



EFFECTIVE EXPATRIATE MANAGEMENT FOR GLOBAL BUSINESS SUCCESS A STUDY WITH SPECIAL REFERENCE TO EXPATS FROM IT SECTOR

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Abstract

An expatriate is an employee who is working and temporarily residing in a foreign country (Dowling, Welch, 2009). Some companies call such employees “international assignees”. Apart from the company supporting the expatriates during their assignments, the expatriate faces difficulties in terms of inability to adapt, difficulties with family adjustment in the new environment, problems associated with different management styles, cross culture and language issues, problems with the accompanying spouse and children’s in their career development. According to the 2011 Global Relocation Trends Survey report from Brookfield GRS, there was a 61% increase in expat assignments in 2011 following a downturn due to the economic pressures. Moreover, the study highlighted the role of family dynamics plays a key role in expatriate assignments and also cited the top challenges are partner resistance (47%) and family adjustment (32%).

The primary aim of this paper is to study the expatriate problems and issues among the Indian expats. In addition it is to know the factors influencing expatriation among Indian expats. The data was collected during Last quarter of 2014 and first quarter of 2015. Employees who had travelled on international assignments for a minimum period of three months to three years were considered as respondents for this study. A total of 407 expatriates were contacted through snow ball technique and 334 had responded for a response rate of 82 percent. Structured questionnaire along with semi-structured interviews were conducted for collecting data. The results of the study indicate that, expatriation is a painful process in the initial years in terms of adjusting to the socio cultural aspects and the work related aspects in the foreign country. However, if the supervisory officers are co-operative along with the peer support, expatriates can excel in the assigned portfolios and can give effective productivity in terms of deliverables and service quality.

Key Words: Cross Cultural Training- Work Environment- Intellectual Capital- Skilled Professionals.

1. Introduction

With the organisations becoming global and with more business opportunities and challenges, the need for expatriates in global locations becomes the need of the hour. Internationally, HR Executives need to understand and note the signs of potential global assignment requirements and their impact on the overall performance of business and long term goals of the firm. International projects are affected by many factors that potentially affect the adjustment of expatriates such as personal factors, previous international experience, cross- cultural training, job factors, organizational culture, work environment and value system as well as various non-work factors (Black, et al., 1991). Effective selection and ensuring the cross cultural management for expatriates contributed to the growing awareness among business objectives and the requirements from the employees’ side in terms of intellectual capital expertise.

1.1 Expatriate

Expatriate refers to international job assignments for a specific period of time (Wang, 2008). Many organizations that have currently succeeded in their domestic markets have taken their businesses at global level. The globalization of businesses is boosting the demand for skilled expatriates to manage the operations of global firms (Olsen & Martins, 2009). For example, 80% of medium and large organizations have employees abroad, and 65% expect the number to increase. Also, 54% of the expatriates are at the younger age group (20-39 years old up from 41%). The trend indicates that the number of women expatriates is also showing up interests in the international assignments by 21% from historical 15% (Ball et al., 2010). A survey by Mercer (2008-2009) also proves that international assignments are gaining momentum. This survey encompasses 243 MNCs who operate at the global level with 94,000 expatriates (compared to 50,000 in 2005-2006). About 47% of employees experienced an increase in the deployment of traditional expatriates. Also, there has been a 38% increase in those employees that are considered nomads who move from country to country on multiple assignments. Moreover, in May 2008 a GMAC Relocation Trends survey also found that despite a slowing economy, 68% of MNCs continued to relocate employees at record levels (Deresky, 2011).

1.2 Need for the study

In this rapid global Market, a clear comprehension of the identities, background and overall well being of expatriates is necessary. Employees with updated management skills are becoming a critical competitive resource for international



organizations (Olsen & Martins, 2009; Kraimer, et al, 2009). MNC managers should motivate and make an effective communication between expatriates and their families to reduce conflict and disagreement arising from international assignments. An effective interpersonal relationship of expatriates with their families will be required and essential for their adjustment to the international assignments and cross cultural environment. This view suggests that sufficient communication between family members can reduce potential conflicts and enable expatriates to adapt and adjust to abroad life and work in order to perform effectively and efficiently (Wang, 2008). In addition, many other parameters related to work environment, culture, ethics and value system, behavioural issues at work can influence the performance of an employee. Indian IT employees are known for their work diversity and cross cultural issues at work with the wide spread of job rotations in their career. A foreign country may be new to them in terms of language, demographics, environment and local customs. Hence, present study is conducted to know the issues and concerns of Indian expatriates. In addition, in the recent past the individuals are more willing to spare time with family and lot of uncertainty is prevailing on the social security and safety.

1.3 Factors influencing work performance of expatriates:

The demand for IT professionals is increasing in foreign countries. Indian companies are competing to win the contract abroad and send IT expatriates to foreign country. The companies are spending high budget in Training, Visa processing and many other facilities to comfort expatriates. In spite of the effort taken by those companies, Expatriates faces challenges in the host country which creates stress resulting in low performance and premature return.

Many of the reasons for the failure of expatriates and their early return to home country were due to ineffective selection procedures, issues related to gender and race, substance abuse, and improper training of the expatriates (Minter, 2008). The family of the expatriates has been found to be the most highlighting factor contributing to expatriate success or failure of their international assignment. For example, spouse/partner dissatisfaction and adjustment issues has been reported as the top reason for international assignment failure among expatriates (called as a premature return), particularly in dual-career households (Brown, 2008). Foster (1997) also noted that the influence of expatriate families on the employee's adjustment is frequently accompanied by stress. An expatriate's assignment includes, managing the change in the new environment, managing new experiences and challenges that result in stress. The sources of stress include relationship strains, unmet expectations and local pressures (Brown, 2008). An expatriate who may have to deal with a very different culture and an unfamiliar work environment unlike what he/she is accustomed to in the home country becomes increasingly stressed out. Managing stress could affect expatriates adjustment and their comfort level about living and working overseas. According to a 2008 survey by Just Landed, 68% expatriates found the moving abroad is more difficult than expected, while only 8% found it easier than expected. Their biggest problems were adapting to the local culture (85%), finding new friends (72%), learning the local language (42%) and finding accommodation (38%). This study indicated the impact of expatriate's adjustments in work and life which will directly affect an expatriate's employee work performance

2. Review of Literature

An expatriate is an employee who is working and temporarily residing in a foreign country (Dowling, Welch, 2009). Some companies call such employees "international assignees". To operate in an international environment, a human resource department must engage in a number of activities, which would not be necessary in a domestic environment (Dowling, Welch, 2009). Hodgetts, Doh and Luthans (2006), states that training helps expat managers to understand the customs, cultures, and work habits of the local place. Jean McEnery and Gaston DesHarnais (1990) states that knowledge of the business practices in the relevant country, human relations skills and foreign language skills as the important skills required for an international assignment. Surprisingly, in their survey, respondents rated knowledge of the target culture as the least critical skill.

Another variable which can reduce the problems of expatriates is previous international experience. It is logical to assume that previous experience in living abroad – especially in the same foreign country to which a person is currently assigned will facilitate adjustment, even though some culture shock will still occur (Black, Mendenhall, Oddou, 1991). According to Black (1999), previous international experience can help expatriate candidates know what to expect when relocating to a new country. It greatly reduces uncertainty and may help them to adjust better. Despite several research insights on cross-cultural training and cultural shock, there are very few empirical researches linking age and monetary benefits, number of years of experience and pre-departure training, previous international experience and expatriate's work satisfaction and relationship between expatriates enjoying to travel abroad and ability of spouse to adjust.

3. Background of the Study

The conceptual definition of expatriates' as per the researcher in this study is 'any employee who is sent on company-initiated assignment to overseas location for a definite period of time, and returns back to India after his successful



completion of the assignment'. The empirical study aims to identify and evaluate the expatriates' job related issues, family issues and cultural issues of the host country. The main objectives are further divided into sub-objectives and hypotheses are formulated. Review of literature provides detailed understanding of the problems faced by expatriates along with the resolution strategies. The researcher here tries to understand whether Indian expatriates' still face similar problems, in spite of the organization taking measures to solve them.

4. Research Objective

1. To study the problems and factors influencing expatriate decisions of expatriates in the sample.
2. To find out the suggestions for the expatriate problems.

5. Methodology

The data was collected during Last quarter of 2014 and first quarter of 2015. Employees who had travelled on international assignments for a minimum period of six months to three years were considered as respondents for this study. The respondents were chosen by adopting snowball sampling technique. A total of 407 expatriates were contacted and 334 had responded for a response rate of 82 percent. Structured questionnaire along with semi-structured interviews were used for collecting data. The questionnaire consisted of demographic details of expatriates, followed by questions relating to job, motivational factors, socio and cultural issues of expatriates.

The questionnaire was formulated using a multiple options and 5 point likert scale. All the demographic aspects of expatriates were collected through multiple responses and the issues, concerns, motivators and the suggestions to overcome expatriates issues are collected through Likerts scale responses. Majority of the responses were collected personally as well as through email. Twenty six respondents were accepted to meet in person and to answer the semi-structured interview schedule. Appointments were fixed over telephone/mail and then the respondent was interviewed as per the convenience of the researcher and the respondent. During the interview the respondents was allowed to explain his own experiences and problems during expatriation leading to fewer questions from the researcher. This helped the researcher to identify micro level difficulties of expatriates. The questionnaire tested for cronbach's alpha revealed 0.823, 0.811 and 0.824 on job-related, work related and socio culture related questions respectively.

5. Data Analysis and Discussion

5.1: Data analysis using Percentage Analysis (Frequency distribution)

Table 5.1: Frequency distribution of sample on the basis of Gender

Gender	Frequency	Percentage	Valid Percentage	CumulativePercentage
Male	200	59.9	59.9	59.9
Female	134	40.1	40.1	100.0
Total	334	100.0	100.0	

Source: Primary data/Questionnaire

It is observed from the Table 5.1, that 59.9 percent of the expats are male and the remaining 40.1 percent are female in the sample. Gender has high level of association with the expatriation status. The majority of the men prefer to go abroad for career up gradation, employment stability, financial reasons and other organizational needs. However the women as an expat have many issues to be considered at home and in the society. The environment prevailing in the foreign country, culture and other aspects need to consider before the expatriation decision. Further, here the opportunity for gender discrimination is very less and each expat decision is purely individual and in very few cases, it is organizational. However, today in IT sector expatriation is more preferred for many reasons like work stability and job security is assured in many expatriate sits when compared to India. In some cases expatriation and onsite jobs are considered to be merits and further step of growth in the career. Hence, the role of gender in expatriation is highly influencing variables only in the social point of view. In terms of employment, career prospects and financial benefits it is highly attractive and encouraging. Women are no way inferior to men in expatriation and work in on site jobs abroad.

Table 5.2: Frequency distribution of sample on the basis of Age in years

Age in years	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Upto 25	48	14.4	14.4	14.4
26-35	147	44.0	44.0	58.4
36-45	66	19.8	19.8	78.1
Above 45	73	21.9	21.9	100.0
Total	334	100.0	100.0	

Source: Primary data/Questionnaire



It is noted from the table 5.2 that, as much as 44 percent of expats in the IT sector is belongs to 26-35 years age group. It is followed by 21.9 percent belong to the age group of above 45 years. The younger age group is interested in expatriation due to earning potential and career prospects. Where as senior executives prefer to have difference cultural management experience to equip them and to learn new aspects of technology and management dynamics in different business environment. However, age plays a major role in expatriation decisions because of social obligations with family and society and health issues. Hence, expatriation is linked with family, society and health at different points of time and age in life. It is individual, who took the decision for expatriation to tune his obligations for expatriation.

Table 5.3: Frequency distribution of sample on the basis of Educational Qualification

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Upto HSC	43	12.9	12.9	12.9
Diploma	52	15.6	15.6	28.4
UG	26	7.8	7.8	36.2
PG	129	38.6	38.6	74.9
Professional	84	25.1	25.1	100.0
Total	334	100.0	100.0	

Source: Primary data/Questionnaire

It is observed from the table 5.3, that the post graduate holders and professionals are highly preferred expats when compared to others in the sample. It is represented with the higher percentage of representation in the sample with 38.6 percent and 25.1 percent respectively. It may be due to the requirements from the clients and to charge the higher level of invoice based on the profile of the executives. Hence, the role of qualification in expatriation acts as a one of the decision variable while selection of the executives for expatriation and for onsite jobs abroad. The possibility of expatriation is high when an executive is having post graduate and professional degrees when compare to others in the sample.

Table 5.4: Frequency distribution of sample on the basis of Nature of field worked/working

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Engineering including IT	108	32.3	32.3	32.3
Science and Research& Development	50	15.0	15.0	47.3
Business, Finance and Management	35	10.5	10.5	57.8
Arts and Humanities, Law, Education	52	15.6	15.6	73.4
Medical and Paramedical	89	26.6	26.6	100.0
Total	334	100.0	100.0	

Source: Primary data/Questionnaire

It is found from the table 5.4, that the expatriation is happening in almost all the streams of business. The higher level for expatriation is observed in IT sector with 32.3 percent in the sample. It is followed by Medical and Paramedical with 26.6 percent, arts and humanities with 15.6 percent, science and research with 15 percent and business and management with 10.5 percent in the order of priority in the sample. This indicates that, India is exposing its horizons to all the fields and becomes a think tank to the many countries and for many domains. But issues in expatriation need to be addresses with good level of bilateral agreements in terms of trade, immigration, law and order is concerned. This can further help the free movement of executives and to have a mutually win-win situation.

Table 5.5: Frequency distribution of sample on the basis of Level of management

Level of management	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Shop floor level	102	30.5	30.5	30.5
Middle level	163	48.8	48.8	79.3
Strategic Level	69	20.7	20.7	100.0
Total	334	100.0	100.0	

Source: Primary data/Questionnaire



It is observed from the table 5.5, that the expats from India are placed at 48.8 percent at middle level management, 30.5 percent at lower level or shop floor level executives and 20.7 percent are at strategic and managerial level. This indicates that, India is one of the knowledge pool and process experts in various fields of business. Hence, it is the need of the hour to optimize the expatriation and this can help in pooling out huge amount foreign exchange reserves and also to establish good relations between the countries for the benefit of both at individual level and at economy at large. The issues like under invoicing, harassment and discrimination at work needs to be eradicated to bring out the best of the talents and to promote the quality of services to the expat country. This can also helps in building confidence among the expats to take up the assignments from time to time as per the requirements of the organization.

A. Null Hypothesis: There is no significant difference between the mean ranks of factors of expatriate management and culture prevailing in the expatriate countries.

Table 5.6: Mean Ranks of expatriate management and culture factors along with significant value

Expatriate management and culture factors	Mean Rank	Chi square value	P value
Professional Factors	2.94	67.921	0.000**
Environmental factors	2.54		
Awareness Factors	2.31		
Social factors	2.21		

Since p value is less than 0.01, the null hypothesis, (Chi square value=67.921, p=0.000), There is no significant difference between the mean ranks of factors of expatriate management and culture prevailing in the expatriate countries is rejected at 1% level of significance. Hence, it is statistically, inferred that There is a highly significant difference between the mean ranks of factors of expatriate management and culture prevailing in the expatriate countries.

Based on the mean scores, it is noted that the hierarchy of factors influencing expatriation environment and culture is found in the order of priority of professional factors with the mean rank of 2.94, environmental factors with the mean rank of 2.54, awareness factors with the mean rank of 2.31 and social factors with the mean rank of 2.21. Hence, professional and environmental factors are considered as primary factors influencing the expatriate management and culture prevailing in the country of expatriation. The steps to improve professionalism and environment relating to immigration policy, protection to the foreigners, work environment, aspects of discrimination needs to be put under vigilance and create a friendly atmosphere can help to improve the situation to a greater extent.

B. Null Hypothesis: There is no significant difference between the mean ranks of personal, social, cultural, safety, and self ego Problems faced by expatriates in the sample

Table 5.7: Mean Ranks of problems faced by expatriates along with significant value

Problems faced by expatriates	Mean Rank	Chisquare value	P value
Self Ego Problems	3.97	204.023	0.000**
Cultural Problems	3.03		
Personal Problems	2.98		
Safety Problems	2.58		
Social Problems	2.44		

Since p value is less than 0.01, the null hypothesis, (Chi square value=204.023, p=0.000), There is no significant difference between the mean ranks of personal, social, cultural, safety, and self ego Problems faced by expatriates in the sample is rejected at 1% level of significance. Hence, it is inferred that, There is a highly significant difference between the mean ranks of personal, social, cultural, safety, and self ego Problems faced by expatriates in the sample. Based on the mean ranks, the problems faced by the expatriates in the order of priority are self ego problems with the mean value of 3.97, cultural problems with the mean value of 3.03, personal problems with the mean value of 2.98, safety problems with the mean value of 2.58 and social problems with the mean value of 2.44 respectively.

C.Null Hypothesis: There is no significant difference between the mean ranks of suggestions to improve expatriate management environment.



Table 5.8: Mean Ranks of suggestions to improve the expatriate management environment along with significant value

Suggestions to improve the expatriate management environment	Mean Rank	Chi square value	P value
Pay for the work- Fair reward system	6.68	100.570	0.000**
Positive and motivated expatriate environment	6.55		
Satisfied experience with the expatriation process	6.54		
Society and social interactions with locals	6.45		
Level of trust	6.44		
Interpersonal relations and cross cultural training	5.73		
Closed and nurturing peer behaviour	5.7		
Job security and reliability of employment	5.69		
Transparent and systematic Management of the organization	5.59		
Career growth prospects	5.54		
Working conditions	5.08		

Since p value is less than 0.01, the null hypothesis, There is no significant difference between the mean ranks of suggestions to improve expatriate management environment is rejected at 1% level of significance. Hence, statistically, it is inferred that, there is a high significant difference between the mean ranks of suggestions to improve expatriate management environment among the sample. Based on the mean ranks, the suggestions to improve the expatriate climate and culture recorded in the order of priority are Pay for the work- Fair reward system with the mean rank of 6.68, Positive and motivated expatriate environment with the mean rank of 6.55, Satisfied experience with the expatriation process with the mean rank of 6.54, Society and social interactions with locals with the mean rank of 6.45, Level of trust with the mean rank of 6.44, Interpersonal relations and cross cultural training with the mean rank of 5.73, Closed and nurturing peer behaviour with the mean rank of 5.7, Job security and reliability of employment with the mean rank of 5.69, Transparent and systematic Management of the organization with the mean rank of 5.59, Career growth prospects with the mean rank of 5.54, Working conditions with the mean rank of 5.08 respectively.

6. Suggestions

1. Pay for the work- Fair reward system is required to satisfy the expatriates in many ways. The balanced theory is applied by many. The pay should equalize the sacrifices plus the work stress and nature.
2. Positive and motivated expatriate work environment in the organisation without cultural bias is need of the hour because in most of the cases, it is a hurdle.
3. Satisfied experience with the expatriation process is to be established to attract the foreigners and to have the cordial work environment.
4. Society and social interactions can be planned by the corporate to ease the stress and to improve interpersonal relations with local communities.
5. Level of trust on various aspects of employment like pay, facilities, job security, personal and health care is to be stressed.
6. Interpersonal relations and cross cultural training can help in boosting the trust and confidence of the people at work.
7. Closed and nurturing peer behaviour can help in improving and coping the work skills required at the earliest possible time.
8. Job security and reliability of employment is the prime cause of concern for expatriates and it should be sorted.
9. Transparent and systematic Management of the organization can improve the morale and loyalty of the employees towards the organization.
10. Career growth prospects of the expatriates needs to be ensured by considering their efforts towards company.
11. Working conditions should be hygiene and motivating in nature.

7. Conclusion

The results of the data analysis indicate that the expatriate environment prevailing in the countries of expatriation is mixed in nature. The basis issues of cross cultural, in the form of personal, self ego, cultural, social, safety and environmental indicates the need for improvement of the level of awareness of the environment in the dimensions of social, cultural, environmental, and behavioural aspects of expatriate country. This can be possible only through training to the employees on off-shore culture and frequent short trips to understand the working conditions, language, culture and behaviour of employees at work.



This can help in improving the confidence of the employees and to take up the off-shore expatriation, in times of need to the organization. A committed co-operation along with positive attitude towards the problem from all the stake holders is a key in the success of improving the expatriation management environment in the multi stake holder environment.

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