EXPERIATION STAFFING PRACTICES

N. Krishna Gowda and Dr T P Renuka Murthy
1 Professor, 2. Professor,
1.Research Scholar,Singhania University.
2Vivesvaraya Technological University, Mysuru, India.

Abstract: In the global competitive environment, Expatriate effectiveness is necessary to improve the business. It is connecting business relationship from one country to another country that means spreading their business to all over the world and improves their total turnover and profit. From the effective expatriate effectiveness only it is possible to achieve organizational goal productively and also weather condition also differ which will effect on efficiency of expatriate. Human Resource Manager is taking care of all measure for staffing of the employee who is working outside the country. This paper summarizes and analyses the available literature of expatriate staffing practices and effect on different components of IHRM.

Key words: Expatriat, staffing , Expatriate Effectiveness, components, IHRM and efficiency.

I Introduction

Effective expatriate followers in a desired manner to achieve desired goals. Expatriate effectiveness may affect organizational performance. 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 crosscultural competence and overall effectiveness through the right selection process.

II Review of Literature

Motives for using expatriate employees

We begin our discussion by considering some of the reasons why MNCs use expatriate assignees to staff their foreign operations. This is significant as empirical research has shown that the reasons why expatriates are sent on assignment may have an impact on job performances, adjustment and roles performed (Shay & Baack, 2004) although it is important to note that many assignments generally have more than one rationale (Sparrow et al., 2004) while there may be few ‘pure’ cases whereby assignments have a singular purpose.

We first consider a seminal work in the field of international staffing, the Edström and Galbraith (1977) study. Edström and Galbraith (1977) identified three key motives for utilizing international transfers. Firstly, when qualified local country nationals were not available, particularly in developing countries, expatriates were used to fill positions. Secondly, organizations use international assignments (IAs) as a means of developing individual employees. This type of assignment is aimed at developing the global competence of the individual manager and indeed organizations utilizing this type of assignee are likely to do so regardless of the competence of employees in the host environment. Finally, IAs could be utilized as a means of organizational development. In this instance IAs are used to transfer knowledge between subsidiaries and to modify and sustain organizational structure and decision process. The significance of Edström and Galbraith’s study is reflected in the fact that, since its publication, it has formed the basis of almost all research on the functions of international assignments.

Having examined the reasons why MNCs use expatriates in their foreign subsidiaries, we will now take a more strategic focus and look at the factors which influence the composition of senior staff in multinational subsidiaries.

We take Perlmutter’s (1969) seminal paper as our point of departure in this regard. Perlmutter introduced a classification of multinationals which differentiated between firms on the basis of their attitude toward the geographic sourcing of their management teams. Initially he identified three approaches to the staffing of MNCs: ethnocentric, where all key positions in subsidiary operations are filled by parent-country nationals
(PCNs) or citizens of the country where the HQ is located; polycentric, where foreign subsidiaries are primarily staffed by host-country nationals (HCNs) or managers from the subsidiary location; and geocentric, which involves filling positions at both HQ and subsidiary level with the ‘best person for the job’ regardless of nationality; in later work he introduced a fourth approach, the regiocentric approach, where organizations are conceptualized on a regional basis and managers are generally selected on the basis of ‘the best in the region’ with international transfers generally being restricted to regions (Heenan & Perlmutter, 1979).  

III Selection of expatriates  
Dowling et al. (1999) state that, “the challenge for those responsible for selecting staff for international assignments is to determine appropriate selection criteria” (p. 84).  
The selection of an individual is a critical function in organizations because this requires setting of criteria on the basis of which individuals can be screened and selected. After the need of sending individual to host country is determined the next phase is to select the expatriate. There are numerous factors on the basis of which the development and selection of managers for overseas assignment can be relied on. Some of these include Managerial competence, Technical competence, Cross-cultural competence/adaptability, Personal stability, Previous international experience, Family stability, Language skills, Knowledge of foreign country, Marital status (Haslherge & Stroh, 1992). Apart from these, Intercultural Communication skills and Intercultural sensitivity also can be effective criteria for selecting an expatriate. Intercultural communication skills have been identified in the majority of studies focusing on capabilities for international tasks where as intercultural sensitivity is the emotional capability to be sensitive toward individuals from a different national culture (Graf, 2004). Intercultural competence measures did predicted ratings of intercultural decision quality in an intercultural organizational scenario. (Graf & Harland, 2005). Harvey and Novicevic (2001) performed a quite thorough literature review on expatriate selection and found that technical or functional expertise was the primary selection criterion in the initial stage of expatriate employee selection. Scholars have described and prescribed expatriate selection criteria based on the assumption that certain factors are predictors of successful expatriation (Black, Gregersen, & Mendenhall, 1992). Mendenhall and Oddou (1985) identified five personal attributes related to successful overseas adjustment, namely job factors, relational dimensions, motivational state and language skills.  

IV Expatriate Selection Criteria  
Job factors (Job behavioral tendency):  
1. Technical competency/Knowledge (e.g., Aycan, 2000; Forster & Johnson, 1996)  
2. Self-preservation – ability to control, enjoy and maintain mental health (e.g., Mendenhall & Oddou, 1985)  
3. Managerial and Decision making competency (e.g., Marquardt & Engel, 1993)  
4. Perceptual skills (Strategic awareness, sensitivity to environmental constraints, world events and their impact on the long-range perspectives of the business (e.g., Feildman & Tompson, 1993; Torbion, 1982),  
5. Past performance (e.g., Suutari & Brewer, 2001)  
6. Earlier international experience (e.g., Aycan, 2000; Suutari & Brewster, 2001)  

V Relational dimensions:  
1. Interpersonal skills (e.g., Caliguri, 2000a,b)  
2. Good communication skills (e.g., Abe & Wiseman, 1983)  
3. Social knowledge, internal/external business networking (e.g., Abe & Wiseman, 1983; Harvey & Novicevic, 2001; Suutari & Brewster, 2001)  
4. Concern for host country workers and desire to fit in (e.g., Mendenhall & Oddou, 1985)  

VI Motivation State (include personality and personal traits)  
1. Adaptability (e.g., Arthur & Bennett, 1995)  
2. Cultural empathy and cultural toughness (e.g., Arthur & Bennett, 1995; Mendenhall & Oddou, 1985)  
3. Extroversion, agreeableness, conscientiousness, emotional stability, and openness – the big five (e.g., Caliguri, 2000b; Torbion, 1982)  
4. Flexibility (e.g., Arthur & Bennett, 1995; Mendenhall & Oddou, 1985)
5. Intrinsic Motivation (e.g., Suutari & Brewster, 2001)\textsuperscript{17}
6. Potential (e.g., Toribion, 1982)\textsuperscript{22}
7. Self-efficacy (e.g., Torbion, 1982)
8. Tolerance for ambiguity (e.g., Suutari & Brewster, 2001)\textsuperscript{17}
Family situation: family support (e.g., Torbion; Tung, 1986)\textsuperscript{21}
Language skills: (e.g., Mendenhall & Oddou, 1985; Suutari & Brewster, 2001)\textsuperscript{23}

VII Training of expatriates

After an individual is selected, the next phase is to train the individual for the overseas assignment. The training can enhance the chance of expatriate success. Even only the provision of training can influence the expatriates. The expatriates themselves tend to be more positive if there is provision for training while companies are often uncertain about the value of training for expatriate assignments. With the destination of the expatriate responses to the provision of formal training programs will vary. It was interesting to find that the value of training will vary with the point at which they were asked their views (before, during, and after assignment) and with the anticipated length of the assignment (Brewster). Environmental briefing, basic cultural orientation, and some language training (Mendenhall & Dunbar, 1987)\textsuperscript{23} also facilitated the expatriate success. Language, cultural awareness, country specific information, cultural assimilation, flexibility, and local business norms (Romero, 2002)\textsuperscript{24} were other factors that enhanced expatriates with learning about how to adjust in the host country.

High performing organizations emphasize knowledge and skill development for team and managerial skills as well as technical skills (Lawler et al., 2001)\textsuperscript{25}. Attention to the individual differences in training needs, motivation, and training choices reflects current beliefs about the requirement of effective training (Colquitt, Lepine, & Noe, 2000; Kraiger, 2003)\textsuperscript{26}.

VIII Expatriate Compensation Practices

Several researchers in the past have studied and undertaken research pertaining to expatriate compensation from the viewpoint of different factors.

Baruch\textsuperscript{27} 2004 explains that the use of expatriate employees of organizations in their foreign subsidiaries represents a substantial investment with costs of expatriate failure reaching exorbitant levels. Supporting the same view many researchers have tried to estimate the expatriate failure, recent estimates suggest that each expatriate failure, a premature departure, can cost an organization in excess of $1 million (Insch\textsuperscript{28} and Daniels, 2002; Wentland\textsuperscript{29}, 2003). In today’s intensely competitive labor market attracting and retaining the best and brightest professionals is the lifeblood of any successful organization with global operations. Further, experienced expatriates are more valuable than ever as organizations continue to extend their global markets. This is crucial since organizations need expatriates who can lead the charge as they seek out new global clients and new revenue streams (Dwyer\textsuperscript{30}, 1999; Sims\textsuperscript{31} and Schraeder, 2004; Zingheim\textsuperscript{32} and Schuster, 2001). A lack of expatriate professionals who know the business and are motivated to perform at the highest level could result in companies not being able to compete adequately in emerging foreign markets. Further, compensation of expatriates is regarded as a key component in the effectiveness of global operations (Lowe\textsuperscript{33} et al., 2002). This reinforces why it is imperative for organizations to effectively compensate expatriates, regardless of location (Dwyer, 1999; Freedman\textsuperscript{30} and Vardy, 1998). One of the issues that organizations have to address when considering this failure rate is the role that compensation plays in the whole expatriate dynamic (Baruch, 2004). From an operational perspective, many organizations have adjusted or entirely revamped expatriate compensation (Phillips\textsuperscript{34} and Fox, 2003). Organizations quickly discovered that compensation is among the most important factors a prospective expatriate considers when accepting an overseas assignment (Baruch, 2004). There are numerous factors to consider when developing expatriate compensation plans and many organizations are simply not “getting it right” as suggested by a number of studies (e.g. Chen\textsuperscript{35} et al., 2002; Wentland, 2003).

A key factor that has an impact on expatriate compensation is the consideration (by the parent organization) of local markets in the host country. Research indicates that perhaps no other variable has a greater impact on expatriate compensation (relative to the home country’s compensation system and market) than the cost of living in the host country (Frazee\textsuperscript{36}, 1998b; Overman, 2000). The vast majority of firms (some 92 percent of firms included in a frequently cited study conducted by Price Waterhouse in 1996 of 370 firms that utilized
expatriate employees) considers the cost of living in the host country when computing expatriate compensation (Frazee, 1998b). Generally, employers use a “no loss” approach when developing compensation packages. Within this framework, expatriate compensation is adjusted upward for higher costs of living, but is not adjusted downward if the cost of living in the host country is less than the home country (Frazee, 1998b; Overman, 2000).

Parkes (2008) argues that organizations need to understand the needs of individuals and the rewards/incentives they value to prevent the breach of their psychological contract. She advocates leadership policies which require all supervisors and managers not only to manage employee but also to know them as people. The only condition to know what appropriate monetary and non-monetary rewards to use and how to provide them in a fair way.

Klaus (1995) describes how to establish an effective expatriate program. He reviews the best practices to ensure successful American international assignment, such as development of an expatriate compensation policy, employee selection, immigration, tax-effective compensation, orientation and training, relocation, assessment and repatriation, and program administration.

The results of the study by De Vos and Meganck (2007) highlight that there is a discrepancy between HR specialists and employees’ views regarding financial rewards. The former develops retention policies relating financial rewards while employees attach most importance to inducements related to the social atmosphere, career development and job content. Dickmann, Doherty, Mills and Brewster (2007) as well as Pate and Scullion (2010) indicate that HR specialists seem to overestimate the weight of financial compensation over other motivators expressed by expatriates.

IX Expatriate Cross-Cultural Practices

So far, various researchers have written about culture (House, 1998)42. Out of all the published material, Hofstede, Trompenaar and Hall are among the famous researchers whose work have been referenced by researchers all over the world because they had examined all the possible aspects of national as well as organizational culture.

Caligiuri, Lazarova, and Tarique (2005) point out that cross-cultural training aims at helping employees feel comfortable living and working in a host country, thus enhancing their cross-cultural adjustment and strengthening their ability to understand and appreciate multiple cultural perspectives. On the other hand, cultural awareness training “does not necessarily help the trainees learn anything specific about the host culture in which they will be interacting” (Bhawuk & Brislin, 2000, p. 170). Ashamalla (1998) argues that CCT should be accompanied by foreign language training because knowledge of the language of the host country is vital to successfully living and working in that country.

Expatriate assignments may facilitate intersubsidiary communication and coordination (Boyacigiller, 1991; Rosenzweig, 1994) by transferring overall corporate philosophies and the company vision along with the expatriate. Having worked for the company in its home location, it is likely that the expatriate has “bought into” the corporate culture through assimilation and socialization, and would therefore communicate goals and objectives in the manner in which they were intended. The practice of employing expatriates may be a strategic move on the part of an MNC to increase the international experience and knowledge base of present and future managers (Boyacigiller, 1991).

Generally, cross-cultural adjustment is conceptualized as the degree of psychological comfort with various aspects of a host country (Black, 1988; Oberg, 1960; Nicholson, 1984). In the past, most researchers have conceptualized cross-cultural adjustment as a unidimensional phenomenon (Gullahorn & Gullahorn, 1962), much as job satisfaction (Wanous & Lawler, 1972) and organizational commitment (Reichers, 1985) originally were.

However, like these two constructs, recent research suggests that cross-cultural adjustment is also a multifaceted construct (Black, 1988; Black & Stephens, 1989). Expatriates adjust to work, to interacting with host nationals, and to the general environment, while spouses adjust to interacting with host nationals and to the general, foreign environment (Black & Stephens, 1989), although the exact type of host country nationals and general environmental factors spouses confront might vary somewhat by individual.
The concept of “cross-cultural adjustment” began with earlier work on culture shock. Culture shock was defined as the period of anxiety before an individual feels comfortable in a new culture (Oberg, 1960). Subsequent research found that not all sojourners experience the same level of anxiety, or experience anxiety for the same length of time (Church, 1982; Stening, 1979). This resulted in the study of cross-cultural adjustment as an individual difference criterion, which could potentially be predicted, rather than as a fixed period of anxiety that all sojourners will necessarily experience when they enter a new culture (Black, 1990).

Cross-cultural adjustment is “the individual’s affective psychological response to the new environment and its variables” (Black, 1990). Therefore, the cross-cultural adjustment is an internal, psychological, emotional state and should be measured from the perspective of the individual experiencing the foreign culture (Black, 1990; Searle & Ward, 1990). Cross-cultural adjustment is defined as the process of adaptation to living and working in a foreign culture. It is the perceived degree of psychological comfort and familiarity a person has with the new host culture (Black, 1988; Black et al., 1991).

The first facet is work adjustment, which involves the adaptation to new job tasks, work roles, and the new work environment. Work adjustment is aided by similarities in procedures, policies, and task requirements between the parent company and host subsidiary abroad (Black, Gregersen, Mendenhall, & Stroh, 1999). The second facet is interaction adjustment, which involves the comfort achieved in interacting with host nationals in both work and non-work situations. Black et al. (1999) argue that interaction adjustment is the most difficult of the three facets to achieve. The third facet is general adjustment, which involves the overall adaptation to living in the foreign culture (Black, 1988) and comprises factors such as housing conditions, health care, and cost of living (Black & Stevens, 1989).

X Conclusion

It is observed that from the available literature, all the studies conducted are related to the large sector which intern reveal that expatriate staffing, job factor, motivates, training and compensation are interrelated. Thus, expatriate staffing can affect the quality of work performance. Since much work has not been carried out with respect to expatriate performance, there is a need for the study of the effect of expatriate staffing and performance.

References:


