family structures have not been viewed as high priority retention objectives by a number of MNC's when determining expatriate assignments. This is ironic when family adjustment issues are often the main reason for expatriate failure.^{14, 16}
- There is a wide variance of expatriate success to failure ratios reported. Current studies vary and report ranges from 30% to 70%.¹⁶ Data on these issues, however, are unreliable due to a lack of definition among MNCs regarding what constitutes success or failure.¹¹

BUSINESS SCHOOL EDUCATIONAL PRACTICES: 1990 - 2007

There appears to be little in the way of significant change or coverage in business textbooks that address the issues facing MNC expatriate assignments. It's as if the major success/failure issues facing MNC's matter little in the international business arena. Consequently, as was the case during the 1970's, 1980's and 1990's, we find little change among business school text book authors in the treatment of expatriate human resource practices and associated issues.

CONCLUSIONS

- What we know about contributing factors to expatriate success and failure and repatriation issues is not much different now than when I originally delivered the paper on this subject at the Poland conference in 1990. As we enter the first decade of the new millennium, one would think that MNC's would have demonstrated significant improvement upon their policies and practices regarding expatriate selection, training and orientation, assurance of successful support systems and repatriation practices. Unfortunately, this is not the case.
- Expatriates still find themselves transplanted to international business cultures with little training in utilizing management tools common to U.S. based firms that may or may not fit with the host country business culture, such as: setting goals and targets, just-in-time planning and management, performance and production measures, employee performance reviews, and communication practices.
- There still is a great deal of variance among MNC's relative to discovering a successful model for training and preparing expatriates and families for international assignments. The time, design, and budget designated for such preparation and orientation range from the mediocre to the very sophisticated, with the majority of MNC approaches probably located in the middle to lower middle of this continuum. What many training programs have in common is that they prepare expatriates on an assumption-based model with little, if any, solid research to support their hunches.
- Expatriate assignments are no longer predominately for males. There has been improvement in the gender gap from preceding years. The trend indicates that the number of women expatriates is increasing. However, unlike their male counterparts, fewer women expatriates are accompanied by a significant other or family. Companies in Asia-Pacific had 16 times more females on assignment in 2006 than they did in 2001. Companies in North America had four times as many female expatriates on international assignments. European MNC's reported having more than twice as many female assignments in other host countries. Approximately 55 percent of the companies project that the number of female expatriates will increase over the next five years; 35 percent believe the number will stay the same with 4 percent believing it will decline. Of those surveyed, 15 percent will not send women to risk locations such as the Middle East.¹⁴
- Even with the growth trend in the utilization of female expatriates, of the 100 MNC's surveyed with nearly 17,000 male and female expatriates, it is reported that many of the firms are not providing appropriate international training or cultural orientation programs to prepare expatriate females for success.¹⁴
- In today's world, Business Colleges have the responsibility to educate students in all facets of international business. It seems that informing students on appropriate MNC best practices in the preparation and systems necessary to assure expatriate success and repatriate survival, as well as all the other related human resource dynamics associated with international assignments, is being neglected.
- Properly educating business students in these matters will definitely make them aware of what questions to ask of their employers if they ever have an opportunity for an expatriate assignment.

POTENTIAL RESEARCH PROJECTS

Reviewing past and current literature and research on expatriates' job performances suggests the following research questions:

- What are the appropriate life style values of individuals and their families who have had successful expatriate experiences when compared with those who have not been successful?
- What variables should be considered in a financial risk model to determine the financial risk potential of expatriate assignments compared with the cost of employing and training host country personal?
- What communication skill requirements are necessary competencies for expatriates relative to...?:
 - conducting meetings
 - managing projects
 - preparing reports
 - group presentations
 - conducting performance reviews

managing subcontractors
problem solving and decision-making

- What are the effective training and orientation models that are host country specific?
- What are the cultural differences among host countries in the utilization of strategic planning, HR practices, and performance evaluation methodologies?
- What are the success and failure aspects of dual career couples on international assignments?
- What are the value assessment strategies of calculating ROI for sending employees on international assignments?
- What are global best practices regarding HR expatriate/repatriate practices?
- What are the expatriate challenges facing MNCs in the next 5, 10 and 20 years?
- Are there significant differences among successful/unsuccessful expatriates relative to gender?
- How are current business text books addressing topics and issues discussed in this paper?

FOOTNOTES

¹ Minter, Robert L. (1990). Preparation of U.S. Managers for Global Assignments. Paper presented at The Global Market Economy and Society in the Twenty-First Century, Warsaw, Poland, Sponsored by the University of Warsaw (June 18-21, 1990).

² Zeira, Y. & Banai, M. (1985). Selection of Expatriate Managers in MNC's: The Host Country Point of View. *International Studies of Management and Organization*, 33-51.

³ Kobrin, S.J. (1989, Spring). Expatriate Reduction and Strategic Control in American Multinational Corporations. *Human Resource Management*. 27 (1) 63-75.

⁴ Kobrin, et.al.; Pricoa Financial Report, 2005 European Mobility Trends: Best Practices Survey, from Pricoa Relocations, Washington Office, 1-800-523-3267.

⁵ Mendenhall, M. & O'ddon, G. (1985), The Dimensions of Expatriates Acculturation. *Academy of Management Review*. 10, 39-47.

⁶ Dumaine, B. (1989, July 3). What the Leaders of Tomorrow See. *Fortune*, 48- 62.

⁷ Tung, R.L. (1988). *The New Expatriates*. Cambridge, Mass: Ballinger Publishing.

⁸ Black, J.S., & Mendenhall, M. (1990). Cross Cultural Training Effectiveness: A Review and Theoretical Framework for Future Research. *Academy of Management Review*, 15 (1), 113-136.

⁹ O'Boyle, T.F. (1989, December 11). Little Benefit to Careers Seen in Foreign Assignments. *The Wall Street Journal*, B-7.

¹⁰ Tung, p. 157

¹¹ Expatica HR (2005, November 28) <http://www.expatica.com>.

¹² Management Issues (2002, August 13) Overseas Assignments Key to Career Advancement. <http://www.management-issues.com>.

¹³ Expatica HR (2005, November 15). Bona Fide Expatriate Selection (Part II): What are the Predictors of Expatriate Success? <http://www.expatica.com>.

¹⁴ Expatica HR (2007, January 15) <http://www.expatica.com>.

¹⁵ Expatica HR (2005, November 25) <http://www.expatica.com>.

¹⁶ Expatica HR (2005, November 28) <http://www.expatica.com>.