

Why do so many
expatriates fail on
foreign assignments?



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EXECUTIVE SUMMARY

This literature review reviews why many expatriates fail on foreign duties. This literature established understanding of the concept of expatriate failure, and discusses the main causes of expatriates' failure. Despite increased participation in international markets, poor productivity and failure rates of expatriates remain very high. There are some major factors contributing to failure rates, these include but not limited to expatriates inability to adjust to foreign duties, inability to adjust to the new culture, the expatriates cannot adapt to new physical and culture surroundings. Expatriates' spouse cannot adjust to new environments, language and family problems. Organizations must be diligent in their management of foreign base assignment. In addition to selecting the right person for the job, expatriates must also be properly prepared for life and work within the new culture through cross-cultural training. Also, expatriates should be provided with ongoing support while overseas; and the organization must make it easy to repatriate employees to the firm once his or her overseas assignment is completed.

INTRODUCTION

The purpose of this paper is to review the existing literature on expatriate's failure and the causes and how to reduce expatriates failure and ways to improve expatriates productivity. An expatriate refers to anyone living or working outside their home country (Kreitner, Kinicki and Buelens 2002) . According to (Mendenhall) the term expatriate failure means ending the international assignment before the contract expires. Most of the articles used simply define expatriate failure as the premature end to the assignment, either with or without listing reasons. This is also the definition <https://assignbuster.com/why-do-so-many-expatriates-fail-on-foreign-assignments/>

adopted by the two most important articles, in terms of citations by other authors (Harzing, 1995)] in the literature about expatriate failure rates: Tung (1981) and Mendenhall and Oddou(1985). In establishing understanding of the term “ expatriate failure”, these consist of premature end to an international assignment” and “ premature end caused by a reason”(Black). Some authors do question the validity of this definition, even if they are not offering alternatives. An understanding of expatriate failure as “ underperformance, or similar, during the assignment” is also unfolding, and some contributions include repatriate turnover (expatriate leaving the company shortly after repatriation) and repatriation problems. However, what has been missing in some of the journals used so far is a critical, systematic and integrated approach to these various definitions.

According to Webb and Wright, there are many benefits to the individuals on foreign assignment, including an international business experience and may have a number of constructive outcomes in their future career, including skill acquisition, personal development, and long-term career advancement (Black et al., 1992). However, such an experience is not without difficulties. On the opposing side , many expatriation problems have been reported as inadequate preparation by the expatriates to take up foreign post . In addition to the often-cited family and social tensions linked with expatriate assignments (Black et al., 1992; Shaffer et al., 1999). It is well accepted that the Career implications of global assignments are often frustrating. A lack of respect for acquired skills, loss of status, and reverse culture shock on return are recurring problems in many companies (Daily et al., 2000; Caligiuri and Lazarova, 2001; Stahl et al., 2002). The following section identifies and <https://assignbuster.com/why-do-so-many-expatriates-fail-on-foreign-assignments/>

discusses the factors that caused the expatriates employees or managers to fail on foreign duties. Discusses implications on the foreign worker and the company on global duties. Presents the reasons why the expatriate assignment is not always a success. Suggests a methodology for choosing an employee for overseas work and discusses such aspects as personality, competences, cross-cultural management and family issues. Suggests ways in which companies could improve the outcome of assignments for all concerned.

THE LITERATURE

The articles used in this literature review is a mixture of academic literature and surveys of global firms and managers by some experts . Most of the articles used are peer reviewed and some are not . Not all the articles refer to the whole why do so many expatriates fail on foreign assignment. Some of the articles studied the expatriate experience: implications for career Success. By Webb A. and Wright C . Another looked at getting the Job Done over There: Improving Expatriate Productivity by Bird A and Dunbar R. The third studied think piece: Expatriate failure: time to abandon the concept? By Anne-Wil Harzing and Claus Christensen. The fourth is titled expatriates' psychological withdrawal from international assignments: Work, nonwork and Family influences by Margaret A Shaffer and David A Harrison and the fifth is titled The paradox of adjustment : UK and Swedish expatriates in Sweden and in the UK by Chris Brewster. The bibliography lists the sources read and consulted for this paper.

FACTORS CAUSED EXPATRAITES EARLY WITHDRAWAL OR FAILURE ON FOREIGN ASSIGNMENT.

Cross-cultural adjustment of expatriates is an exclusive aspect of international assignments. Expatriate's adjustment means living and working in a foreign culture environment . Adjustment to the new culture and coping with that culture is an integral part of expatriates success or failure. The level of comfort a person enjoys in his or her environment determines how far he can go in his foreign assignment (Black, Mendenhall, & Oddou, 1991). When expatriates are not well prepared for the new environment on foreign land, there are tremendous consequences on the performance of the expatriates. It can cause an early withdrawal or total failure of expatriates. Work adjustment is clearly job-related, cultural adjustment is primarily nonwork-related, and interaction adjustment overlaps the work and nonwork environments.(Black). Several antecedents of these adjustment dimensions have been explained, but little has been done by the some writers to formally or clearly connect cross-cultural adjustment to expatriates' early return decisions. Black and Stephens (1989) and Gregersen and Black (1990) found strong relationships between intent to stay and various dimensions of expatriate adjustment. Job satisfaction, however, was not a part of these analyses.

Family context factors, expatriates spouses and family members have huge influence on the success or failure of the foreign worker. Two of the articles included nonwork-related factors in their models of turnover, but there is no agreement about how or where these factors have an impact on the process.

Some suggest that nonwork factors influence turnover indirectly others depict nonwork factors as moderators of the job attitude intent to leave relationship (Steers & Mowday, 1991) or as direct determinants of turnover (Price & Mueller, 1986). Despite these theoretical considerations, only a few practical studies of organizational withdrawal have included family variables beyond marital status or number of children (e. g., Blegen, Mueller, & Price, 1988). Findings have been generally weak or inconclusive. Survey conducted for MNC (multinational cooperation)in USA findings indicate that the primary cause of early termination of expatriate assignment is the failure of the spouse to adjust. While an expatriate may have work to consume both attention and time, spouses (the vast majority of whom are women) find themselves in new surroundings in which they do not know how to accomplish even the most basic daily tasks. A simple thing such as shopping for groceries can require great effort, both physical and mental. Many Americans are used to doing grocery shopping on a weekly basis. They drive their cars to supermarkets where they use shopping carts, buy lots of food, load it in their cars and drive home, where they store it in plentiful cupboard and refrigerator space. In Japan, houses are smaller, storage space less plentiful, supermarkets tiny, and parking lots almost nonexistent, some of basic needs make the foreign worker family unable to cope with life in their environment and subsequent withdraw or underperform to expectations of the organisation, the research . conclude.

Another factor is skills needed to carry foreign duties; this refers to the degree to which a job requires a variety of different activities to do the work. One of the most distinctive features of an expatriate assignment is the

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requirement of different skills. Unlike work usually done by support staff in home country, expatriates usually lack such support in doing the work on foreign country. Some task previously delegated to subordinates frequently must be carried out by the managers themselves. One expatriate, the head of the Japanese branch of a major U. S. air-conditioner manufacturer, ran a literally one-man operation. Relying extensively on temporary workers for clerical support, he represented the company in dealings with government officials, involvement in industry associations, and negotiations with major clients. He also supervised the delivery of goods to Japanese customers, as well as managed the company's market expansion activities in Japan. His widely varied responsibilities called for an equally wide set of skills and talents. Most of the expatriates lack these skills and those that have the skills are too burden and lack motivation as there are no proper support staff to help with the work load. They end up withdrawing or underperform in their job .

Lack of feedback is another factor contributing of expatriate's failure; this refers to the degree to which carrying out work activities results in obtaining direct and clear information about the effectiveness of performance. Sources of feedback for expatriates are less abundant and not regular compare to home country staff regularly receive feedback from management. Being overseas means having less access to informal networks that provide stateside staff with feedback outside the normal organization. Formal performance appraisals tend to occur less frequently and are more often conducted by people who have had less contact with the expatriate manager than is true for domestic managers. Feedback through Performance

outcomes is also difficult. Financial statements of a foreign subsidiary are subject to manipulation by headquarter strategists in pursuit of corporate objectives. Moreover, exchange-rate fluctuations can further reduce the usefulness of financial statements as a source of feedback.

IMPLICATIONS ON EXPATRAITES AND THE ORGANISATIONS

There are number of implications to the expatriates and their organisations when an expatriates overseas assignment is a failure. A related question here is the way in which premature returns (i. e., failure in an expatriate assignment) might affect an employee's career path. In a study by Riusala and Suutari (2000), some respondents had considered returning home early (i. e., not seeing their assignment through to its completion). However, most of these expatriates were wary of doing so because they believed that failure to complete the overseas assignment would adversely influence their career prospects back home. In fact, 31% of the respondents who contemplated an early return believed such a move would ' very negatively' affect their career, and 45% believe it will negatively affect their career. Organisation need to offer some practical support, in order that they can be more productive .. Without these supports , their performance will be low and turnover very low and the organisation profit margin will fall. It is imperative that organizations are opened to the nature of the future assignment in order that the expatriates to make an

informed decision about whether becoming an expatriate will ultimately help or hinder their standing within the organization. In terms of intra-

organizational career success, it may not always make sense to agree to be

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sent overseas. At the same time, organizations need to be honest about the link between expatriate assignments and career success within their own organizations. Moreover, if organizations can find ways to reward former international assignees, it should not only assist them in attracting future expatriates, but also enable them to retain those who have already completed an overseas assignment.

REASONS WHY EXPATRIATES ASSIGNMENT IS NOT ALWAYS A SUCCESS

Every year tens of thousands of businesspeople venture abroad on international assignments. Some stay for a few days, others a few weeks or months, and still others stay for a few years. All seek to achieve some task or mission of significance to the organizations they represent. Many fail to achieve the level expected of them from their organisations.

Estimates of the number of international assignments ending in failure range from 25 to 50 percent. Moreover, estimates of failed assignments do not include instances in which the assignment was completed, but at a minimally acceptable level of performance. It has been estimated that an additional 30 to 50 percent of American expatriates stay in their international assignments, but are regarded as either marginally effective or ineffective by their organization.

The expatriates to succeed on foreign duties, managers need to live within the foreign business arena for several years in order to gain the necessary experience. Unfortunately, overseas assignments are often ill-planned and disorganized, leading to poor job performance and or job displacement. The

costs of failed expatriate assignments are high, therefore, both financially for the organization and from an individual career perspective. Expatriate failures are a human resource waste, as most of these employees would have had good work records prior to their overseas assignment. Failures can also be a heavy blow to the expatriate's self-esteem and personality . A research conducted for MNC as many as 40 per cent of all expatriate assignments fail owing to poor performance, or the inability of the expatriate to adjust to the foreign environment. In addition, it is estimated that as many as 50 per cent of those who do not return prematurely will function at a low level of effectiveness. Less than one third of expatriate failures are considered to be job related. Primary reasons for failure include factors relating to family situations that disrupt the adaptation of the employee and the expatriate's lack of interpersonal skills. The number one and two factors blamed for these failures is the inability of the spouse and the inability of the employee to adjust to an unfamiliar foreign culture.

METHODOLOGY FOR CHOOSING EXPATRIATES FOR FOREIGN ASSIGNMENT IN ORDER TO REDUCE FAILURE RATES

The recent increase in global trade calls for relocation of international managers to take on jobs in foreign countries. The candidate for the post has to be chosen carefully so as to minimise failure. One of the articles believed that, there is the need to choose a person who has some cross-cultural experience. Expatriates who are unfamiliar with the cultural realities of the host country are often not only unhappy living abroad but also are a liability to the organization. International assignments and problems of adjustment

to a foreign culture can present various problems including diminished work performance.

Other problems include substance abuse, work holism, psychological and infidelity

problems, which can undermine the ability of an individual who previously exhibited consistent career performance and a successful family and social life.

Being an expatriate is a rigorous experience that requires the manager simultaneously to learn new business concepts, to supervise subordinates from a different culture, to deal with family relocation issues and to adjust personally to a new culture. Often, the employee with the best work record at home is the wrong person to send overseas. The skills and attitudes required in the home office may be completely unsuitable in the foreign environment

Personal characteristics are of the utmost importance when selecting the right candidate . In addition, during their domestic work experience, employees should have demonstrated the ability to adapt easily and quickly both to expected and unexpected changes. In an international assignment, differences in cultures can overwhelm an individual who is unable to adapt to new rules and new ways of conducting business.

Stress also plays a major role in international assignments, especially in the initial months when the expatriate must learn to deal with a novel culture; where the usual

manner of dealing with life situations is no longer effective. Employees who have proven stress management abilities and are able to work effectively when under stress make good candidates for expatriate assignments.

WAYS COMPANIES COULD IMPROVE FOREIGN ASSIGNMENT FOR ALL CONCERNED

There are number of ways in which organisations can do to improve foreign assignment for all concerned. To lower the incidence of failure and raise productivity among expatriates, individuals and organizations can take a number of steps.

Before moving overseas, prospective expatriates begin to make certain adjustments. They try to determine the ways in which their work and personal life will change, they try to prepare for those changes and, when possible, they make adjustments before arriving in the host country.

Determining what and how to adjust is based both on an individual's past experiences and on perceptions of where gaps exist in his or her abilities, skills, and knowledge. For example, a manager who perceives an overseas assignment as imposing high demands on technical skills will be inclined to spend more pre departure time improving those skills . It is very important to studying the local language before arriving to the foreign country .

Organisations must constantly keep in touch with the expatriates and offer any kind of support needed by the foreign worker; in this case they know the company is behind them. Expatriates should be rewarded for success and repatriation made easy for their return when the assignment is completed.

CONCLUSION

The components required to create proficient international managers as agreed by three of the writers include language training, cross-cultural and business orientation and training, family consultations and cross-cultural training, mentoring programmes and a career management approach to expatriation and repatriation. Effective programmes will address human resources before, during and after the foreign assignment. When the above components are lacking the expatriates are bound to fail on foreign duties.

Expatriates report that they receive significant personal and self-development benefits from foreign assignments. They gain a broader, global perspective on the firm's operations. Their communication skills are enhanced because of their exposure to different cultures. The more complex the environment, the more it enhances their planning and motivation techniques, thus, confidence increases. These types of development can have positive career and organizational implications. Thus, managers must establish ways to better manage this significant

Resource (the expatriates) in order to maximize the wealth of knowledge and experience gained from international assignments.

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