
Case Study on the Life of Expatriates-Success and Failures

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Abstract

In the last two decades, personal administrators in multinational corporations (MNCs) have been weighed down by a persistent, recurring problem: significant rates of premature return of expatriate managers (**Baker and Ivancevich, 1971; Henry, 1965; Misa and Fabricatore, 1979; Tung, 1981, Zeira 1975**). The inability of expatriate managers to adjust to the host culture's social and business environment is costly in terms of management performance, productivity in the overseas operations, client relations and operations efficiency. In addition to financial losses from an aborted assignment, there are also psychological costs for the managers. As noted by **Mendenhall and Oddou (1985)**, an expatriate who fails to complete his or her assignment abroad may suffer from loss of self-esteem, a severe career setback, and the loss of prestige amongst peers. Why does this happen? Sending the wrong person, inadequate preparation and support from the organization, lack of knowledge of the country and business culture, and poor repatriation efforts all contribute to expat assignment failures. This assignment shall evaluate the contention that expatriate management failure is more a consequence of poor preparation than culture shock.

Key Words: Expatriates, success, failure

Literature Review/ Theoretical Background

We know that the demand for expatriates is increasing. As **Zeira and Banai (1985)** point out, the rapid growth of MNC's and increase in joint ventures in developing countries has created an increase in demand for executives capable of serving outside their countries and for those who are willing to do so. The reason for this renewed demand varies from company to company. For example, some organisations tend to staff key managerial positions in foreign subsidiaries with home country nationals because they believe, justifiably or not, that these managers possess qualities and characteristics which are not possessed by host country nationals. These characteristics include familiarity with corporate objectives, loyalty to the

company, and adherence to its style of management. Other firms apply this staffing policy only to most significant managerial positions or under certain circumstances; for instance, when the company is in the process of establishing new international subsidiaries, or when there is a shortage of skilled professionals. Whether the need to use expatriate managers is justified or not, the fact remains that there is a significant increase in the number of managers working abroad, creating a rapid growth in the volume of expatriate employment.

Completing an international assignment presents expatriate managers and their families with a variety of difficulties and challenges. As **Ronen (1986)** points out, international assignees frequently operate in an environment that is culturally,

politically, economically and legally different from those experienced in their home country. It is not surprising then that studies of international staffing indicate that expatriates often develop symptoms of transfer anxiety, culture shock, social dislocation, adaptation problems and feeling of abandonment (**Brooke and Remmers, 1977; Zeira and Harari, 1977**). Expatriates and their families also sometimes face a new world of social customs and are potentially at odds with their own value systems and living habits (Ronen, 1996). For example, a massive study of Swedish expatriates (covering 639 managers in 26 countries) showed that 25% returned home before the end of their assignment and that problems of cultural adaptation were the most common reasons offered by managers for their early repatriation (**Torbiorn, 1982**).

Having established that the failure rate of expatriates is high, it would be appropriate to identify the major causes of expatriate failure. **Jackson (1998)** points out the factors that have been found to be associated with the expatriates' performance. These factors can be organised into three categories: (1) personal characteristics of the expatriate manager (2) characteristics of the expatriate's family; and (3) factors related to the subsidiary-parent company relations.

A number of studies have considered the personal characteristics of successful expatriate managers (e.g. **Miller, 1972; Kapoor and McKay, 1971**). Most of these studies suggest that successful expatriates have superior intelligence, self confidence and a strong drive for responsibility and a strong drive for responsibility and task completion. Although many of these characteristics are

considered essential by those responsible for expatriate recruitment and selection, research by **Haemmerli (1978)** implies that they fail to predict expatriate performance to a significant degree. On the other hand, when considered together, the research to date does indicate that certain personal characteristics are potentially critical for manager's expatriate performance and that a manager must possess a number of skills if he or she is to live to and work successfully in a foreign environment.

Technical skill and knowledge is necessary for the expatriate to do the job. Confidence in one's ability to accomplish the purpose of the overseas assignment seems to be an important part of expatriate adjustment (**Hays, 1971; Tung, 1981**).

Expatriates and their families frequently operate in an environment that is personally highly stressful. To begin with, separation from friends, leaving one's home country, and drastic change in one's cultural environment generally creates an experience of stress or emotional disturbance. As a result, many expatriates develop symptoms of culture shock, transfer anxiety, 'exile complex' (feeling abandoned by headquarters), social dislocation, frustration and disappointment (**Brooke and Remmers, 1977; Zeira and Harrari, 1977**). Studies by **Torbiorn (1982)** and **Adler (1986)** indicate that experienced expatriates have found many highly effective and creative mechanisms for coping with stress of intercultural adaptation. For example, one expatriate family made a rule of forbidding complaints during meals; they only allowed positive statements about the new physical environment, culture or other conditions that might cause stress and

frustration. A few others play musical instruments, keep a diary, watch movies in one's native language or go to international club in order to avoid overly stressful situations. As **Ratiu (1983)** pointed out, such temporary withdrawals produce a rhythm of engagement and withdrawal in the manager's involvement with unfamiliar situation.

Research by **Abe & Wiseman (1983)** shows that it is important for expatriates to relate well with host nationals both in business and socially. Organizational assistance in adjusting to work life at the new branch is a source of succour for an expatriate. It is important that expatriates integrate themselves into the culture of the new branch and establish congenial work relations with their colleagues and associates. This requires the ability to get along with people, the willingness to work with others, and most of all respect for the host national's religious and political beliefs. For example, expatriates from first-world countries need to understand the implications of life in an Islamic country like Bahrain before they set foot there, if they are to be accepted. 'To function successfully [in an Islamic country like Bahrain], the expatriate must understand and learn to accept a very differently structured society' (*Gulf Daily News*, 1987). Islam requires that Muslims pray five times a day. Since the prayer timings are distributed across the day, they need to pray at their place of work three times a day. A devout Muslim could spend 10 minutes at a time in prayer, thus using half an hour a day of company time in prayer. During the Muslim fasting month of Ramadan, it is illegal for a Muslim in an Islamic country to work after 2 pm.

Differences of religion are not a bar to good professional relationships or intercultural friendships. However, ignorance about religious practices that impinge on workplace behaviour can lead to the irrevocable breakdown of trust. An uninformed expatriate who comments to a Muslim subordinate in an Islamic country, 'You could be so much more productive if you were to pray in your off-office hours', is inviting trouble. An expatriate manager is well advised never to comment on a local national's religion and religious practices. Female expatriate managers in countries like Bahrain have to be prepared not only for overall cultural differences, but also for culturally conditioned attitudes regarding women's role in society. Expatriate women managers in Bahrain sometimes have to fight the opposition of Bahraini males to having women in managerial positions.

Successful expatriation also requires willingness to learn and use the local language. For example, **Brein and David (1971)** found that expatriates who knew the local language collected 'conversational currency', anecdotes, jokes, poems, proverbs, sports stars and so on. These conversational coins were then used during conversation with host nationals in order to show their hosts that they were 'one of the guys' even though they were members of a foreign country. If they experience difficulty getting socialized into the new branch, they will be unable to perform effectively on the job. This then reduces their motivation to cope with the new culture.

Clearly, the ability to understand why foreigners behave the way they do is important in adjusting to a new cultural environment. All too often, adaptation

problems arise because expatriates are unable to face a new world of cultural patterns that are potentially at odds with their own value systems and living habits (**Furnham and Bochner, 1989**). For example, expatriates fail to understand when 'yes' means 'yes', when it means 'no' and when it means 'may be'; what to focus on and what to ignore. As a result, when they face host-country nationals and their different behavioural assumptions and expectations, tensions rise.

Even performing the simplest of actions may produce unexpected and seemingly unintelligible responses from the new cultural environment (**Ronen, 1989**). For example, **Triandis (1975)** relates how an American visitor asked his Greek acquaintance what time they should come to his house for dinner. The Greek villager replied 'any time'. Now in American usage, the expression 'any time' is a non-invitation that people give to appear polite but which they hope will not lead to anything. The Greek, however, actually meant that the Americans would be welcome any time, because in his culture putting limits on when a guest can come is deemed insulting. To deal with such problems, expatriates have to differentiate idiosyncratic behaviour from behaviour reflecting a cultural pattern (**Adler, 1986**). Some Japanese expatriates in China, make Japanese community even inside the office. It does not only hinder good communication with local employees, but also does not build mutually trust relationship with Chinese employees. It is useful to develop network with local Chinese inside and outside of office to understand local culture and to join support network. This requires learning what are the local habits, communicating

with people about their everyday lives and values, and avoid making rigid evaluations about why others behave as they do.

As **Adlers (1986)** points out, the most successful expatriates constantly recognise that they may not fully understand the situation and they must find ways to get reliable information and expertise. They 'know that they do not know'. They also recognise that they are in a difficult situation and that they will not act as effectively overseas as they did at home- especially in the initial stages. Other expatriates and host nationals who have previously faced and dealt effectively with the same or similar problems can often best empathize with the newcomer difficulties. This heightened individual awareness and enhanced knowledge of the local scene may give the objective in his views of local life.

Although personal characteristics are important, a variety of studies suggest that the adaptability of a manager to be effective in a foreign subsidiary depends to a large extent upon happy the manager's spouse and children are in the foreign environment (**Gaylord, 1979; Howard, 1980; Tung, 1982**). Many companies are hesitant to involve family members in the selection process (**Shell and Solomon, 1997; Franke and Nicholson, 2002; Anderson, 2005**). This implies that the personal resources of the family members are not sufficiently taken into account when making selection decisions. To be sure, many of the wives describe themselves as having hours and hours on their hands with nothing to do. They are bored as they do not have a meaningful role to fulfill. During the first months, the spouse may find that other people's behaviour doesn't make sense and even

more disconcerting, that her own behaviour doesn't produce the desired results. The constant frustration of not understanding and not being able to get simple things done isn't easy to deal with. With the expatriate working long hours to get adjusted to the new working environment, he cannot spend enough time with the spouse and children to reduce their anxiety and dissatisfaction (**Adler, 1986**). Thus, the impact of the international transfer is more severe on the spouse than on the expatriate manager. While the expatriate manager retains his company and job structure, the spouse of expatriates frequently must give up their friends, job and career. For them, the hardest task of all is to create a meaningful life overseas. They have to answer questions: **What do I really want to do? How can I continue to do things that I found most important even while I am no longer living at home?**

Preparatory and on-site training are some of the ways by which the expatriates can be made aware of the situations and circumstances ahead and the demands of the move. There are many different ways in which training is provided (**Mendenhall and Oddou, 1986; Brewster and Harris, 1999**). The many studies of preparatory training generally support its effectiveness (**Earley, 1987; Kealey and Protheroe, 1996; Waxin and Panaccio, 2005**). Still, only a quarter of companies offer cross-cultural training for all assignments, a fifth offer none at all. Those who do offer training include family members in most cases (**GMAC, 2006**).

In addition to these adaptation problems of the family, expatriates need to deal with problems stemming from relationship between corporate headquarters and

foreign subsidiary. In various MNC's with ethnocentric organisational structures, the task of expatriate managers predominantly is to implement the objectives and policies that headquarters formulate (**Perlmutter and Heenan, 1974**). Unfortunately, those objectives and policies may conflict with the expectations and needs of subsidiary. For instance, the subsidiary may want to reinvest most of the profits generated on its own operations whereas, the parent company may prefer to repatriate the profits and use the revenue to invest in another subsidiary or location. Such conflicts of goals between the parent company and the subsidiary can create a role conflict for expatriate managers (**Rahim, 1983**). Furthermore, the conflict of interests between the subsidiary and parent company may adversely affect the expatriate's performance. The decision-making capability of the expatriate is constrained which diminishes the expatriate's ability to handle local problems.

Another factor influencing the effectiveness of expatriation involves the so-called 'information gap' between the expatriate and their colleagues at home (**Chorafas, 1967**). Because corporate headquarters are outside the host country, head office managers often overlook the need to communicate with their colleagues abroad. As a result, expatriate managers frequently end up missing information concerning important activities at home. According to one of the studies conducted by **Howard (1974)**, more than two third of the expatriates complain of suffering from his information gap performance. They ultimately regard their foreign assignment as dysfunctional and too costly in personal and professional terms (**Ronen, 1986**).

A number of studies (White, 1971; Johnson & Carter, 1972) indicate that the managerial skills needed to be effective in a domestic position are not sufficient to be successful in an international assignment. Apparently, human relations skills, understanding the host culture and the ability to adapt are the most important skills needed to minimize expatriate failure (Johnson & Carter, 1972). A Japanese expatriate in China

BMW involves prospective expatriates in problem-solving exercises that require them to sit and analyse actual case studies from other cultures. The problem-solving efforts also involve making a two-week visit to the country where the case study has been set (Jacob, 2003).

Despite the clear need to minimize expatriate manager's culture shock, few companies offer formal training programmes to help managers deal with adaptation problems (Tung, 1988). Apparently, most companies that offer cross-cultural training use environmental briefing programmes. However, such programs have proved inadequate in preparing trainees for assignments which require extensive contacts with members of the local community. Expatriates need to be prepared better and companies should sponsor more comprehensive cross-cultural training programmes such as culture assimilator training, critical accidents, sensitivity training, field experiences, etc. (Brislin, 1979). There has been a notable difference in the planning horizons and extensive trainings provided to the expatriates which has been the chief reason for Japanese and Europeans expatriates to succeed more with cross-

cultural adaptation than their American counterparts (Tung, 1987).

Having established that the failure rates of expatriates is high,

Conclusion:

Jacob, N (2003) "Intercultural management" Kogan Page Limited United States

There are many cases of expatriates who succeeded in one foreign location, but then proceeded to fail in another. In a piece entitled 'The case of the floundering expatriate' (Adler, 1995), the novelist Gordon Adler, who lives in Switzerland, describes the unfortunate experience of a US manager who failed as an expatriate in Switzerland. This man, called Bert Donaldson in Adler's piece, had been deputed to Argos Europe from the United States headquarters because among other things he was viewed as a seasoned expatriate, having been Professor of American Studies in Cairo for five years.

In Cairo, Donaldson had behaved as the quintessential US academician. That was what had been expected of him as a Professor of American Studies. His students wanted to learn about US culture from him and through him. At Argos Europe, his mandate was to mesh together a cohesive team from managers of all the disparate European companies Argos had recently acquired.

What Donaldson failed to do in this assignment was to view the situation from a European perspective. Instead, he behaved as though being completely American (the way he had been in Cairo) was the way to go. For his Cairo assignment, Donaldson had been found to be charismatic. When he was trying to

execute his European assignment, his charisma was viewed as abrasive. Though he was working in the German-speaking part of Switzerland, he made no effort to learn German. On the whole he conveyed the impression that he was not trying to fit in by making cultural adjustments. The European managers were thus not won over, so they were less than willing to accept him as a person who could bring them together as a cohesive team.

Much of the content of Donaldson's assignment in Europe was comparable

with his earlier assignment in Cairo. Both required him to conduct educational sessions. However, in Europe, his 'students', who were practising managers comparable to him in status and work experience, complained that Donaldson tended to provide too much information and 'over-explain'. He gave the impression of condescension. This also signified that he did not know how to teach Europeans, by addressing them in class at the appropriate level of difficulty.