

# Expatriate Management - India

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**Abstract:-** Rapid globalization and boundary less business ventures have contributed to a growing number of expatriates working in foreign locales. As a result of this, it is increasingly important that multinational corporations sending their employees for international assignments prioritize expatriate management. The Global Delivery Model followed by the Indian firms creates a number of onsite (international) opportunities for Indian professionals. The effective management of expatriates is increasingly been recognized as a major determinant of success or failure in international business. This paper attempts to identify factors that impact expatriate satisfaction in the industry and how an expatriate can act as a boon to domestic employment.

**Key words:** - expatriates family, cross- cultural literacy, globalization, and communication tactics.

## I. INTRODUCTION

Increasing economic globalization has spurred the expansion of multinational corporations (MNCs) and has multiplied the numbers of the human capital moving across the globe. The globalization of the markets creates a situation where organizations rely on having subsidiaries in foreign countries. For various motives they send employees, so-called expatriates, on foreign assignments. An expatriate (often shortened to expat) is a person temporarily or permanently residing, as an immigrant, in a country other than that of their citizenship. The word comes from the Latin terms ex ("out of") and patria ("country, fatherland"). In common usage, the term is often used in the context of professionals or skilled workers sent abroad by their companies.<sup>[1]</sup> An individual living in a country other than their country of citizenship, often temporarily and for work reasons. An expatriate can also be an individual who has relinquished citizenship in their home country to become a citizen of another country. If your employer sends you from your job in its India office to work for an extended period in its London office, once you are in London, you would be considered an expatriate or "expat." The way an organization manages its expatriates is called expatriate management.

## II. INTERNATIONAL ASSIGNMENT CYCLE

Expatriates play a crucial role for their organization and performance of a company in the international arena is largely dependent on the performance of its expatriate employees (Tung, 1981). Multiple factors have discerning impact upon expatriate assignments and organizations need to respect that simply prioritizing international business in terms of revenue would be incomplete without sound expatriate management policies. The human and financial costs of underperformance/failure in the international business area are considerably more severe than in the domestic area. Many organizations relatively new to the international scene underestimate the complex nature of human resource (HR) problems in the international arena

and that business failures in the international arena may often be linked to the poor performance of expatriates (Forster, 2000). The basic idea behind international assignment can be summarized as:

### Managing International Assignment Circle

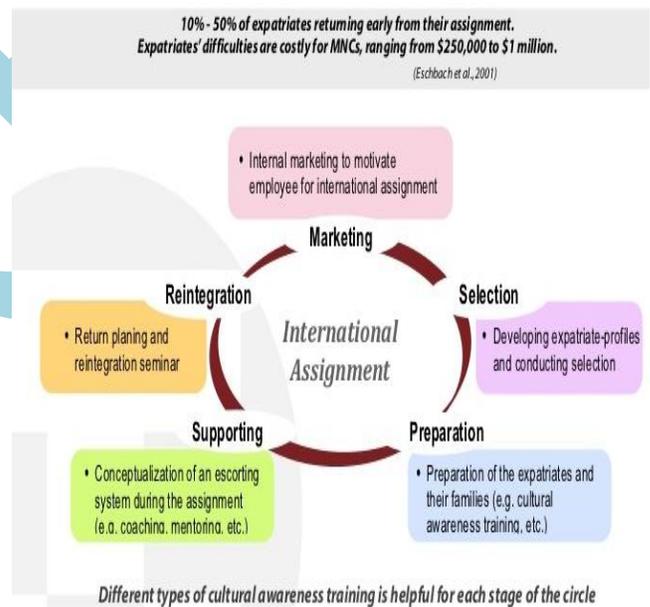


Figure 1

In order to maintain and enhance their global competitiveness, the MNCs rely on finding the right people who can effectively manage and operate their overseas businesses (Dowling & Welch, 2005). However, expatriate assignments are not always successful, and failure ranges from 16% to 40% (Tung, 1981, Black, 1988; Employee Benefit Plan Review, 2001).

## III. EXPATRIATE ASSIGNMENT CYCLE

In order to manage international assignment cycle MNC's evaluate what should be done, which employee should be

sent for international assignment, what steps should be opted...etc as elaborated below:

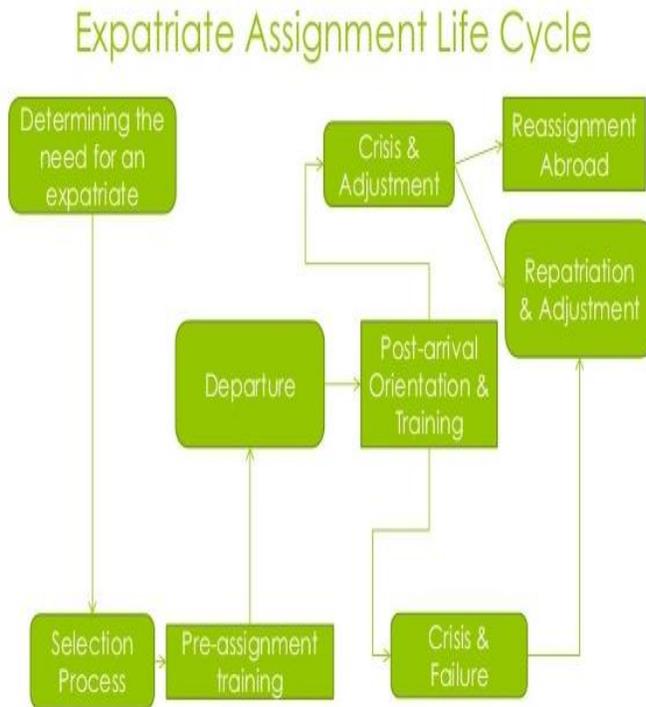


Figure 2

For successful entry and continuous growth in a foreign market, effective communication with the unfamiliar partner and adaptation to his culture is important. Globalization requires cross-cultural literacy and successful management of diversity. Though not much empirical evidence is available on the impact of cross-cultural literacy on the cost of doing business in foreign markets, it is fair to assume that cross-cultural literacy reduces the total costs of operating in foreign markets. Multinational companies (henceforth MNCs) with world-wide subsidiaries need to recognize the impact of socio-cultural values on local organizational behavior to be able to successfully transfer the know-how to various local units. Since early-1990s, a growing number of MNCs have been attracted to India and many more are planning to enter India. The basic process of selection of an expatriate and repatriation (i.e. coming back of an expatriate either by completing the task given to him or coming earlier from foreign country without completing the task) is as shown below:-

It is the MNC's or organization who has the ability to manage their expatriates. To manage expatriates and in order to overcome the repatriation cost, MNC's or organizations support their expatriates.

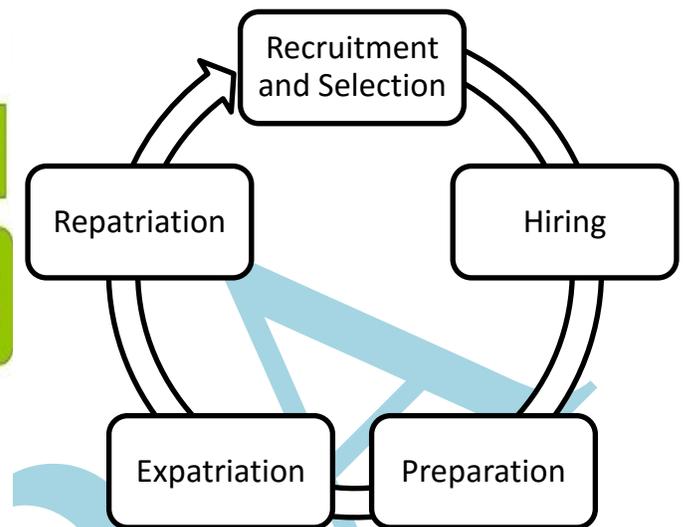


Figure 3

#### IV. EXPATRIATE SELECTION PROCESS

The companies that manage their expats effectively come in many sizes and from a wide range of industries. Yet we have found that they all follow three general practices:

**When making international assignments, they focus on knowledge creation and global leadership development.** Many companies send people abroad to reward them, to get them out of the way, or to fill an immediate business need. At companies that manage the international assignment process well, however, people are given foreign posts for two related reasons: to generate and transfer knowledge, to develop their global leadership skills, or to do both.

**They assign overseas posts to people whose technical skills are matched or exceeded by their cross-cultural abilities.** Companies that manage expats wisely do not assume that 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 two-thirds of 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.

**Thus based on above mentioned practices we can explain the selection process as:**

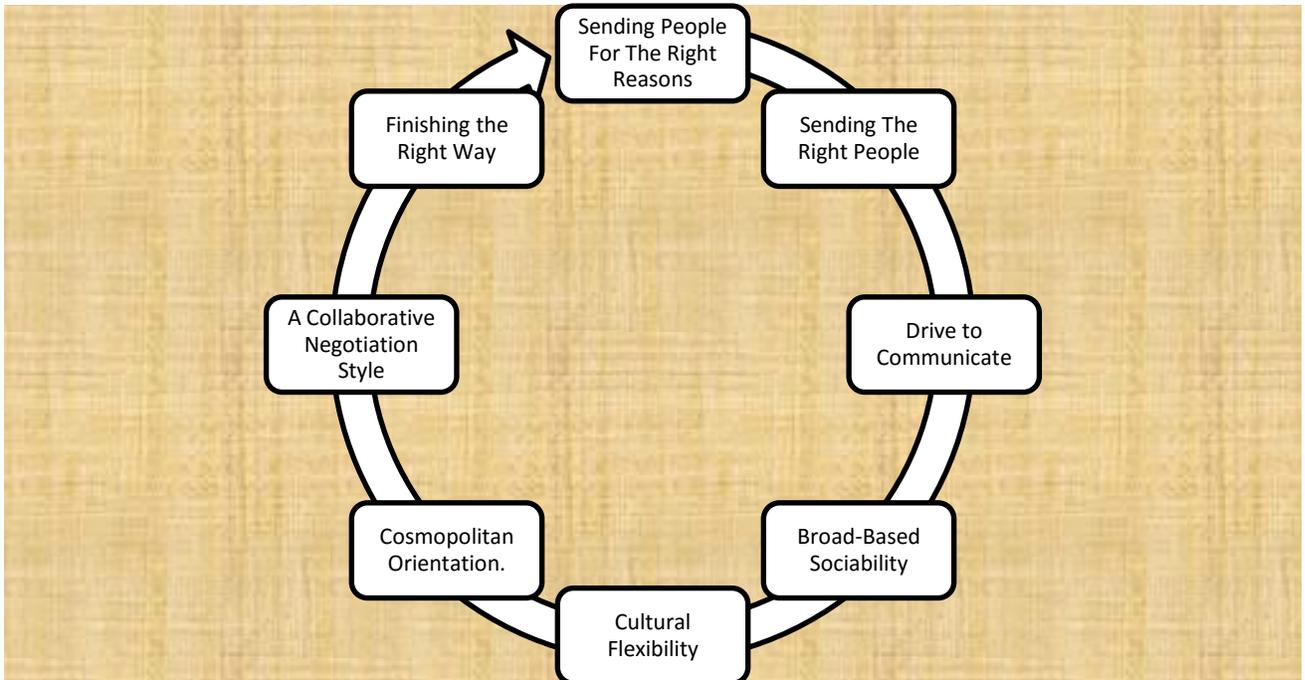


Figure 4

**Sending People for the Right Reasons:** Immediate business demands cannot be ignored. But the companies that manage their expats effectively view foreign assignments with an eye on the long term. Even when people are sent abroad to extinguish fires, they are expected to plant forests when the embers are cool. They are expected to go beyond pressing problems either to generate new knowledge for the organization or to acquire skills that will help them become leaders.

**Sending the Right People:** Managers often send people on overseas assignments who are capable but culturally illiterate. Companies that have a strong track record with expats put a candidate's openness to new cultures on an equal footing with the person's technical know-how. After all, successfully navigating within your own business environment and culture does not guarantee that you can maneuver successfully in another one.

**Drive to Communicate:** Most expats 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. To identify such people, the most effective companies scanned their ranks for employees who were both enthusiastic and extroverted in conversation, and not afraid to try out their fractured French or talk with someone who's English was weak.

**Broad-Based Sociability:** The tendency for many people posted overseas is to stick with a small circle of fellow expats. By contrast, successful global managers establish social ties to the local residents, from shopkeepers to government officials. There is no better source for insights

into a local market and no better way to adjust to strange surroundings.

**Cultural Flexibility:** It is human nature to gravitate toward the familiar—that's why many Americans overseas find themselves eating lunch at McDonald's. But the expats who add the most value to their companies—by staying for the duration and being open to local market trends—are those who willingly experiment with different customs. In India, such people eat dal and chapatis for lunch; in Brazil, they follow the fortunes of the local jai alai team.

**Cosmopolitan Orientation:** Expats with a cosmopolitan mind-set intuitively understand that different cultural norms have value and meaning to those who practice them. Companies that send the right people abroad have identified individuals who respect diverse viewpoints; they live and let live.

**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 a collaborative negotiation style, which can be important enough in business at home, becomes absolutely critical abroad.

**Finishing the Right Way:** International assignments end badly for several reasons. First, although employers give little thought to their return, expats believe that a successful overseas assignment is an achievement that deserves recognition. They want to put their new skills and knowledge to use and are often disappointed both by the blasé attitude at headquarters toward their return and by their new jobs. That disappointment can be particularly

strong for senior expats who have gotten used to the independence of running a foreign operation.

As shown above in expat selection process. Executives know that negotiation tactics and marketing strategies can vary from culture to culture. Most do not believe, however, that the variance is sufficient to warrant the expense of programs designed to select or train candidates for international assignments.

In addition to the support provided by the organization or MNC's the executives examine or evaluate whether the employee who is going to be an expatriate has following skills:

After evaluating all factors the employee is decided to be sent as an expatriate if he fulfills all requirements.

**Types of Expatriates:-** Expatriates can be classified into two:

➤ Growth Oriented Expatriate

➤ Energetic Expatriate

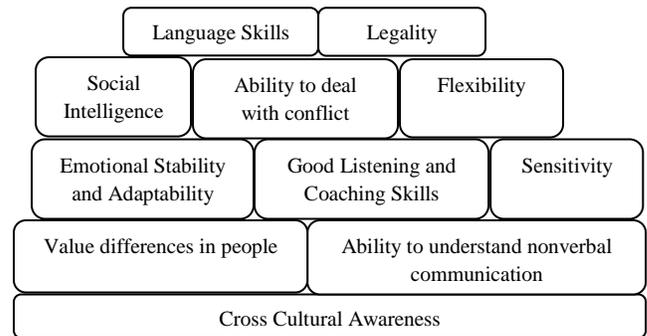


Figure 5

The basic difference between the two can be understood as elaborated in the figure below:

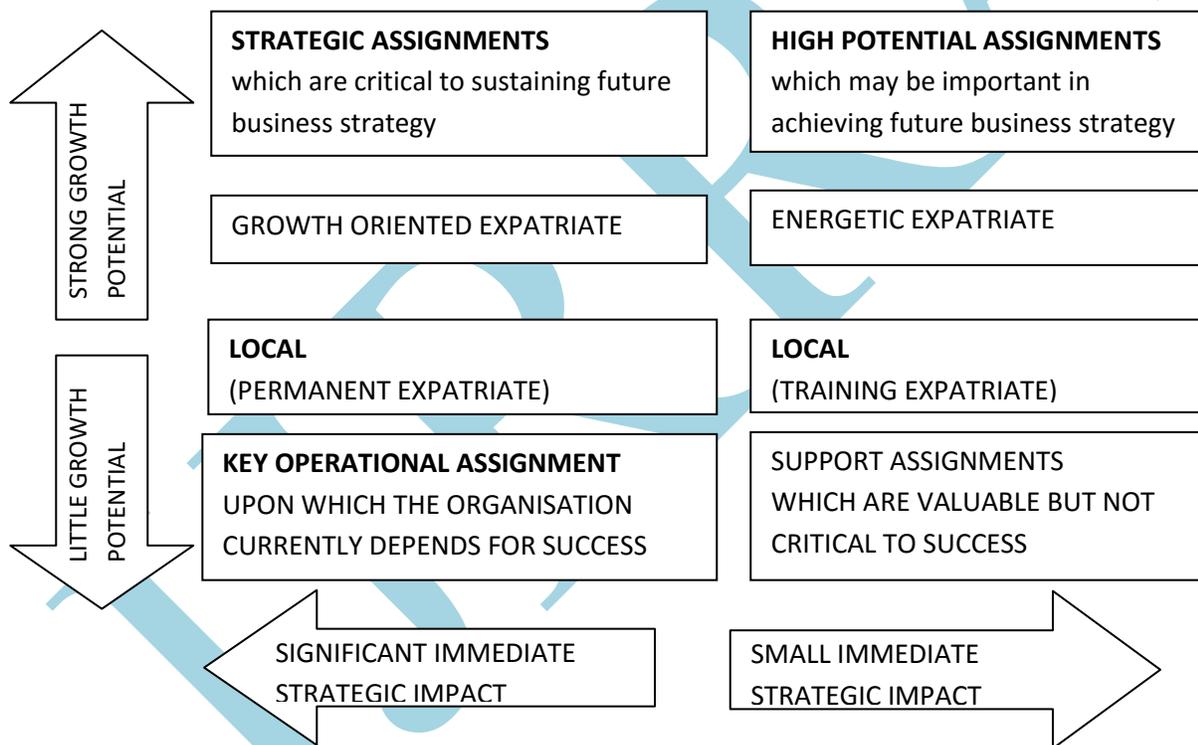


Figure 6

Based upon the characteristics differentiation on types of expatriates, expatriate managers can be dimensioned as:

- **The self dimension:** The skills that enable a manager to maintain a positive self-image and psychological well-being
- **The relationship dimensions:** The skills required to foster relationships with the host-country nationals
- **The perception dimension:** Those skills that enable a manager to accurately perceive and evaluate the host environment

But working in a foreign country is not an easy task. The problems which an expatriate have to face are elaborated in the form a pictorial diagram as shown below:

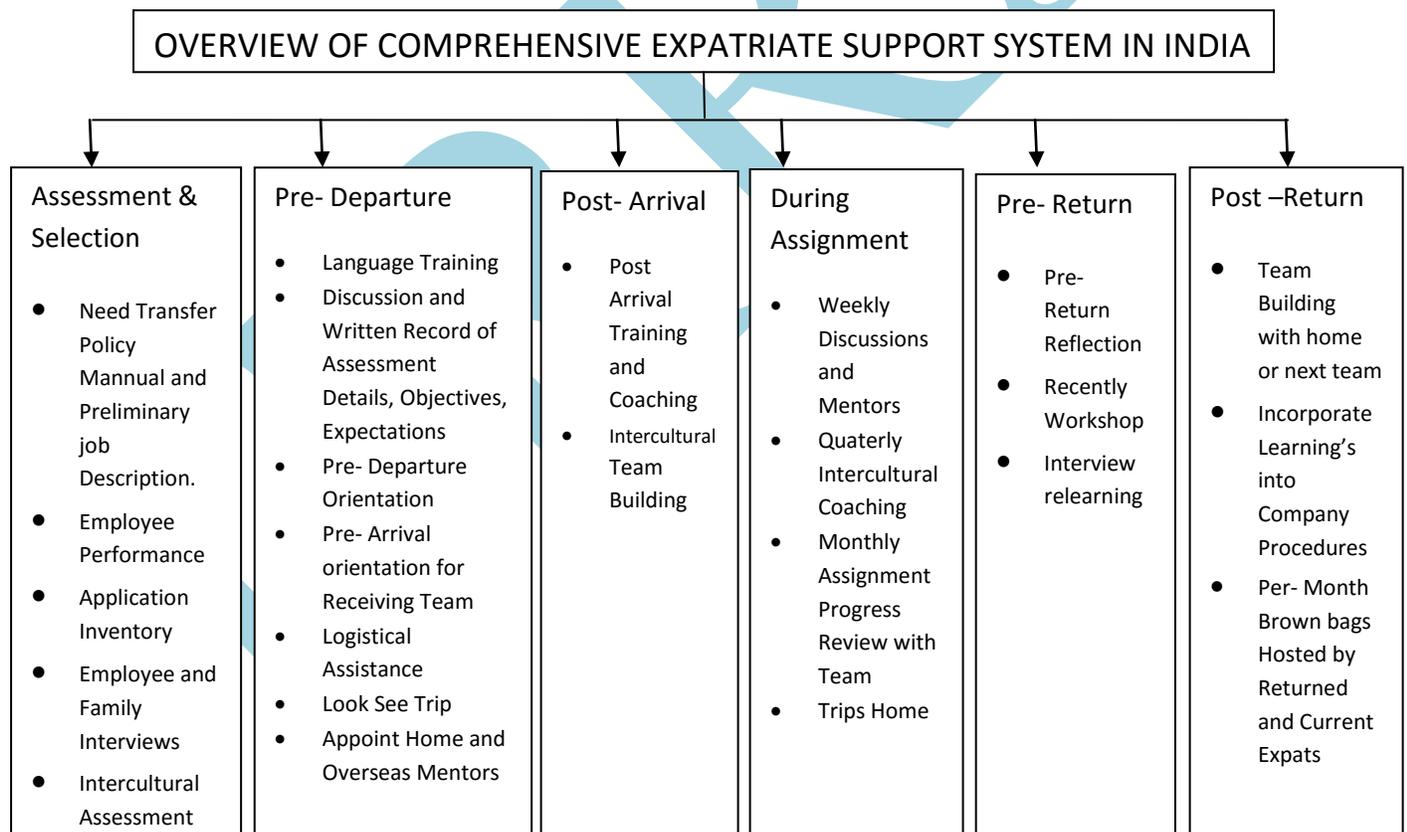


Figure 6

Thus as shown above the Six important factors of expatriated managers are:

- **Cultural intelligence (CQ)** : ability to adapt across cultures through sensing the different cues regarding appropriate behavior across cultural settings or in multicultural settings
- **Family situation**: ability to keep in touch with families collaboratively and continuously
- **Flexibility and adaptability**: ability to fit changed circumstance
- **Job knowledge and motivation**: ability to transfer knowledge smoothly and transfer international assignment into career advancement
- **Relational skills**: ability to build up relationships more actively
- **Extra cultural openness**: ability to communicate with others more openly

## V. CONCLUSION



Thus the significance of implementing a successful Expatriate Management strategy in India:

- Expatriate are used to transfer technologies, in joint ventures, to transmit organizational culture, to enter new markets, and to develop the international skills of employees. (Bennett, Aston & Colquhoun, 2000)

- Effective expatriate selection has been identified as a major mechanism to enhance expatriate success. (Bolino &Feldman,2000; Kealey, 1996; Solomon, 1996).
- As we move into 21<sup>st</sup> century, the pressure of managing expatriate manager's well will not diminish-it will accelerate.

Thus by selecting an appropriate expatriate an organization not only reduces the risk of repatriation but also adds to Indian economy.

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