A STUDY ON ASSESSING EXPATRIATE’S CHALLENGES DURING AN INTERNATIONAL ASSIGNMENT: INTERNATIONAL HUMAN RESOURCE MANAGEMENT PERSPECTIVE

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ABSTRACT

Expatriates are often high potential employees or experts in their field sent on high profile assignments requiring successful adaptation to another culture in order to perform their new job and fulfill the succession plan of the organization (Oddou, 2002). The development of culturally competent human resources at all levels of the organization has become a strategic imperative for multinational corporations (Earley & Mosakowski, 2004). Multinational corporations select expatriates primarily based on their technical and business expertise rather than their international experience, interpersonal skills, and cultural sensitivity (Bennett, 2004; Crocitto, 2005; Oddou, 2002; Tung, 1987). This confluence of challenges puts the international assignee in a position prone to making embarrassing mistakes in interactions with host country colleagues, damaging relationships with local managers, co-workers and business partners at a high personal and professional cost to both the employee and the organization (Adler, 2008; Shaffer, Harrison, & Gilley, 1999; Tung, 1998). The research study identifies the challenges faced by expatriate during their international assignments and remedies taken by the organization to overcome the challenges. The current study aims to understand the challenges and expectations of these expatriates from the perspective of International Human Resource Management. Four different
expatriates from various countries of their visits, sectors, experience were chosen to develop small case studies mentioned in the research paper.

Key words: Expatriate’s challenges, International Assignment, International Human Resource Management, Repatriation


1. INTRODUCTION

Expatriates play a vital leadership role in large-scale organizational development. During international projects, expatriates face diverse challenges of socialization to the new work environment in the host country, worried about the career path opportunities upon repatriation, and stressed to understand regional cultural differences and the influence of local government’s policies. (Adler, 2008; Brett, Befar, & Kern, 2006; Begley & Boyd, 2003; Caligiuri, 1999; Earley, 1987; Hofstede, 1999; 2005; Gomez, 2003; Javidan & House, 2001; Javidan et al., 2002; Marquardt et al., 2004; Osman-Gani & Zidan, 2001; Ramamoorthy & Carroll, 1998; Woodall, 2005; Thomas, 2004).

Within international human resource management (IHRM), an important research emphasis has been on the management of international (i.e. expatriate) assignments (Tahvainen 1998; Harzing and Van Ruyssseveldt 2004). The last two decades have seen a tremendous increase in theoretical and empirical research on expatriation (see Aycan, 1997; Black, Gregersen, Mendenhall & Stroh, 1999; Brewster, 1991; Dowling, Welch & Schuler, 1999; Mendenhall, Kühlmann & Stahl, 2000; Landis & Bhagat, 1996; Selmer, 1995; Tung, 1988 for reviews). This research has significantly increased our understanding of the personal and situational antecedents of expatriate effectiveness and there challenges to work on their international assignments. The study has been done for different sectors of expatriates. This exploratory study extends the current research on Indian expatriate’s adjustment and challenges while they are on international assignments.

2. LITERATURE REVIEW

Considerable international HRM literature focuses on training expatriates to increase cultural awareness and provide realistic previews of life and work in the host country, thereby increasing expatriate effectiveness and adjustment. This article emphasizes a complementary form of improving expatriate adjustment, namely, selection on individual differences resulting from the bicultural life experiences that individuals may bring with them to potential assignments. Parallel themes in literatures on biculturalism and on the knowledge, skills, abilities and other requirements (KSAOs) for expatriate effectiveness are discussed. A model integrating these bicultural life experiences/KSAOs and effects of other constructs on expatriate adjustment is proposed. Research and managerial implications follow.¹

The criteria used to evaluate expatriates' "success" in their foreign assignments were investigated by Caligiuri (1997). The three most common criteria found in studies of expatriate success have been: (1) completion of the foreign assignment, (2) cross-cultural adjustment while on assignment, and (3) performance on the foreign
assignment. Using confirmatory factor analysis, results supported the hypothesis that these three criteria, while often treated as a unitary construct, are in fact separate constructs. The relationships among these three criteria were examined using data collected from expatriates working in foreign subsidiaries of a U.S.-based multinational organization. Using self, peer, and leader ratings, the third criterion, performance on the foreign assignment was examined in greater detail. A theory of expatriate performance, including contextual, managerial, technical, and expatriate specific dimensions, is proposed in the study.2

Expatriates, who perform poorly in their overseas assignments cost multinational enterprises billions of dollars, damage firm reputation, disrupt relationships with local nationals, and often exact a cost on expatriates’ psychological well-being. International human resource management, which assumes the crucial responsibility of managing expatriates, should therefore be able to identify the competencies underlying effective expatriate performance, and evaluate cross-cultural competence and overall effectiveness. Fisher (2003) provides a theoretical explication of the relationships between the factors of intercultural effectiveness, socio-biographical characteristics, and perceived task and contextual performance of individual managers operating in an intercultural environment. Qualitative research is conducted which, in general, demonstrates the importance of examining intercultural effectiveness from the respective cultural perspectives of the expatriate and the host country client. The findings elucidate the factors contributing to the intercultural effectiveness of Western expatriate managers operating in intercultural teams in Thailand.3

Within international human resource management (IHRM), an important research emphasis has been on the management of international (i.e. expatriate) assignments (Tahvainen 1998; Harzing and Van Ruysseveldt 2004). As organisations become globalised, there is an increasing challenge to use expatriates on international assignments to complete strategically critical tasks (Gregersen & Black 1996, Brewster 1998, Downes & Thomas 1999). Research on Expatriates challenges are emphasized upon. On the basis of a review of the literature as well as interviews with focused groups of Korean expatriates, there were identified three factors: (1) job characteristics and monetary compensation associated with the position level of assignment; (2) expectation toward international relocation in terms of how it relates to career development and/or subsequent benefits; and (3) work–life imbalance issues that revolve around family as well as company support4. Higher positions carry respect and require compliance by those in lower positions (Yang and Kelly 2009). The title associated with a higher position also signifies unquestioned leadership. Thus, higher level designations are very desirable in the Korean context. Many researchers have attributed this phenomenon to Confucianism that delineates

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relationships among parties (Yeung and Tung 1996; Cho and Yoon 2001; Ip 2009). This ordering of relationships tends to function well in a society that is high on collectivism and power distance (Hofstede 2001). The reasons of dissatisfaction which has a negative influence on their overall satisfaction with an international assignment to India. India considered as one of the most challenging countries for expatriates\(^5\). India also scores low on World Bank’s (2012) ease of doing business index- ranking 132 out of 183 countries.

According to Stone (1991), ten selection criteria were key for expatriates

- Ability to Adapt
- Previous Overseas Experience
- Technical Competence
- Desire to Serve Overseas
- Spouse and Family Adaptability
- Human Relations Skill
- Understanding of Host Country Culture
- Academic Qualifications
- Knowledge of Language of The Host Country
- Understanding of Home Country Culture
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In further studies (Caligiuri, 2000) has identified the following personality characteristics as key criteria for the selection of expatriates:

<table>
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<tr>
<th>Personality Characteristics of Expatriates</th>
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<tr>
<td>Conscientiousness</td>
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As in the case of a Fortune 100 company, it was reported that its expatriates across 19 worldwide locations demonstrated greater adjustment to their work and social interactions when they had access to on-site host country mentors. If expatriates do not become part of the social network, decisions may be made without the full input and acceptance of the local employees. With the increased use of teams, expatriates who are not well integrated and accepted by their local staff colleagues are less likely to perform the job well or be satisfied with work relationships within the team. In the case of expatriates sent to transfer knowledge and expertise to local staff and train future local managers, these expatriates will not be successful if local staffs are not receptive to their presence in the host organization and are unwilling to learn from them. Whereas the importance of the spouse’s emotional and moral support has been recognized in research and practice, the role of local staff as a source of emotional support for expatriates has not been widely regarded as important. However, research in newcomer adjustment finds unequivocal evidence for the importance of supportive work relationships as well. Emotional support helps a person to believe that he or she is cared for, esteemed, valued, and belongs to a network of communication and mutual obligation.

As noted, many multinational firms have adopted HR practices that serve to differentiate expatriates from local staff which are often inequitable from the perspective of the local staff. Many of the large MNCs, such as the traditional manufacturing enterprises, have become too large, complex, and entrenched in their existing practices to effect changes to compensation policies easily. Thus, even though the benefits of a more flexible approach are widely recognized, a 2000 Price Waterhouse Coopers survey of 270 European multinational organizations reported that only 7 percent of the companies surveyed adopted such an approach. Furthermore, expatriates still tend to expect favorable compensation packages for their relocation. For example, expatriate managers of 49 Taiwanese multinationals reported that the compensation package was the most important factor in deciding whether or not to relocate internationally. In time, change should become easier as expatriates come to view overseas assignment as a valuable part of their portfolio and become willing parties to the assignment even without lavish compensation packages. However, many expatriates still have concerns over their career progression while they are away on assignment, as well as having a suitable job and promising career upon repatriation. The truth of the matter is, most multinationals do not guarantee a job upon return and do not counsel repatriates when they come home. Hence, we find that employees sometimes view overseas assignments as a career graveyard, and
that organizations are forced to provide attractive incentives to convince employees to accept long term overseas assignments. More companies have also turned to paying expatriates at host country levels (localization) or adopting more flexible approaches for compensating their employees in order to reduce their wage bills and lower pay discrepancies between expatriates and locals. Companies like Deloitte & Touche, National Semiconductor, and Towers Perrin have also started on paying for performance programs, varying compensation packages based on assignment length and type, and using more sophisticated measures to calculate cost-of-living differences. As a result, discrepancies between expatriates and local staff may be reduced. For now, though, expatriate HR practices, especially in the area of compensation, will probably continue to favor expatriates over local staff. As such, MNCs must turn to other means to overcome the negative effects of internally inequitable expatriate compensation packages.

How to Improve Expatriate-Local Relations

**At the Headquarters of the Organization**

- **Change Existing Compensation Policies** – Pay expatriates salaries more in line with local employees. But, in order to do this, the organization should:
  - Develop better plans for repatriation to assure expatriates that they will get comparable jobs upon return.

- **Select More Carefully** – Ensure that expatriates are qualified to perform the jobs expected of them at a level consistent with the pay they will receive. But this will require the organization to:
  - Make sure that expatriate managers have social as well as technical skills needed.
  - See if there are local employees who are equally qualified. If so, are they paid comparably?
  - Communicate performance expectations and criteria for success clearly to the expatriate.

- **Use Transparent Pay and Promotion Policies** – Develop pay policies that are viewed as fair and clear to all involved. But this requires the organization to:
  - Actually develop pay policies that can stand scrutiny by local employees as well as by home country employees.
  - Communicate pay policies as well as the basis for expatriate compensation rates (clear statement of hardships and barriers to overcome).
3. RESEARCH GAP

The research in Indian Expatriates context has been lagging back during International Assignments an International Human Resource Perspective. So study is carried out for the same.

4. OBJECTIVES OF THE STUDY

- To study the challenges faced by an Indian expatriate
- To find out important factors associated with Expatriate (Indian) failures/ success
- To understand and analyze important factors influencing expatriation process

At the Host Country Site

- **Emphasize Favorable Referents** - Identify alternative referent persons for host country national comparisons instead of the expatriate manager. But this requires that the organization should:
  - Determine that such reasonable comparison others exist and make them public.
  - Work to make expatriates less salient as referents

- **Breed Organizational Identification** – Build a single organizational identity instead of allowing an “us vs. them” mentality to develop. But, for this to happen, the organization must:
  - Develop a super ordinate corporate identity strong enough to overcome identification based on nationality
  - Insure that host country nationals have access to various organizational “symbols” such as a company car or parking spaces.
  - Increase the number and frequency of experiences that expatriates and host country national share
  - Develop common goals for host country nationals and expatriates to work towards

- **Prepare Local Staff** – The local employees should be trained and oriented to deal with the incoming expatriates in much the same way as expatriates are often trained to deal with locals. But this would require the company to:
  - Spend resources on training and orientation for employees who usually do not receive such attention.

- **Use and Reward Local Mentors** – Identifying mentoring expatriates as part of the local employee’s job, and then rewarding such behavior will make it more likely to occur. But this would require the company to:
  - Recognize the important role local staff plays in the success of expatriates.
  - Recognize that, normally, local staff behavior aimed at helping expatriates adjust is exhibited on a purely voluntary basis.
  - Actually reward local staffs for behaviors that help expatriates succeed.
5. RESEARCH MODEL

Among the possible ways of conducting a qualitative research there was found interviews to be the most adequate way of conducting the descriptive type of research. Furthermore, it is the flexibility that makes interviews attractive and adequate; it gives the interviewee a great deal of freedom in responding. She/he is not restricted to respond to just a few alternatives (as in a survey); rather he is free to speak unrestrictedly about his reflections (Bryman & Bell, 2007) she/he is able to share her/his views by showing all emotions and challenges she/he has faced.

Moreover, there are two major types of conducting interviews in a qualitative study: unstructured and semi-structured interviews. For the research, semi structured
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Interviews will be conducted with Expatriated interviewees. Various possible methods for conducting the research such as face to face interview, Skype Chatting and electronic mail will be considered and analyzed.

6.1. Research Scope
To study the challenges of Indian Expatriates during International Assignment.

6.2. Research type
Descriptive method. For research, semi-structured interviews will be conducted. As it was found that this method is appropriate for the stated purpose. Normally, for the semi-structured interviews, a list of questions is made before the interview as a guideline, commonly referred to as an “interview guide”. Nevertheless, the questions do not necessarily have to be asked in exactly the order they are written, because in the end, all the questions will be asked anyway. If any new questions are required to ask then they can be asked as unplanned too.

7. SAMPLING PLAN

7.1. Sample Size
4 Indian Expatriates were interviewed for the research study.

7.2. Population (Participants)
Expatriated employees of various companies who visited client side on site. Through referrals the selection of participants is carried out.

7.3. Sampling Frame
Expatriate employees of different sectors of India.

7.4. Sample Type
Non probabilistic judgmental sampling will be followed to pursue people who have undergone expatriation.

7.5. Data Source
- Primary data for Interviewing Expatriate with the help of Semi-Structured Questionnaire. The semi-structured interviews are appropriate for the study since it allows to prevent misunderstandings by asking for further explanations, and to pick up interesting things mentioned by the interviewee by asking him to develop his thoughts further. To note her/his emotions in actual when she/he speaks semi structured interview will be appropriate to know the challenges she/he has faced during International Assignment.
- Secondary data for research proposal to create base for the research study.

8. LIMITATIONS OF THE RESEARCH
As the study is carried out with very few respondents the actual conclusion may vary as we need to have more samples (respondents) to have accurate study.
9. ANALYSIS AND DISCUSSIONS
The major factors were identified which were actually the challenging factors for an Indian Expatriate’s. All such criteria’s are discussed and analyzed here. The major factors namely are as follows:

Challenges faced during International Assignment – Model 1.0
Coping strategies used by Expatriates – Model 1.1

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Coping Strategies used</th>
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<tr>
<td>Cultural Change</td>
<td>Expatriates accepted the cultural change. Adjustments were made and they curved themselves with the culture over there.</td>
</tr>
<tr>
<td>Language Barriers</td>
<td>Expatriates learned the languages of the overseas countries. They faced the problem of language but with the support of colleagues over there they learned from them and even taught there language to the colleagues over there.</td>
</tr>
<tr>
<td>Weather Change</td>
<td>Nothing can be done to change the weather. So they accepted the weather and learned to survive there by using heaters and wearing clothes as per the weather.</td>
</tr>
<tr>
<td>Work process and systems</td>
<td>For expatriates it takes time to cope up with the work process and systems in the overseas country. They work even more hard then in India and learned to work there by accepting the work process and systems in overseas.</td>
</tr>
<tr>
<td>Organizational Change</td>
<td>Expatriates were not much facing the organizational change; as they were working in MNC’s wherein, throughout the world the organization culture is</td>
</tr>
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</table>
same. But the levels of responsibilities were changed and so they were coping up themselves with it.

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<tr>
<th><strong>Food changes</strong></th>
<th>Expatriates mainly vegetarians; were facing problems of food. They cope up with this challenge by learning to cook food themselves and also started consuming more fruits.</th>
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<tr>
<td><strong>Costly things</strong></td>
<td>Transportation and basic items of food were much costly. They cope up with it by using cycles where they can instead of using public transportation and also reduced to use such vegetables which were much costly to consume.</td>
</tr>
<tr>
<td><strong>Relationship Building</strong></td>
<td>Expatriates learned to know the people over there and tried to build relationships with them. They started going out together and made new friends there.</td>
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10. CONCLUSIONS

- Most of the respondents undertook international assignments were PCNs. The advantages of sending PCNs are better maintenance and facilitation of organizational control and coordination, talented managers are offered international exposure and are the best fit for the job since they possess special skills and experiences. It also leads to cultural affinity by building common culture.
- The respondents found that the most challenging factor for adjustment was adapting to the local language, weather, food etc. of the host country.
- The findings show that compensation associated with the international assignment was the most important factor considered for success of international assignment. All expatriates were found highly satisfied with the Compensation policy made. Improper and inadequate communication from the home country office can also lead to expatriation failures.
- Most expatriates were satisfied more with the performance appraisal process because during the international assignment they were given more challenging work to do mostly, during the performance review process the appraisal was done by the supervisor from the home country itself.

11. NOTES

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REFERENCES


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