

Managing Expatriates: A Conceptual Framework

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## Managing Expatriates: A Conceptual Framework

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### Abstract

Expatriate is a vital issue of all multinational organization. Three approaches are presenting three types of expatriates including ethnocentric approach, polycentric approach and regiocentric approach. Based on the extensive review of the existing literature, the ultimate purpose of this paper is to present the conceptual framework relevant to expatriate by examining the following factors: expatriate preparation, cross-cultural training, cross-cultural adjustment and potential moderator of the relationship between cross-cultural training and expatriate performance. Thus, research question is what is the conceptual framework of expatriate management?. The findings gain more knowledge for human resource management - HRM in multinational organization to manage their expatriates effectively. However, additional empirical research is suggested for future research to examine this developed model.

Keywords; expatriate, expatriate preparation, expatriate performance, cross-cultural training, cross-cultural adjustment, human resource management

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Human resource management (HRM) is concerned with all philosophies, policies, practices and processes applied in organizations to align the behavior of people with the strategic goals of an organization in order to achieve organizational performance (Kroon, & Freese, 2012). HRM deploys strategic plans to balance employee needs with workplace culture and environment. Currently, many organizations have expanded their business operations out of their home country, e.g., Barsoux (2006) indicated that the 180 largest US organizations have opened an average of six subsidiaries abroad each year since 1960. Those organizations have been changing into a new form of environment: the multinational corporation. These organizations develop domestically oriented enterprises into international corporations which are truly world-oriented in outlook. Thus, HRM needs to employ policies, practices, and systems to influence employee behavior and attitudes so as to maximize organizational performance in different environments (Noe, Hollenbeck, Gerhart, & Wright, 2019). Also, HR needs to seek effective strategies to deal with a diversity of employees. To understand diversity in an organization, HR establishes various systems to motivate, encourage and help the development of a cross-cultural organizational climate for employees.

Expatriate personnel is a vital issue for all multinational organizations. Definitions of “expatriate” depend on what approach has been implemented in an organization (McNulty & Brewster, 2016). There are four approaches to managing expatriates (Mayrhofer, & Brewster, 1996; Barber, & Pittaway, 2000; Bonache, & Cervino, 2007; Caligiuri, & Stroh, 1995) - the ethnocentric approach, the polycentric approach, the geocentric approach and the regiocentric approach. The ethnocentric approach is used in an organization in a foreign country that hires employees of the same nationality as the parent company. The polycentric approach is used when an organization in a foreign country hires staff of the host country. An organization that is truly global will adopt a geocentric approach which means to hire the most suitable persons for the positions available irrespective of nationality. A regiocentric approach is adopted when an organization in a foreign country hires staff of various nationalities who are suitable for the job. In these approaches, *expatriate* can be defined as an individual who decides to live and work in a country other than his or her country of citizenship.

Based on boundary theory; Harari, Reaves, Beane, Laginess and Viswesvaran (2018) show that expatriates are confronted with stress and the need for self-adjustment to the new

culture of the host country and that this can cause a high turnover rate of those expatriates. Wang and Varma (2019) revealed that the greater the cultural distance between the expatriate's home country and their host countries, the greater the difficulty they will face. Thus, HR in multinational organizations needs to find an effective process to manage expatriates. This paper presents a conceptual framework for managing expatriate personnel based on a review of existing literature. The study examines the following factors: expatriate preparation, cross-cultural training, cross-cultural adjustment and potential moderators of the relationship between cross-cultural training and expatriate performance. To meet the objective of this paper, the research question is set as 'What is the conceptual framework for expatriate management?'

### **Literature Review**

This section will provide reviews of (a) expatriate preparation and cross-cultural training, (b) cross-cultural training and cross-cultural adjustment, and (c) the moderator effect of cross-cultural training and expatriate performance. Relevant propositions are inserted.

#### **Expatriate Preparation and Cross-Cultural Training**

Multinational organizations face increasing pressure to ensure efficiency and effectiveness in their expatriation practices. At the same time, investments in the development of high-quality employees are required. Therefore, identifying potential expatriates before they enter the organization is seen as key to international success (Ehnert & Brewster, 2008). This process has been made easier for organizations by the spread of self-assessment tools that help firms to create candidate pools during the selection process (Caligiuri and Tarique 2006). Wang and Varma support the notion that family characteristics are related to an expatriate's ability at work. In the existing literature, the Big Five Personality Assessment has been used to determine the potential of expatriates (e.g., Mol, Born, Willemssen, & Van Der Molen, 2005). This instrument helps multinational organizations to identify effective expatriates at the time of recruitment and selection.

The Big Five Personality Assessment consists of five dimensions including emotional stability, extraversion, openness to experience, agreeableness, and conscientiousness. Studer-Luethi, Jaeggi, Buschkuehl, and Perrig (2012) reveal that results from the Big Five Personality Assessment correlates with high training scores. Dean, Conte, and Blankenhorn (2006) indicate

that the Big Five Personality Assessment dimensions significantly predict performance in training for the Marine Corps. It may concluded that the Big Five Personality Assessment encourages motivation to learn and be trained which enhances training outcomes (e.g., Rowold, 2007; Studer-Luethi, Jaeggi, Buschkuehl, & Perrig, 2012). At this stage, proposition 1 is formed as:

*Proposition 1: An expatriate's performance on the Big Five Personality Assessment is positively related to the outcomes from cross-cultural training.*

### **Cross-Cultural Training and Cross-Cultural Adjustment**

Cross-cultural training is defined as intercultural educative improvement through the development of cognitive and affective behavior to enhance the ability to interact with individuals from different cultural backgrounds (e.g., Littrell, Salas, Hess, Paley, & Riedel, 2006; Sri Ramalu & Subramaniam, 2019). Cross-cultural training is seen as a useful tool for preparing employees who are members of multicultural teams. Multi-cultural organizations emphasize cross-cultural training for several reasons, including to reduce the cost of expatriate failure. Black and Mendenhall (1990) reveal that the return rates of expatriates has been estimated to be as high as 40% which is costly for multinational organizations. Other reasons for expatriate failure include delayed productivity and damaged reasons (Bennet, Aston, & Colquhoun, 2000).

The main objective of cross-cultural training is to allow expatriates to adjust to the new cultural environment. Black and Mendenhall (1990) proposed that effective cross-cultural training increases the probability of success on a foreign assignment. They conducted a meta-analysis using 29 studies on intercultural training. Results revealed that cross-cultural training was positively related to the development of employee self-confidence and overall feelings of well-being. Similarly, Nguyen, Jefferies, and Rojas (2018) revealed that there was a high correlation between providing multinational experiences to individuals and cross-cultural adjustment. Thus, proposition 2 can be formed at this stage as follows:

*Proposition 2: Cross-cultural training is positively related to cross-cultural adjustment.*

### **The Moderator Effect of Cross-Cultural Training and Expatriate Performance**

Expatriate performance is a function of the amount of time and effort devoted to the job. It is multidimensional and has been classified into task performance, overall performance, contextual performance, and assignment specific performance (Mol, Born, Willemssen, & Van der Molen, 2005). Additionally, rate of early return from overseas assignment and supervisor ratings of job performance are also used in the studies (Morris, & Robie, 2001). There is literature that supports the proposition that expatriate personality predicts expatriate performance (Littrell et al, 2006; Mol et al, 2005; Richardson, Tan, & Kiumarsi, 2017). The literature indicates a positive relationship between personality (open-mindedness and flexibility) and adjustment (Richardson et al., 2017). The literature also indicates that personality may be the key to success for expatriates.

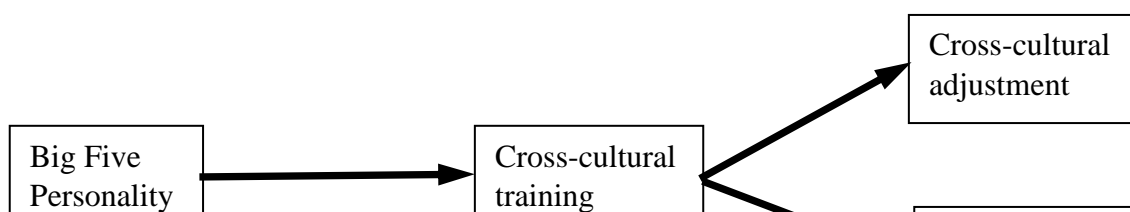
Cross-cultural training influences expatriate performance. In their meta-analysis; Miao, Humphrey and Qian (2018) demonstrated the incremental validity of cross-cultural training that predicts an employee's task and contextual performance. Similarly; Hou, Fan, Tan, Hua, and Valdez (2018) showed that effective cross-cultural training is significantly related to the trainee's outcomes. Based on the existing literature, cross-cultural training may play a moderating role between expatriate preparation and his or her performance. Therefore, proposition 3 can be formed as follows:

*Proposition 3: Cross-cultural training moderates the relationship between expatriate preparation and expatriate performance.*

## Method

Studies that had examined expatriate management were located in *Google Scholar*, *Taylor & Francis online Journals*, *Informa – Taylor & Francis (Crossref)*, *ScienceDirect Journals*, *Cleseview (Crossref)*, *Sage Journals*, *Emeral Insight* and *Wiley online library*. Literature databases were searched using multiple keywords including all possible derivatives and combinations of the following terms: *expatriate preparation*, *cross-cultural training*, *cross-cultural adjustment*, *expatriate performance and effectiveness*. Databases are available online and contain references in the areas of international and global human resource management and cross-cultural management.

## Conceptual Framework



## **Discussion**

The developed conceptual framework is of benefit to human resource management in multinational organizations. Cultural distance is the cause of expatriate failure rates (Wang & Varma, 2019); therefore, cross-cultural training is highlighted in this model. It is evident that providing such cross-cultural training could enhance an expatriate's ability to adjust to a host country and increase his or her performance. The role of personality and traits are also mentioned as these notions have been explored in expatriate research (e.g., Dean et al., 2006; Harari et al., 2018; Luring, Selmer, & Kubovcikova, 2019). The results showed a positive relationship between the Big Five Personality Assessment and cross-cultural training performance. Moreover, cross-cultural training plays a moderating role between an expatriate's personality and his or her performance. This developed model proposes that an expatriate's performance depends on two factors: individual personality and organizational factors (training).

## **Conclusion, and Future Research**

Assigning expatriates is a challenge for multinational organizations. Existing research aimed to examine what factors affected an expatriate's performance. Wang et al (2019) noted that existing literature has not focused on specific practices employed by organizations to manage expatriates. This proposed model verifies the importance of the role that organizations can play by providing cross-cultural training for expatriates scheduled for overseas assignments. The model is based on the premise that such training can help expatriates adjust to a host country's culture and increase his or her performance. However, this model needs to be tested using a quantitative method. Several issues need to be considered for future research: (a) measurement tools, (b) context and population in the study, and (c) data analysis.

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