

Hrm strategy for expats assignment

[Business](#), [Management](#)



Executive Summary This study highlights problems in the preparation and selection process and hopefully will provide a HR department with a HRM strategy for any company operating internationally to select and prepare staff for expatriate management roles. The companies that prepare and select their expats effectively come in many sizes and from a wide range of industries. Yet research has shown if they follow the below general practices; the chance of success outweighs the chances of failure considerably, • Assign overseas posts to people whose technical skills are matched or exceeded by their cross cultural abilities. Screen candidates' spouses and families • End expatriate assignments with a deliberate repatriation process. However when failure occurs in the international business arena the human and financial costs of failure in particular, indirect costs such as loss of market share and damage to overseas customer relationships may often be linked to poor management of expatriates. Since most expatriates work under minimal supervision in a distant location, mistakes in selection are likely to go unnoticed until it is too late.

To choose the correct employee for an international assignment the organisations should train the expatriate to prepare for their life and work abroad. Lack of training is a major cause of expatriate failure and approaches for overseas preparation would include: • Visits to the host country • Briefing by host country managers • In-house management programs (with a focus on cross cultural adaptability) • Training in local negotiation techniques (training in team building and conflict resolution) • Introduction to organizations that provide personal and professional support (i. e. AMCHAM, ANZCHAM, In Touch Foundation)

By management analyzing and addressing these issues companies would end up with much more loyal, culturally rich and enthusiastic international employees even when the international assignment ends. Introduction In today's global economy having a work force that is fluent in the ways of the world isn't a luxury. It's a competitive necessity. But international assignments don't come cheap and are not always a guaranteed success. This study will look into a comprehensive description of what would provide the best HRM strategy for a company operating internationally to select and prepare staff for expatriate management roles.

Companies increasingly operate in an interconnected world, and as mentioned well qualified people remain a crucial source of sustainable competitive advantage. The growth of international business at a time when most international organisations are under increasing cost pressures had led these organisations to take a sharp look at their policies for employees transferring from one country to another – the expatriates. An understanding of the management of these expatriates is of growing importance to new HRM strategies in the preparation and selection phase due to a number of reasons. Recent years have seen rapid increases in global activity and global competition. As the Multinational companies increase in numbers and influence, so the role of the expatriates in those companies grows in significance. • The effective recruitment, selection, training and management of expatriates internationally are increasingly being recognized as a major determinant of success or failure in international business. • It is increasingly recognized that the human and financial costs of failure in the international business arena – while not so common as sometimes argued are

considerably more severe than in the domestic business. In particular, indirect costs such as loss of market share, demoralization and demotivation of local staff and damage to overseas customer relationships may be considered. There is evidence that many companies underestimate the complex nature of HR problems involved in international operations and that business failures in the international arena may often be linked to poor management of expatriates

Criteria for selection of Expatriate Managers

Reach has shown that the main criteria for the selection process are based primarily on the following factors:-

- Job factors
- Cultural empathy, flexibility and adaptability to cultural change
- Spouses and dependents situation
- Independence and self-reliance
- Leadership ability
- Language training
- Age, experience and education
- Motivation for a foreign assignment
- Physical and emotional health

When a company takes into consideration the above criteria in most cases the international assignment for the expat will be a rewarding experience both for the individual and the company, however selecting the wrong person for any job can lead to failure and cost the company money.

But the stakes are higher for expatriate assignments. Global projects always require extra care in handling different cultures, politics and business practices. And critical to their success is sending the right people abroad. That's why planning is critically important in creating a successful international assignment program. Managers and HR people should be looking for and grooming candidates before a need arises. Preparation and selection

In its approach to preparation and selection, an organization

considers both headquarters' practices and those prevalent in the countries of its subsidiaries.

The choice of employee for an international assignment is a critical decision. Since most expatriates work under minimal supervision in a distant location, mistakes in selection are likely to go unnoticed until it is too late. To choose the best employee for the job, management should:

- Emphasize cultural sensitivity as a selection criterion
- Establish a selection board of expatriates (with qualified local and expat managers)
- Required previous international experience
- Explore the possibility of hiring foreign-born employees who can serve as “ expatriates” at a future date
- Screen candidates' spouses and families

A successful expatriate must be able to both do the job and handle (the stresses and challenges of) a new cultural environment. Hence, the expatriate must do his job competently, learn to live comfortably in a new culture, and ensure that his family adapts as well. The companies that prepare and select their expats effectively come in many sizes and from a wide range of industries. Research has found that they all follow the following general practice.

- They assign overseas posts to people whose technical skills are matched or exceeded by their cross cultural abilities.

Companies that select expats wisely do not assume that the people who have succeeded at home will repeat that success abroad. They assign international posts to individuals who not only have the necessary technical skills but also have indicated that they would be likely to live comfortably in different cultures.

- They end expatriate assignments with a deliberate

repatriation process. Most executives who oversee expat employee's view their return home as a non-issue. The truth is, repatriation is a time of major upheaval, professionally and personally, for the expats.

Companies that recognize this fact help their returning people by providing them with career guidance and enabling them to put their international experience to work. Sending the right people As mentioned before, technical skill is frequently the main reason that people are selected for open posts. But managers often send people who lack the ability to adjust to different customs, perspectives and business practices. In other words, they send people who are capable but (may be) culturally illiterate. Question should be how do you weed out people who perhaps are culturally illiterate?

Investigating these cultural characteristics that make an expat successful research shows the following:-

- A drive to Communicate. Most expats will try to communicate with local people in their new country, but people who end up being successful in their jobs are those that don't give up after early attempts either fail or embarrass them. (Critical skills are listening, empathy, validating, confirming and consensus building)
- Broad based Sociability. The tendency for many people posted overseas is to stick with a small circle of fellow expats (" Expat ghetto").

By contact, successful global managers establish social ties to the local residents, from shop keepers to government officials for insight into a local market and to learn to adjust to strange unfamiliar surroundings.

- Cultural Flexibility. It is human nature to gravitate towards the familiar – that's why many Americans overseas find themselves eating lunch at McDonalds. But

the expat who add the most value to their company by staying the duration and being open are those willing to experiment with different customs. • Cosmopolitan Orientation.

Expats with a cosmopolitan mind-set intuitively understand that different cultural norms have value and meaning to those who practice them. • A Collaborative Negotiation Style. When expats negotiate with foreigners, the potential for conflict is much higher than it is when they are dealing with compatriots. Different cultures can hold radically different expectations about the way negotiations should be conducted. Thus collaborative negotiation style, which can be important enough in business at home, becomes absolutely critical abroad. Family Screening and Preparation

Another reason and probably the biggest single reason why expatriate assignments fail is due to the spouse and children. Ask accompanying expatriate spouses anywhere in the world to identify the most overwhelming loss they feel after moving abroad and identity will likely be the near-unanimous reply. Who am I? They ask themselves this question too often lying prone on a bed in a new, unfamiliar, and half-unpacked home, overcome by depression and unable to imagine the exotic life which lay beyond the bedroom door. The spouse's adjustment is one of the secret links to making any international assignment a successful one for the entire family.

Virtually every study that has examined the causes of overseas assignment success finds the same thing – which family and spouse adjustment are the most important factors. Too often spouse's needs are disregarded, and they

are left to their own devices when it comes time to move. Parents' largest worry is often centered on their child's adjustment. Children, and especially teens, may be confused and upset with the anticipated changes, and feel powerless, as they are usually not the ones making the decision to leave.

Below depicts the typical normal morale curves felt by both the expatriate and spouse leading up to the move and his term overseas, source by (Farnham Castle Center for International Briefing 2004) Expatriate training Expatriates are more successful when their organizations train them to prepare for their life and work abroad. Lack of training is also a major cause of expatriate failure approaches for overseas preparation would include the following:

- Visits to the host country – A previsit to the work location may be arranged for the Employee, accompanying spouse and children.

The previsit enables the family to become acquainted with the new environment as well as to arrange for practical matters such as housing, banking and schooling of children.

- Briefing by host country managers – To advise the employee on their local subsidiary business related strategies in their respective organizations so that employee understand the strategies and is eager to make a great contribution to achieve them.
- In-house management programs – Support with tools to understand and develop engagement capabilities, e. g. ffer 360 assessment tools based on the new competency framework.
- Training in local negotiation techniques – Techniques and skills that can be applied to numerous circumstances when preparing an effective strategy for negotiation. Cross-cultural understanding and local practices can be a major obstacle to the effectiveness of an

employee moving to another country. The ability to relate quickly and effectively with colleagues and clients and of individual family members to settle happily in a new country makes a very important contribution to long term success.

Probably, especially for new young expatriates the most important aspect of expatriate training is cross-cultural training (CCT). Such training prepares an expatriate to live and work in a different culture because coping with a new environment is much more challenging than dealing with a new job. Table 1, outlines some of the popular models covered ones and give a brief description of each. Table 1. Cross-cultural training methods | Cultural Briefings | Explanation of the major aspects of the host country culture, including customs, traditions, | | everyday behaviors. | Area Briefings | Explanation of the history, geography, economy, politics and other general information about | | the host country and region. | Cases | Portray a real life situation in business or personal life to illustrate some aspect of living | | or working in the host culture. | Role Playing | Allows the expatriate to act out a situation that he or she might face in living or working in | | the host country. | Culture Assimilator | A written set of situations that the expatriate might encounter in living or working in the | | host country. | Field Experiences | An opportunity for the expatriate to go to the host country or another unfamiliar culture to | | experience living and working there for a short time. | International Staffing Philosophies Examining the current different types of international staffing philosophies, they can be categorized in three different brackets. Ethnocentric staffing approach Companies following the ethnocentric approach assume the home country approach is best and

that employees from other parts of the world can and should follow it. Key Managerial positions are filled with people from headquarters – i. e. parent country nationals (PCNs) and home country practices prevail. Headquarters from the home country make key decisions, employees from the home country hold important jobs, and the subsidiaries follow the home country resource management practices. Additionally with this approach, the cultural values and business practices of the home country are predominant.

The disadvantages of this approach would be: • Lack of opportunities or development for local managers, thereby decreasing their morale and their loyalty to the subsidiary. • Unfamiliarity, communication problems, may not adapt to foreign culture

Polycentric staffing approach • Local managers – host country managers (HCM's) – are hired to fill key positions in their own country. Each subsidiary manages on a local basis. A local employee heads a subsidiary because headquarters' managers are not considered to have adequate local knowledge.

Subsidiaries usually develop human resource management practices locally. With this type of approach HCNs managers are familiar with the local culture, language, and ways of doing business, and they already have many contacts in place and it is usually less expensive than transferring personnel from headquarters, but it may encounter: • Difficulties with coordinating activities and goals between the subsidiary and the parent company. • Loyalty may be to host country, not to the parent company

Geocentric (global) staffing approach The best managers are recruited from within or outside of the company, regardless of nationality. The company that applies the global

integrated business strategy manages and staffs employees on a global basis. The geocentric approach, organizations try to combine the best from headquarters and the subsidiaries to develop consistent world-wide practices. Manager selection is based on competency rather than nationality. With this type of approach the policy provides a rich pool of qualified and willing applicants from which to choose, which, in time, results in further development of an international executive cadre.

However it may also encounter problems when:-

- The employee's country does not maintain a good relationship with the host country.
- Locals may prefer their own citizens in key positions

As Figures 1 and 2 show, there are other advantages and disadvantages to using local nationals and expatriates in foreign subsidiaries.

Figure 1. Advantages and disadvantages of using local employees to staff international subsidiaries (Gomez-Mejia, Balkin, Cardy, 1995)

Advantages	Disadvantages
Lower labor costs	Makes it difficult to balance local demands and global priorities
Demonstrates trust in local citizenry	Increases acceptance of the company by the local community
Leads to postponement of difficult local decisions until they are unavoidable, when they are more difficult, costly, and painful than they would have been if implemented earlier	Leads to recognition of the company as a legitimate participant in the local economy
May make it difficult to recruit qualified personnel	May reduce the amount of control exercised by headquarters
Effectively represents local considerations and constraints	in the decision-making process

Figure 2. Advantages and disadvantages of using expatriate employees to staff international

subsidiaries (Gomez-Mejia, Balkin, Cardy, 1995) Advantages | Disadvantages
 | | Cultural similarity with parent company ensures transfer of | Creates
 problems of adaptability to foreign environment and | |
 business/management practices | culture | | Permits closer control and
 coordination of international | Increases the » foreignness« of the subsidiary |
 | subsidiaries | May involve high transfer and salary costs | | Gives employees
 a multinational orientation through May result in personal and family
 problems | | experience at parent company | Leads to high failure rate | |
 Establishes a pool of internationally experienced | Has disincentive effect on
 local-management morale and | | executives | motivation | | | May be subject
 to local government restrictions | Conclusion Most companies use expatriates
 only for such key positions as senior managers, high-level professionals, and
 technical specialists. Since expatriates tend to be very costly, it makes little
 financial sense to hire expatriates for positions that can be competently filled
 by foreign nationals.

An effective preparation program prior to any move should remove some
 fear of the unknown and provide up to date knowledge and skills to assist
 assignees and their families to make a quicker and more effective
 contribution in their new role. It will almost certainly prevent the necessity of
 an early return with all its associated costs. Companies that have learnt how
 to reap the full value of international assignments share a conviction that
 sustained global growth rests on the shoulders of key individuals, particular
 those with proven international experience. Companies that manage their
 expatriation process successfully follow two main practices that make the
 assignments work from beginning to end. 1.

They make sure their candidates have cross cultural skills to match their technical abilities and 2. They prepare people to make the transition back to their home countries. From the repatriate perspective there is a growing recognition that where companies are seen to deal unsympathetically with problems faced by expatriates on re-entry, managers will be more reluctant to accept the offer of international assignments. Many expatriates leave their company on return, with the consequent loss of investment and expertise. Yet while it is widely accepted that the costs of expatriate turnover are considerable, few firms' have formal repatriation programs to assist managers and their families with repatriation difficulties

Companies with an effective HRM selection, preparation and repatriation strategy will retain more loyal, enthusiastic and worldly wise employees even far beyond the ending of any international assignment. References Deresky, Helen. 2006, International Management. 5th Ed, Pearson Prentice Hall, New Jersey. Brewster, Chris. International HRM: Beyond expatriation. Human Resource Management Journal; 1997; Vol 7 No. 3 Black, Steward J and Gregersen, Hal B. Harvard Business Review March – April 1999 Mitchell, R. Terence, Holtom, C. Brooks, Lee, W. Thomas; How to keep your best employees: Developing an effective retention policy, Academy of Management Executive, 2001, Vol 15 No. 4 Farnham Castle Center for International Briefing 2004