

Traditional long term
expatriate
assignments
management essay



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Although the main focus of research on international assignments has been on the traditional long-term expatriate assignments, there is evidence of the growing use of alternative types of international assignment, which have become increasingly important features of global staffing approaches.

International and global operations of MNC's require approaches of global staffing, including international expatriate assignments. MNC's choose often the approach of traditional long-term expatriate assignments to relocate valuable employees to specific subsidiaries in order to ensure the companies success. But regarding a recent debate about its complexity and issues, a portfolio of alternative assignments emerged.

In the following I will analyze and compare traditional to alternatives international assignments and evaluate implications in HRM.

Traditional long-term expatriate assignments involve employees and their close family members to move, live and work in a host country for a specific amount of time, mostly over one year.[1]

It is challenging for MNC's to recruit potential expatriate employees for traditional assignments. First, MNC need to identify valuable employees for a given position. In other words, they need to select people, which are willing and motivated to leave the home country for long-term period, which are able to integrate them into a new environment and culture and which have the competencies to meet required skills regarding the open position.

[2]Second, MNC have to deal with issues related to the potential expatriates family. On the one hand families are less flexible and unwilling to move to a foreign country; especially, families with children in school age. On the other

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hand, they refuse a disruption of social and personal life, which indicates high costs when the whole family is moving.[3]Empirical studies proved MCN pay per year about " (...) three to five times an assignee's home salary" for a long-term relocation.[4]Generally those costs can be divided into direct costs, meaning travel and relocation expenses regarding moving, housing and education for children; spending's for cross-cultural training and the expatriates' salary; and indirect costs, include the personal expatriates' performance in the subsidiary, the affect on other employees and the overall impact on the companies' performance, reputation and image.[5]It is complex to develop systems, which measure costs and benefits of expatriates as a result to identify the relation to the companies' success and to figure out, if the investment was worthwhile.[6]Literature underline there is a lack of research and reliable methods measuring the performance of expatriates.[7]But some indicators that should be considered in a performance management system are: " Individual performance goals, regular feedback on progress, opportunities for performance improvement and clearly communicated links to organizational strategy."[8]Therefore measurements, which imply "(...) the SMART principles - providing performance goals that are specific, measurable, achievable, realistic and timely (...)"[9], should be noticed.

Furthermore, issues regarding the repatriation of expatriates are discussed. Research propose that many MNC's choose an ad-hoc approach to retract expatriates to their home country and position, which expatriates experience negatively; meaning they feel to leave the company after return.[10]Long-lasting organizational support and a clear role and reason in being an

expatriate are necessary for job satisfaction.[11]Researchers suppose, if MNC's would offer a well-developed and implemented repatriation/ career path developments system, more employees would be willing to do traditional long-term assignments and more would stay in the company after return.[12]Career path development systems strengthen job satisfaction and organizational commitment in order to keep the expatriate.[13]But the implementation of those policies and programs is related to investments and high costs.[14]But it should be in the MNC's interest to keep valuable employees and high performers to ensure the companies success, make use of international experience, skills and the understanding about global markets gained abroad. The fast growth of the emerging markets as Eastern Europa, China and India have consequence for MNC's in the demand and supply of international managers/ expatriates.[15]Competent and experienced global manager are requested and the competition for those increased not only between MNC's. Small- to medium sized companies demand for global experienced managers to enter emerging markets is increasing too.[16]

To summarize traditional expatriate assignments are highly complex and come a long with a couple of issues regarding high costs, family concerns and missing policies, which measure or control performance and repatriation. So, the fact a portfolio of alternative assignments emerged is reasonable. This emerged portfolio includes short-term assignments, international business travellers (IBT), rotational assignments or international commuter assignments, and virtual assignments.[17]

Short-term international assignment is the most popular alternative and means a temporary transfer to a country abroad without the relocation of the family.[18]The description short-term verifies between companies, but implies duration of less than one year. Social security and salary is handled from the home country.[19]Compared to long-term assignments MNC's make use of short-term assignments, when subsidiaries need first, a skill transfer, for instance, to solve a problem or to train a workforce; second, to control and to correct purposes regarding processes or/and third, due to individual managerial career motives.[20]This approach is characterized by its flexibility and it creates fewer expenses. Disadvantages occur with the length of the assignment. On the one hand, a short stay makes it challenging to be respect from the foreign workforce and relationship building is difficult. On the other hand, a longer stay creates problems in the taxation of income. Moreover, entry clearance and visas must be requested first, which takes time, and second, they need to be paid.[21]

Frequent Flyer assignments also called international business travellers (IBT) may not include to the portfolio of alternative models for each MCN, because no physical relocation is made and it is more about frequent business trips. [22]This approach allows face-to-face communication, for instance to build trust and relationships, to solve problems or to control processes. The relocation of family and children is not required. Further, for European located MCN's and subsidiaries distances can be covered quickly and inexpensive with short-term flights. Disadvantages include high personal stress and pressure. Health issues can emerge and negative impacts on family life can occur due to absence and tiredness after long business trips.

This hurt also the work-life balance and recover time is need, which can cause a delay in the workload.[23]

Commuter and rotational assignments are characterized by commuting on weekly or bi-weekly basis[24]or commuting from home to host country for given period followed by time off in the home country.[25]The benefits are similar to those of the frequent flyer assignment: less costs, no relocation of family, face-to-face conversations and small distance for MNC's located in Europe, for instance. Downside, issues regarding taxation, social security and insurance are possible[26]as well as high physical stress, personal/family relationship issues and uneven work-life balance.[27]

Growing internet-based communication technologies' enables MCN's to introduce global virtual teams.[28]It presents an inexpensive and simple method to communicate abroad and causes neither health concerns nor family issues. Reverse side is no face-to-face communication, which helps to built trust and personal relationships, changes in the time zone and working rhythm, and random technological failures like interruption during conference calls. Moreover, it is challenging to make virtual teams a routine and an ongoing communication process with shared understanding and mutual trust.

As described alternative assignments differ in their characteristics, objectives and circumstances as a result they pose a challenge in implementing them into international human resource management.

MCN's need an effective way to recruit and select right employees for

alternative assignments. Each alternative assignment is used by MCN's to <https://assignbuster.com/traditional-long-term-expatriate-assignments-management-essay/>

face a different challenge, which means each assignment requires different skills from potential expatriates. To identify required skills best, different assignment should belong to specialized recruitment and selection procedures. Meaning the more alternative assignments an MNC's are using the more recruit and selection procedures should be used in order to benefit the companies' success most. Research proved formal selection methods as well as personal recommendations are often used for short-term assignments.[29]It has been discussed " (...) if MNC's do not improve their recruitment and selection practices, critical shortages of international managers may become even more significant"[30]compared to long-term assignments. Moreover, plenty of MNC's believe in technical skills as one of the most important selection criteria. But regarding the time, in which expatriates have to face their challenge and solve their task, is relatively short and soft skills are necessarily required; for instance, in gaining trust and building relationships with co-workers in subsidiaries. Meaning, even for short-term assignments MNC's need to invest in selection practices in order to staff the position effectively.

Not only recruitment is relevant for success also job training. To make expatriates aware of cross-cultural differences in order to avoid burnouts or culture shocks. Due to the difference in time to adopt new circumstance research showed experiences in culture shocks emerge more often and faster, compared to long-term assignments.[31]Suggestions are to train cultural awareness and to teach differences in business behavior as well in communication style. " Real-Time Training, global mindset training and self-training via software/Internet"[32]are discussed in the literature to avoid

failures and negative consequences regarding image and reputation of MNC's in other countries.[33]With the lack of cross-cultural training and support[34]expatriates health is in danger too. Due to a high stress level, a lot of travelling and a lack of psychological fitness expatriates perform poor, a negative impact on family life is predictable and the work-life balance is imbalanced.[35]To keep high valuable expatriates and to hold their workload efficient organizational support should be provided.

For short-term expatriates, who are travelling very far or in volatile and dangerous locations, rewards should be offered in order to make the assignment more attractive and to motivate. For instance, IBT's could travel first class, use miles for personal consumption and luxury hotels could be offered. Those lures create high cost for temporary travelling and living/housing. In this case short-term assignments with the length of two to three months can be apparently more expensive than long-term ones.

[36]Finding convenient and luxury accommodations (hotels vs. services apartments), negotiating and finalizing contracts are time consuming too. Moreover, literature states that IBT's get often paid per deim with hardship allowance, which could pose a danger to get robbed. Transferred to the fact that cost of living are adadjusted, when cost of living in host countries are higher than in home countries, more per deim or hardship allowance is paid, which implies an increase of danger in unsafe countries.[37]

The administrative work for HR managers around alternative international assignments increases with amount of variations. To track and account those diverse groups of expatriates, in relation to legal conditions, tax regulations, visas, social security and insurance are challenging.[38]Researches illustrate <https://assignbuster.com/traditional-long-term-expatriate-assignments-management-essay/>

most companies use one single policy for traditional and alternative assignments, which can't reflect effectiveness, costs and benefits of each assignment correctly.[39]If companies don't adapt changes in their policies for alternative assignments, expatriates might fail in their measured performances due to an incorrect measurement/ policy. This means HR managers would have to find new candidates for international assignments in general, which could be even more difficult.[40]Moreover, research provides evidence that there is a lack of organizational support for short-term assignments. It is mentioned challenges to deal and manage those assignments is mostly left with employees themselves and their families.[41]

All in all, the analysis showed alternative assignments bring on the one hand benefits regarding their flexibility and variety in usage. But on the other hand, with the increase of the variety in international assignments the complexity to manage those is raising too. For instance, concerns regarding length of the assignment linked issues to tax regulations, insurance and security as well as personal challenges. HRM implications for a broader portfolio of international assignments require even more complex structures of an MNC's compared to traditional assignments. Traditional assignments pose a need for improvement, but the need for actions in overall seems to be less difficult.

The success of traditional assignments is depending on the willingness of the top management to invest sustainable in missing policies to improve expatriates performance, measure success and to reintegrate the expatriate effectively. Resources or technologies to face and solve those challenges are available; they only need to be considered from the top management as <https://assignbuster.com/traditional-long-term-expatriate-assignments-management-essay/>

necessary for international long-term expatriates.[42]But for me it seems like opportunity costs are too high to invest in policies for traditional long-term assignments.