

CHAPTER SEVENTEEN

Expatriate Assignments

A: Main Teaching Points (by textbook section)

In general, this chapter examines notions of expatriate success and failure, and discusses staff policies by which the problems can be avoided and overcome.

Judgments of success or failure are very difficult to validate, in particular when criteria vary and different people are involved in making the assessment. In practice, the MNC benefits from developing its selection procedures and developing an organizational culture in which employees value opportunities to work expatriate assignments.

Make the point that expatriation is no longer practiced only by companies based in the developed countries. Increasingly, companies based in developing countries are adopting globalizing strategies, and these often entail posting headquarters staff abroad.

17.1 Introduction

The Introduction describes an extreme case; an expatriate work force that makes connections with its local environment. The point can be made asking students to answer Class Discussion Question 1 (below). In practice, operations in even the most centralized global companies are likely to have some local dependencies

17.2 Expatriate Functions

Expatriate functions are changing, and the expatriate job market is changing. This may be explained by the increased pace of change and the effects of globalizing forces. This makes it harder for managers – and students – to plan their international careers.

17.3 Expatriate success and failure

Expatriate success and failure are difficult to measure by objective criteria, and different people (in particular, headquarters and the subsidiary) may apply very different criteria.

Although most assignments succeed, many fail and these failures can be very costly. Also, failure may be difficult to solve when it is rooted in family relationships and family responses to the new cultural situation – as Tung’s data indicate. A manager worried by domestic problems is unlikely to perform at peak efficiency. A problem for the MNC is how to recognize the needs of the spouse/dependent, and how far these can be accommodated. This problem influences selection, training, and support programs (the latter two discussed in the next chapter).

Failure is often explained by notions of cultural distance – that some cultures are intrinsically harder to adjust to than others. In practice, cultural distance is difficult to measure objectively, but most people seem to share this perception. Perhaps the *perception* of distance is the important factor.

Section 17.3 compares Tung’s United States data (*Academy of Management Executive*, 1(2), 1987) with data from the United Kingdom and Japan. Cultural factors influence what problems occur and how problems are identified and assessed. For example, the “*dokikai*” is significant in Japanese culture but has no equivalent in American culture. Attitudes towards schooling differ. (In practice, many American families send their children to other-than-American schools, even when American schools are available; if there is no Japanese school, the Japanese children are likely to be schooled in Japan.)

The Japanese data show that Japanese managers working in the United States are frustrated by their American subordinates; this seems to reflect the different relationships and communication styles between superior and subordinate in the two cultures. How far do the same problems arise for the Japanese manager in other countries?

Note also that the Japanese posted to a subsidiary where cultural control is practiced are likely to be working alongside a number of their compatriots (who give support) but the American is far more likely to be alone, the sole representative of headquarters.

In sum, evaluations of expatriate success and failure should always be treated with reserve. Further questions have to be asked about each “failed” assignment. Do headquarters, subsidiary, and the individual agree on the cause of failure? What criteria are being employed? Was the job description realistic in the circumstances? How might the conditions of the assignment have been improved? If the assignment had been longer, could failure have been prevented – or might it have been worse?

Finally, it is implicit that no direct comparison can be made between American, European and Japanese expatriate success/failure rates, and that Americans are not necessarily innately bad expatriates.

17.4 *Selecting for success*

It is in the interests of both headquarters and subsidiary that expatriate managers function at maximum efficiency. It is in both their interests that they design and implement systems for minimizing the effects of expatriation, and that they closely coordinate their efforts in this respect.

Make clear that the more effective the selection, the less the investment needed in training – in theory. In practice, no selection process can be perfect. Changes in the business environment can very quickly mean that the person who seemed the ideal appointment a short time before is no longer equipped to cope in the new situation. In such cases, training and support may be essential.

An MNC making an expatriate appointment from its headquarters staff benefits from as large a pool of internal applicants as possible. This pool is developed by an organizational culture in which experience abroad is valued. An international culture motivates interest in and commitment to investments made abroad.

B: Implications for the Business Student

(This section modifies the material on pp. 392–3 of the textbook.)

Many business schools send teachers abroad for short or long periods, to teach on foreign-based programs. Interview them to answer these questions.

1. How does the business school measure success and failure in teaching abroad?
 - What criteria for success are set by the business school?
 - What criteria are set by the foreign host?
 - Are the criteria set by the business school realistic, given the constraints of the situation? If not, how might they be revised?
2. In what assignments is the teacher accompanied by spouse or family members?
 - In what respects does the presence of an accompanying dependent or dependents improve the quality of the assignment?
 - In what respects does it detract?

In what assignments is the teacher typically *not* accompanied?

 - In what respects does this improve the quality of the assignment?
 - In what respects does it detract?
3. Who decides on the appointment of the teacher to the assignment?
 - In what respects does the foreign host influence the appointment?
 - Should the foreign host be more, or less involved in the appointment process?

C: Class Discussion Questions

1. Do you know of any cases similar to that described in section 17.1 (of an expatriate workforce that does not connect with the local environment)? Please describe them.
2. Why might expatriate managers from Country X (choose a country) fail in expatriate postings in your country? Why might managers from your country fail when expatriated to Country X?

3. What personal qualities does a manager from Country X need in order to succeed in your country? What qualities does a manager from your country need in order to succeed when expatriated to Country X?
4. The wife of an expatriate American manager who can enjoy a career at home is likely to feel deprived when posted to a country where, as a dependent, she is not permitted to take work. Do you think that this non-availability of work would be an irritant if the couple are from:
 - Japan?
 - Saudi Arabia?
 - Other countries that you know of?

D: Answers to the Exercise

This case demonstrates the problems that can arise when the company commits itself to international investments that it cannot adequately staff.

- a. The post needed communication skills, cultural aptitude, and a commitment to the project.
- b. There is no evidence that technical engineering skills were as important.
- c. The company's international strategy appears to have focused on securing new projects before considering how they might be resourced. In particular there appears to be no long-term planning of human resources.
- d. The selection process apparently focused on technical skills rather than the qualities needed to build creative relationships. The use of a cultural aptitude test appears to have been cosmetic; the bad result achieved by Keil did not influence his appointment.
- e. The company did not have an organizational culture that rewarded work abroad.

E: Additional Exercise Material

Assume that your organization (place of work or business school) has an overseas subsidiary in one of the following countries. (If your own country is listed, do not choose it.)

- Malaysia
- The United States
- Hungary
- Jamaica
- South Africa.

The subsidiary was established 18 months ago. The manager, appointed from headquarters staff, is returning on home leave (for the first time) next month. His appointment has another 18 months to run.

Design a home-leave debriefing program. Take into account:

- Your needs for information; the range of information
- The functions that this information will serve
- Your need to prepare the manager for briefing on termination of his posting in 18 months' time (but you hope that he will be sufficiently motivated to renew his expatriate assignment for a further year)
- *Who* will debrief
- *How* the manager will be debriefed (for instance, interview, questionnaire, meeting, written report, etc., any combination of these).

F: Test Bank

1. A 1997 survey suggested that:
 - a. The total number of expatriates working abroad may be on the rise
 - b. The total number of expatriates working abroad is in decline
 - c. The total number of expatriates working in the oil industry world wide is in decline
 - d. The total number of companies making expatriate appointments is in decline.(Answer, a: p. 377)
2. A major factor on the changing expatriate job market is that:
 - a. Many companies can no longer afford the expenses involved in long-term expatriation
 - b. More companies can no longer afford the expenses involved in employing local managers
 - c. Most companies can afford the expenses involved in conducting short-term consultancies abroad
 - d. Fewer companies can afford the expenses involved in conducting short-term consultancies abroad.(Answer, a: p. 377)
3. Eschbach et al. (*International Journal of Human Resource Management*, 12(2), 2001) cite data indicating that:
 - a. More than 50 percent of American expatriates curtail their assignments early
 - b. Between 10 and 50 percent of American expatriates curtail their assignments early
 - c. Between 10 and 50 percent of American expatriates fail in their assignments
 - d. Fewer than 10 percent of American expatriates fail in their assignments.(Answer, b: p. 379)

4. Tung (1987) found that the most common cause of expatriate failure in American MNCs was:
 - a. The manager's lack of motivation to work abroad
 - b. Insecurities arising from being cut off from his/her fraternity of co-workers
 - c. The manager's emotional immaturity
 - d. Inability of the manager's spouse to adjust.

(Answer, d: p. 380)

5. Research by Black and Stephens (*Journal of Management*, 15(4), 1989) found that, in the case of American expatriates, the spouse's adjustment was:
 - a. Highly correlated to that of her husband (the expatriate manager)
 - b. Not highly correlated to that of her husband (the expatriate manager)
 - c. Certain when she felt positive about the foreign assignment before leaving home
 - d. Conditional upon her finding work at the country of assignment.

(Answer, a: p. 380)

6. Research by Bonvillain and Nowlin (*Business Horizons*, November–December, 1994) found that:
 - a. 18 percent of Americans posted to Saudi Arabia fail
 - b. 18 percent of Saudi Arabians posted to the United States fail
 - c. 36 percent of Americans posted to Tokyo fail
 - d. 68 percent of Japanese posted to Saudi Arabia fail.

(Answer, a: p. 382)

7. A magazine article found that a common cause of expatriate failure in Japanese subsidiaries based in the United States was:
 - a. The manager's lack of motivation to work overseas
 - b. Insecurities arising from being cut off from his fraternity of co-workers
 - c. The manager's emotional immaturity
 - d. Separation from his spouse.

(Answer, b: p. 383)

8. A 1995 survey of 200 Singaporean MNC managers found that employees' top concern was:
 - a. Children's schooling
 - b. The wife's adjustment
 - c. The foreign food
 - d. Loss of career status.

(Answer, a: p. 384)

9. Typically, American companies:
 - a. Insist that their expatriates take postings of at least 4 years
 - b. Insist that their expatriates take postings of less than 2 years
 - c. Accept that their local managers will not wish to serve for more than 2 years
 - d. None of the above.

(Answer, d: p. 385)

10. Single postings:
- Have the disadvantage that they are less flexible
 - Have the advantage that they increase the administrative load
 - Have the advantage that they reduce the administrative overload
 - None of the above.

(Answer, c: p. 388)

11. A problem with expatriating a manager who has ethnic affinities with the local unit may be that:
- Locals assume that he/she shares their values against those of headquarters
 - Headquarters expects that he/she will support local interests against headquarters
 - Locals know that he/she doesn't share their values
 - He/she doesn't share local values.

(Answer, a: pp. 390–91)

12. Management hopes to motivate dependents by:
- Rewarding them for not accompanying the expatriate
 - Keeping them uninvolved in the proposal to relocate to the expatriate post
 - Involving them early in the proposal to relocate to the expatriate post
 - Only involving them at a late stage in the proposal to relocate to the expatriate post.

(Answer, c: p. 392)