Factors Affecting the Success of Malaysian Expatriates on Foreign Assignments

MOHAMED SULAIMAN
Kulliyah of Economics and Management Sciences
International Islamic University Malaysia

AZURA OMAR
Kulliyah of Economics and Management Sciences
International Islamic University Malaysia

OSMAN ABDULKERIM YUSSUF
Kulliyah of Economics and Management Sciences
International Islamic University Malaysia

ABDUL KADIR OTHMAN
Faculty of Business Management
Universiti Teknologi MARA, 40450 Shah Alam, Selangor, Malaysia
Email: abdkadir@salam.uitm.edu.my
Tel: +60355444175

Abstract
Companies conducting business overseas is a common phenomenon due to globalization. Employees are assigned to work in different countries for certain periods of time. Some employees are successful but others fail to meet expectations because of various factors. This study is an attempt at examining the factors affecting Malaysian expatriates’ success on foreign assignments. The employment of expatriates has become part and parcel of Multi-National Corporation (MNC) business organizations’ way to expand their businesses internationally. Malaysian companies operating abroad normally employ Malaysians as expatriates. A sample of nine respondents was selected based on their experience as expatriates; seven males and two females. The study found that the primary factors influencing the success of Malaysian expatriates include the selection of expatriates, emotional intelligence, preparation before their departure, adjustment to the new place of work, support from the Headquarters, and compensation package.

Key Words: Success, Malaysian expatriates, Foreign assignments.

Introduction
Expatriate employment has become part and parcel of Multi-National Corporation (MNC) business organizations as a way to improve their Human Resource (HR) to international standards level (Osman-Gani & Tan, 2005, 2009; Noe, Hollenbeck, Gerhart & Wright, 2006). Expatriates are referred to as employees who work in foreign locations with the approval of the laws of the particular countries (Richardson & McKenna, 2002). Globalization of businesses has caused international migration of labor in multinational corporations depending on labor situation of the host country (Takeuchi, Tesluk, Yun, & Lepak, 2005; Carpenter, Sanders, & Gregersen, 2001; Pires, Stanton, & Ostenfeld, 2006).
Increased labor shortage and competition has made it open for human resource systems to boost and utilize foreign human resources who might have global competencies and understanding of the diversity of foreign markets and cultures (Adler & Bartholomew, 1992; Black & Gregersen, 1991).

Due to lack of specific knowledge and expertise in countries where firms or organizations are set up, expatriate employment becomes a significant issue for multinational corporations to bridge the gap on lack of the required skills to maintain their daily operations (Shephard, 1996). In countries where expatriates are increasingly in demand mostly due to lack of the needed expertise, citizens normally prefer working in the public sector because of higher salaries, better employment conditions, greater job security and often shorter working hours (Chew & Debowski, 2008). For expatriates to be successful, their desire to work abroad and motivation are necessary and they should possess good social skills in order to live harmoniously with their colleagues (Kaye & Taylor, 1997).

Inclined to be an industrialized nation, Malaysia has enhanced and increasingly expanded its markets towards globalization of its goods and services. Malaysia is one of the South East Asian countries that has been at the forefront of international trade with many multinational companies all over Asia and other parts of the world. The international presence has boosted employment of Malaysians as expatriates in various subsidiaries where they are located in order to gain international business skills. These multinational companies employ competent, experienced and qualified Malaysians to work as expatriates in their foreign subsidiaries or work for other companies abroad.

Travelling overseas and exposure to other cultures offer a different lifestyle and set of experiences for the expatriates. They face numerous challenges and have to make essential adjustments in order to survive working and living in a foreign country. Such challenges might include language barriers, cultural differences and behaviors (Adler, 2008; Shin, Morgeson, & Campion, 2007). This means that the selection of expatriates should be appropriate for that environment, the preparation of the expatriates both physically and emotionally, knowing their compensation before they leave and also being in contact with Headquarters when they are abroad would be of much help to them. Even these do not guarantee success, as some firms had experienced a certain percentage of expatriate failures in the form of shortened contract assignments, resignations, adjustment problems, non-performance and even family breakdowns. These failures can be very costly both to the company and the expatriate monetarily as well as emotionally.

Literature Review

According to the literature, there are several factors that influence the success of expatriates in their foreign assignments. Among such factors that have been noted are the selection of the right candidates (Stroh, Black & Mendenhall., 2005; Holopainen & Björkman, 2005; Stewart, 1999; Shaffer, Harrison Gregerson, Black & Ferzandi, 2006), the preparation of expatriates before their departure for the foreign assignments, the emotional intelligence training (Templer, Tay & Chandrasekar, 2006; Goleman, 1998), and the support from the Headquarters. Besides, compensation (Boyacigiller, 1990) and adjustment (Caligiuri, 2000; Punnett, 2002; Huang, Chee & Lawler, 2005) are cited as among the influential factors. Thus, the process of selecting expatriates should be done very carefully to obtain individuals with the best skills.

Expatriate selection is considerably more difficult than the selection of personnel for a domestic position but several ways have been cited by different scholars on how to enhance the chances of expatriate success and effective expatriate selection (Mendenhall, Dunbar, & Oddou, 2006). Apart from the technical competence of the selected employees, their families, personal threats and their emotional intelligence must also be considered as the selection criteria (Shin et al., 2007). It is argued that procedures used should go
beyond technical skills and assess factors such as intercultural and interpersonal competencies (Mendenhall, Dunbar, & Oddou, 2006; Forster, 2000). Companies tend look at the technical competence of the individual and neglect the human relations skills. The understanding of host country culture, the ability to adapt and language skills are often ignored or treated as relatively minor issues (Mendenhall, et al. 2006). Personality traits and the ability to adapt to foreign cultures must be put in consideration while selecting staff for international duties (Stroh, et al., 2005; Shaffer, et al., 2006). Holopainen and Björkman (2005) posited that personality traits influence expatriates’ success while Mount and Barrick (1995) found that there was a link between personality trait and motivation as well as performance (Mount & Barrick, 1995). In a study of personality assessment, conscientiousness and dependability were related to job performance as they can naturally affect one’s behavior (Hough, 1992; Stewart, 1999).

Schmidt and Hunter (2000) defined intelligence as the ability to grasp and reason correctly and solve problems. Emotional intelligence is one’s ability to grasp and reason correctly with emotional abstraction and to solve emotional problems (Cote & Miners, 2006; Mayer & Salovey, 2004). Personal capabilities like emotional intelligence lead to outstanding performance among staff within organizations and can lead expatriates to learn different environments to enhance their cross-cultural adjustment (Lubinski, 2004; Goleman, 1995; 1998; Sulaiman & Abdullah, 2005). It has been suggested that emotional intelligence is twice as important as technical skills and cognitive abilities for leadership jobs at all levels of an organization (Sulaiman & Abdullah, 2005), with elements such as self-awareness, self-regulation, motivation, empathy, and social skills (Goleman, 1998). Emotional intelligence has been linked to cultural adjustments of the expatriates (Lii & Wong, 2008). Cultural intelligence such as higher cultural sensitivity and flexibility enables expatriates to adapt to new cultural surroundings in a short period of time (Templer, Tay, & Chandrasekar, 2006; Earley & Peterson, 2004). Despite the importance of emotional intelligence to predict job performance, there are limited empirical studies that have been done in the expatriates’ context (Mol, Born, Willemsen & Vander Molen, 2005).

Adjustment is a process whereby expatriates re-establish those routines that provide valued outcomes and predictable feeling of control due to the different lifestyles encountered during cross-cultural transitions in the new environment (Huang et al., 2005; Morley, Burke & Finn, 1999). Adjustment as a vehicle of success to expatriates might require time, sacrifice, effort, patience and interest, and money to make them familiar with the foreign cultures they encounter in their places of foreign assignment. One of the determinants of expatriates’ success on foreign assignments is how best they adjust to function appropriately in the new culture(s) of the host nation (Osman-Gani & Rockstuhl, 2009). As expatriates become more familiar and receptive towards the foreign culture they become increasingly competent at functioning effectively in the new environment (Caligiuri, 2000). Settling in a foreign country and working with people from different cultures require a person to be flexible and able to adjust to the new environment (Morrison, 2002a; 2002b; Selmer, 2002; Brewster, 1998). Punnett (2002) shows that the adjustment process is not only applicable to the expatriate, but will also have a direct influence on family members who have also been transferred in a foreign environment.

Adjusting well on foreign assignment for expatriates is more than just a matter of psychological well-being but it might lead to the success of their international missions (Morrison, 2002b; Toh & Densi, 2007; Aryee & Stone, 1996; Brewster & Harris, 1999). Feeling more positive, working more effectively, and living a more satisfying lifestyle require expatriates to outgrow their cultural shock (Robie & Ryan, 1996). Expatriates need to be equipped with critical skills in their initial adjustment while they also need to be patient and to be creative in finding unique solutions to unfamiliar problems (Waxin, 2004; Bhaskar-Shrinivas, et al., 2005). Such skills can be gained through cross-cultural training during their preparation (Caligiuri, Phillips, Lazarova, Tarique & Burgi, 2001; Puck, Kittler & Wright, 2008; Deshpande & Viswesvaran, 1992; Bhawuk & Brislin, 2000; Brislin & Yoshida, 1994; Black & Mendenhall, 1990). This
is because several studies have highlighted the relationship between cross cultural training and adjustment (Mendenhall, et al., 2004; Morris & Robie, 2001; Eschbach, Parker, & Stoeberl, 2001). The use of compensation packages for expatriates is to enable a company to attract potential job applications, and to be internally equitable and externally competitive in order to attract and retain suitably qualified employees (Harzing, 1995). Compensation package should provide incentive for one to take on the foreign assignment, to remove any worry about compensation issues while on that assignment, and to ensure that the individual and his or her family feel good about having been on the assignment (Boyacigiller, 1990).

Methodology

The research was a purely qualitative study. Qualitative methods were used for this study because it is intended to share the experience and opinions of respondents on the issue under study. The present study located Malaysian expatriates who are working and those who had worked as expatriates to provide data for this study. The study used the grounded theory in collecting and interpreting findings. Face-to-face interviews were conducted between the researchers and the respondents to obtain in-depth data of what they knew about expatriates’ success. The data were freely provided by the respondents. They also had the option of leaving the interview whenever they wished. A set of questions were prepared as a guide but all respondents were free to express their views without any interruption. The major research questions in this study are:

(1) What is meant by expatriate success?
(2) What factors contribute to the success of expatriates on their assignments?

Research Participants

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Gender</th>
<th>Title and Organization</th>
<th>Age</th>
<th>Duration</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent 1</td>
<td>Male</td>
<td>Professor (Higher Education Institution)</td>
<td>50</td>
<td>15 years</td>
<td>India</td>
</tr>
<tr>
<td>Respondent 2</td>
<td>Male</td>
<td>Professor (Higher Education Institution)</td>
<td>67</td>
<td>12 years</td>
<td>USA/Pakistan</td>
</tr>
<tr>
<td>Respondent 3</td>
<td>Male</td>
<td>Professor (Higher Education Institution)</td>
<td>63</td>
<td>20 years</td>
<td>USA</td>
</tr>
<tr>
<td>Respondent 4</td>
<td>Male</td>
<td>Engineer (MNC PETRONAS)</td>
<td>48</td>
<td>14 years</td>
<td>Qatar</td>
</tr>
<tr>
<td>Respondent 5</td>
<td>Male</td>
<td>Manager (Manufacturing company)</td>
<td>47</td>
<td>10 years</td>
<td>Azerbaijan</td>
</tr>
<tr>
<td>Respondent 6</td>
<td>Male</td>
<td>Training and Development Manager (Banking)</td>
<td>58</td>
<td>15 years</td>
<td>E-Asia</td>
</tr>
<tr>
<td>Respondent 7</td>
<td>Female</td>
<td>Manager, Administration (MMC)</td>
<td>47</td>
<td>10 years</td>
<td>Canada</td>
</tr>
<tr>
<td>Respondent 8</td>
<td>Female</td>
<td>Engineer (MMC)</td>
<td>49</td>
<td>12 years</td>
<td>England</td>
</tr>
<tr>
<td>Respondent 9</td>
<td>Male</td>
<td>Professor</td>
<td>66</td>
<td>4 years</td>
<td>USA</td>
</tr>
</tbody>
</table>

Note: All respondents are Malaysians

The respondents were Malaysian men and women expatriates who were in Kuala Lumpur and Selangor. They are either still working (on holiday) or had worked as expatriates. They are skilled and competent professionals who are working or had worked in higher education institutions and MNCs. The respondents were chosen through purposive sampling because the study is intended to get a deeper and comprehensive understanding of Malaysian expatriates’ success.
The selection criteria for the selection of respondents are as follows: first they must be men and women who are currently working or have worked as expatriates. Secondly, they should have been attached to government or private agencies or companies on their foreign assignments. Thirdly, each respondent was expected to have some knowledge of how he/ she succeeded on foreign assignments, and was well exposed to interactions with the locals at their workplace. Also, the expatriate should have been skilled professional and work or worked in key positions as expatriates.

The names and addresses of the respondents were obtained through the snowballing technique. Personal contacts were made to them later. The number of respondents was not determined until the study reached its saturation point. The profile of the respondents is as in Table 1.

Data Collection and Analysis

Collection of the data involved a face-to-face in-depth interviews with the participants in which appointments were set before the meeting. The interviews used a structured set of questions as a guide but not strictly used. All the interviews were recorded using a recorder, transcribed, and later coded in a set of themes (Merriam, 1998). Interpretations related to expatriates success were made based on the emerged themes.

Findings and Discussions

This section presents the factors that influence Malaysian expatriates’ success on foreign assignment. From the interviews, the following themes were obtained and they are presented with quotations from the respondents.

Expatriates’ Success

Respondent 1 was of the view that there are several factors that would hinder the success of the expatriates. “These include obstacles in the work place, xenophobic attitudes and high expectations. It may be also due to adjustment problems”.

Respondent 2 contended, “Expatriate success means that you embrace the country you live in, have an open mind, acknowledge that other cultures are different and that is a good thing, and find out the best parts of the new culture”. Respondent 7 felt that “having been a successful expatriate means that when you look back a couple of years later, and you remember with a smile your achievements you reached when serving in that country”. Respondent 7 also mentioned that expatriates success means “having an open mind with only good remarks about a country where you served as an expatriate”. Respondent 9 expressed the view that expatriates’ success can be seen in the following ways, “First, whether or not the expatriate completes his/her assignment. Second, whether the company achieves better results. Third, whether he/she gets a promotion or better assignment afterwards.” From the above, it may be seen that expatriate success is a multidimensional construct.

Selecting Expatriates

In selecting the expatriates, the respondents felt that personality consideration was an important issue. Respondent 6 mentioned that personality was a key element in selecting expatriates. He highlighted several components of personality which would be considered in this process. He mentioned that there should be a consideration of the various personality traits such as extroversion, agreeableness, openness, conscientiousness and emotional stability. He further added that what would also matter is a balanced personality that could manage stress and possess the ability to cope with work-related as well as living
problems. The expatriate must make greater use of emotional intelligence. The respondent stressed that these key issues cannot be over sighted in selecting expatriates who will give their best services. *Respondent 7* mentioned, “Personality is the basis of expatriate’s successes because it shapes how an individual copes and adapts in a new environment as well as helping to indicate the risk for both the job applicant and the hiring institution”. On the same issue, *Respondent 5* expressed that personal traits can be stable over time and consistent in various situations besides it differs from an individual to another.

*Respondent 9* mentioned that technical expertise is very important in a foreign assignment, but equally important is the person’s ability to adjust that is also known as emotional intelligence.

Thus, it can be seen that besides technical expertise, personality or emotional intelligence is an important consideration in the selection of expatriates.

**Expatriates’ Adjustment**

According to the respondents, their adjustment to the new environment was made easier with the help of locals. One of the expatriates explained, “What made my adjustment easier was the magnanimity of the locals, their open-mindedness, and hospitality towards me”. He also mentioned, “The equitable treatment to all workers both local and internationals is helpful in order to avoid tension. Their cooperativeness made me adjust easily at the new places of foreign assignments”.

On the same issue, *Respondent 4* expressed that “if you come from an orthodox kind of environment and rigid environment then it is very hard for you to adapt to the new environment. It might be in the form of dressing, talking style, greetings to your boss as they might be different from those of your home country culture”.

*Respondent 1* argued, “You cannot be an effective expatriate on a global basis without understanding yourself and the way you relate to people from different parts of the world”. From another perspective, *respondent 7* acknowledged that “the more friends an expatriate has the easier it is for him/her to adjust to the workplace”. It was also mentioned by the respondents that “there are many ways an expatriate can adjust in a new environment, but the company or organization can help to make those opportunities available such as providing training or pre-departure orientation as well as the expatriate taking the initiative to get involved in those opportunities”.

*Respondent 9* added that the faster an expatriate adjusts to the host environment, the faster he can be productive.

In order to succeed the respondents suggested that the expatriate must accept the differences posed by the foreign environment and adjust quickly.

**Support from the Headquarters**

As expatriates leave their home countries to go and work abroad they expect their employers at the Headquarters to keep close relations with them and also to give them support. On what they expected to have from the Headquarters when they are on foreign assignment, the respondents mentioned there needs to be frequent communication between the people at the Headquarters and those in the subsidiaries in other countries. It was mentioned by *respondent 5* that “if expatriate encounters a problem, a discussion may be held with colleagues and top management at the Headquarters. Even if a solution is not found, there is an advice”. This shows that communication between management at the Headquarters and expatriates in the field is necessary.
Respondent 3 stated, “It is essential for the company’s human resources department at the Headquarters to link up with expatriates of their organizations before and after completing their tasks. Keeping in touch with them helps the Headquarters to monitor on what their employees abroad are doing so as to be able to see good results. Here, expatriates are able to do their work with diligence and be able to evaluate their work because they have to report regularly to the Headquarters.” According to this view, respondent 6 mentioned that support from the Headquarters was important because “any management or development program to be done at the subsidiary should begin with assessment, and this is done at the Headquarters”. This makes the link between the Headquarters and the expatriates in the field a vital element in assisting the expatriate to give their best effort.

Respondent 9 expressed the view that some expatriates are on their own, especially academics. “They have no Headquarters to report to. Their Headquarters might be their wives or spouse! For those who have Headquarters, following Headquarters policies is important and certainly constant communications is a must. But at the same time, the Headquarters have to give some freedom or flexibility to the expatriate to operate abroad.”

It can be summarized that constant contact between the Headquarters and the expatriate is an important element towards the success of expatriate assignment.

Emotional Intelligence

With regard to the role played by emotional intelligence in securing success of an expatriate, respondent 4 asserted that “an emotionally intelligent manager is able to address many of the strong feelings that people express during periods of major organizational changes in a timely and appropriate manner. Intelligence leads to outstanding performance at work”. Respondent 7 noted that “emotional intelligence plays a big role in social influence and it is relevant for effective performance at work.” He further added that “emotional intelligence leads to trust, good communication skills, collaboration approach, being skilful at negotiations and exhibition of cultural competence”.

Other respondents also added that “the expatriate needs to connect with people emotionally especially in foreign environment and that strong emotional reaction to business decisions and process hinders performance”. In addition to that, they said “emotional intelligence studies are helpful to explain the link among the task, the worker and its success”. Respondent 9 opined that emotional intelligence or the ability to understand oneself and understand others and making adjustments is very important especially in foreign environment. Without high emotional intelligence one is doomed to fail.

From the several responses obtained about expatriates’ emotional intelligence, they are all directed towards being a principal factor in the success of an expatriate. An emotionally intelligent manager is able to show great flexibility in the way he adjusts to his new environment. The respondents unanimously agreed that emotional intelligence should be one of the factors, which could be considered when selecting expatriates for their foreign assignments.

Training for Expatriates

Respondent 6 who is a training manager with a bank emphasized that his bank provides orientation and training for those selected to work abroad. The orientation gives the candidate an overview of the challenges of working overseas as well what are to be expected in particular countries. The training or workshop is more about international or cross-cultural management. Respondents 4, 5 and 6 all agreed that
orientation or training before departure is very useful to prepare them mentally for work in foreign countries. They said, it made their adjustment much easier especially after hearing from managers who had been in those places before them.

Compensation of Expatriate

The respondents had the following opinions about the compensation they wished to get during and after their foreign assignments. **Respondent 6** said, “Among the packages of compensation that an expatriate would like to receive are cash allowances or money to allow them to live comfortably abroad and settle when they go back home, cash reimbursement for negative currency fluctuation, and cash allowance for additional cost of travelling”. **Respondent 5** suggested, “You do not only consider salary but other forms such as merit pay opportunities, pension plans, insurance benefits, vacation and sick leave, relocation and mobility allowances should be considered as compensation packages for expatriates”.

**Respondent 7** commented, “The compensation package should also include child care and health benefits, longevity bonuses for employees on their anniversaries, throwing a party at the end of the business season or service to the expatriate.” He further added, “Compensation can lead to business structure improvement, employment recruitment, retention, motivation, performance, feedback and satisfaction. This is because the expatriates will be satisfied of what they will get after their service and this might make them work harder in order to attain it.” Also, on the issue of compensation, **respondent 3** said, “Compensation is the main motivational factor of an expatriate to succeed. The package should include financial and non-financial benefits and can further be divided into direct and indirect compensation”. The respondent highlighted that “direct compensation can include salary and bonuses while indirect compensation includes pensions and benefits”. **Respondent 9** stated that the compensation package for the expatriate must be higher than in the home country. The company has to factor in the relocation difficulties and also the differences in the cost of living.

It can be summed up that compensation should be high enough for the expatriates to be motivated and feel proud to be selected to work abroad. It should also include incentives for the family members so as to make the expatriate feel comfortable at their work.

Conclusion and Recommendations

From the results of the study, there are several factors that influence expatriates’ success on their foreign assignments. From the general respondents’ views, it can be highlighted that factors such as expatriates’ adjustments in their new places of foreign assignments, support from the Headquarters, expatriates’ emotional intelligence, the selection process of the expatriates, the orientation or training provided and compensation are great influence factors on expatriates’ success. There were almost unanimous responses among the respondents that compensation packages for the expatriates, support from the headquarters, and emotional intelligence as major contributors to expatriates’ success. As a way forward to improve on the expatriates’ success on their foreign assignments, respondents mentioned that there should be emotional intelligence training to the expatriates, use more strict measures in selecting expatriates so as to take on the best, and to try to give them the right package they deserve as compensation while on their assignment and after their service as expatriates.

References


ISSN: 2306-9007  Sulaiman, Omar, Yussuf & Othman (2014) 947


