

The Importance of Internal and External Factors for the Selection Decision of Expatriates

Ramachandran Sugavaneswaran¹, Ingrida Šarkiūnaitė²

¹Master's degree, International Business Management, Vilnius University Kaunas Faculty, Muitinės g. 8, Kaunas 44280, email: ramachandran.sugavaneswaran@knf.stud.vu.lt; research interests: International Human Resource Management, Human Resource Management

²Assoc Prof, Vilnius University Kaunas Faculty, Muitinės g. 8, Kaunas 44280, email: ingrida.sarkiunaite@knf.vu.lt; research interests: International Human Resource Management, Human Resource Management, Human Relations, Social Aspects of Information Technologies

Abstract. Today's global business environment sets the platform for international employee assignments. As organisation globalise their operations, the roles and responsibilities of the Human Resource department are transformed and face the pressure of globalisation. Therefore, the selection of expatriates to fill international assignment is challenging because of the complex nature of internal and external factors of the selection decision of expatriates like Cost, Expatriate Performance, Expatriate Failure, Political factor, Legal factor, Economic factor, Socio-culture, Family requirements, and Multinational enterprise requirements (MNE), etc. The result of the studies shows the complex nature of the expatriate selection decision during the international assignment which will have a huge impact on the selection decision of expatriates and the success of the organisation on the global level market in the world of competition.

Keywords: *expatriates, selection decision, international assignment, internal factors, external factors.*

Introduction

Relevance of the article

Nowadays's human resource management departments are transforming magnificently as the modern business faces a number of complex challenges and exploit opportunities. Today the transformation of human resource management is a direct call of the rapid changes within the business due to the factors like globalisation. Thus, in the world of global competition within the flat and connected world, organisations' decision-making has become very complicated and complex in nature. The new global world has a number of talented workers and marginal workers for permanent and temporary works. So, organisations' talent or ability to be a source for sustained competitive expatriates is an advantage and it can affect important organisations' outcomes such as profit, customer satisfaction and employee's performance.

To achieve a competitive advantage in a developing global economy, an organisation from both the public and private sector has to review the selection criteria of expatriates as an important part of their international human resource management strategy. Taking an expatriate's assignment no longer automatically leads up to promotion on coming back. Individuals need to network and be proactive on their own path.

In this context, the component of expatriate selection, which depends on external and internal factors, is very important. These factors must be taken into account when deciding on the selection of an expatriate. This decision determines the further activity of the expatriate, his career, the success of the international assignment. Practice shows that there is a significant percentage of examples of unsuccessful international appointments when expatriates terminate the international appointment term prematurely. Therefore, this aspect is a relevant object of examination of international human resource management.

Investigation level of the problem

Authors who have analysed various aspects of selection decision of expatriates in the following manner: individual, organisational and environmental influences on expatriate turnover tendencies: expatriates technical ability (Anderson, 2007); expatriates failure, cost (Harzing, & Christensen, 2004; Kumar, 2014); alternative forms of expatriate assignments, expatriation periods (Mayrhofer, Reichel, & Sparrow, 2012); international human resource management (Dowling, & Welch, 1988); the context of strategic human resource management policy in complex firms (Evans, 1986); spouse adjustment

(Shaffer, & Harrison, 2001; Padmavathy, & Thangavel, 2013); globalisation and human resource management (Wang, 2011); international business communication (Victor, 1992); the foreign language need (Fixman, 1990; Selmer, & Lauring, 2011); the Coffee-Machine system in the international selection process (Harris, & Brewster, 1999); the overseas assignment practical look (Mendenhall, & Oddou, 1988).

The Scientific problem of the article

What is the importance of internal and external factors for the selection decision of expatriates?

The object of the article

Importance of internal and external factors for the selection decision of expatriates.

The aim of the article

To investigate the importance of internal and external factors for the selection decision of expatriates.

The objectives of the article

In order to achieve the aim of the article, the following objectives have been set:

1. To investigate the importance of internal and external factors for the selection decision of expatriates.
2. To analyse how both the internal and external factors combinedly help human resource managers to make their right decision.

Research method of the article

To analyse the theoretical and analytical aspects of the influence of internal and external factors on the selection decision of expatriates synthesis and co- scientific research methods in a comparative scientific analysis of the literature have been used.

1. Theoretical aspects on the importance of internal and external factors for expatriate's selection decision.

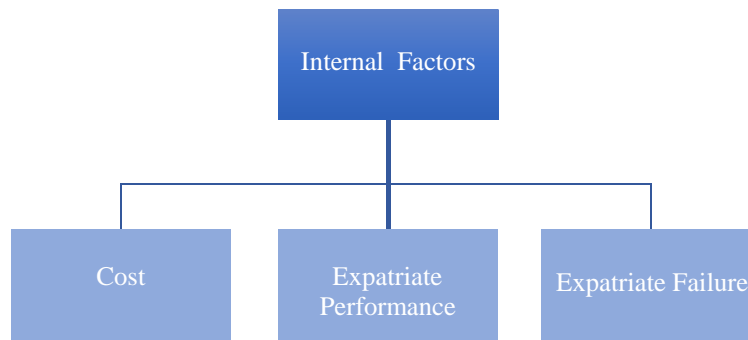
The selection of a suitable employee to perform an international task is a goal of multinational companies. Harris, & Brewster (1999) stated, that in terms of selection systems, research evidence points to the use within companies of 'pools' of existing employees with high potential, from which future international managers are picked. The expatriate selection decision is broadly separated into two types of Internal and External factors and it is also widely connected with the Selection strategies, Technical skills, Personal characteristics, Qualities of employees and Selection procedures of the organisation which helps to select the right candidate for the international assignment.

According to Dowling, Festing, & Engle (2013), an expatriate is an employee who is working and temporarily residing in a foreign country. In business terms, expatriates are the employees sent from headquarters to one of the subsidiaries for a limited period of time, often 3-5 years, after which she/he will return (Mayrhofer, Reichel, & Sparrow, 2012). This might embody employees sent to populate a replacement workplace or senior managers sent abroad to manage or found out a replacement location. Expatriates usually congregate in ex-pat communities, which are self-contained teams that meet, socialise and board either in a formal or informal setting.

The selection of expatriates is usually a lot more complex than the local employees (Šarkiūnaitė, & Rocke, 2015). Selection is a two-way process between the employee and the organisation. Expatriate selection is "The method of gathering info for the needs of evaluating and deciding who ought to be used above all jobs". Expatriate selection includes educating candidates, evaluating candidates, and selecting who ought to be sent on international assignments. Expatriates also perform the contact and coordination function between the parent corporation and its subsidiaries, for they know the company norms, people, values (Wang, 2011).

Internal factors of an expatriate selection decision

Internal factors exhibit the inner strength and weakness of the organisation and they might also impact the business operation. Internal things include factors like (Figure 1): 1) Cost; 2) Expatriate performance; 3) Expatriate failure.



Source: Created by the authors

Fig. 1. Internal factors of the expatriate selection decision

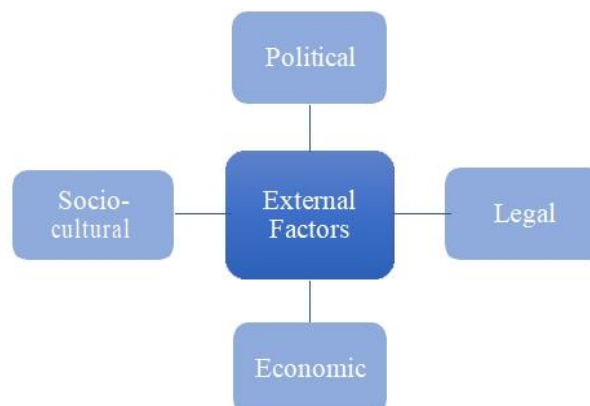
Cost factor. The cost of an international assignment is another area of concern that multinational corporations (MNCs) fully neglect. Normally the cost of selecting an expatriate for the international assignment will be five times greater than the salary of a home company employee (Kumar, 2014). According to Mayrhofer, Reichel, & Sparrow (2012, p. 4), “expatriation is expensive, both directly through assignment remuneration and indirectly through costs such resistance of locals against staffing from abroad”.

Expatriate performance. According to Mendenhall, & Oddou (1988) and Padmavathy, & Thangavel (2013), there are a number of factors that also impact the performance of international assignees. It includes technical skills, personal and spouse/family adjustment (Shaffer, & Harrison, 2001) to the foreign environment and culture. Also, the authors conclude that although creating performance appraisal for the expatriates of course it is not an easy task, it also involves external factors in it such as foreign exchange rate fluctuations that are on the business operations.

Expatriate failure. Another most important factor rather than cost and expatriate performance is an expatriate failure (Pokharel, 2016), which will mostly affect the salary of the expatriate, training cost, and travel relocation cost. Expatriate failure is usually measured as premature return from an international assignment (Harzing, & Christensen, 2004). And also, there is one more associated with the expatriate’s failure – relationship damage with the host country’s market share.

External factors of expatriate’s selection decision

It may be difficult for the human resource department, to deal with the external factors of the expatriate selection decision. The factors include (Figure 2): 1) Political Factors; 2) Legal Factors; 3) Economic Factors; 4) Socio-cultural Factors. These external factors of expatriate selection decision are also closely connected to the profit and performance of the organisation.



Source: Created by the authors

Fig. 2. External factors of the expatriate selection decision

Political factors. The political environment creates uncertainty and political exposure (Sundaram, & Black, 1992), which needs to manage the uncertainty in the multinational enterprises (MNEs) and may also act to exert control over the situation by sending a greater number of parent country nationals (PCN) employees and imposing some policies and practices on them as prescribed by the headquarters of the organisation.

Legal factors. According to Welch (1994), the legal system in the host country and home country differences can determine an organisation's management staffing policy. Sometimes multinational enterprises need to use more expatriates when operating in a politically unstable host country with legal factors of employment like workforce constitution in international subsidiaries.

Economic factors. The economic factors of the expatriate selection decision are related to the basic economic position and economic development of a country from the perspective of investment by multinational enterprises (Schuler et al., 1993). According to Brewster, & Scullion (1997), rapidly increasing prices inspired multinational enterprises to think further about the communication with native managers of expatriates. McKinlay, & Starkey (1992) have argued that employment of host country nationals (HCNs) would possibly increase the cost of transfer of managerial talents within the host country.

Socio-cultural factors. Socio-culture is another important factor of External expatriate selection decision. According to Evans (1986), the international organisation selects those employees who closely fit the host countries culture. However, Hossain, & Devel (1998) have argued that socio-cultural factors are more important for internationally operating organisations to take into consideration. Scullion (1994) has related the socio-cultural factor to the local labour market and concluded that the lack of availability of talented employees in one country is a major reason for employing workers from other countries and transfer of management to other countries.

To summarise the above-mentioned theoretical aspect of internal and external factors of the expatriate selection decision process, various factors involved in the internal and external factors of expatriate selection decision are clearly described and they are Internal factors like Cost, Expatriate performance, Expatriate failure, and External factors like Political, Legal, Economic, and Socio-cultural factors. It is very important for every company to deal with these factors. However, in the end, the result should be beneficial to the organisation and the employees too.

2. Importance of expatriates selection criteria

In chapter 1 we have discussed the theoretical level of importance of the internal and external factors for expatriate's selection decision. Here we are going to discuss how both the internal and external factors combinedly help human resource managers to make their right decision. According to Suutari, & Brewster (2001), expatriates' recruitment and selection is one main problem that we can find in the international human resource management literature. The question is how to choose the right person for the challenging assignments in the companies which develop global projects.

The organisation's strategic positions and vision ought to take a read of international human resource management and the way it may be integrated into the organisation. According to Dowling, & Schuler (1990), the method of selection is gathering information for the purpose of evaluating and deciding who should be employed in a particular position.

For the human resource practitioner who is in charge, it may be difficult to work out what selection decision to use once selecting employees for international assignments. The factors concerned within the expatriation selection area are 1) Technical Ability; 2) Cross-culture suitability; 3) Family requirements; 4) Organisation-Specific requirements; 5) Language. These factors of area are connected so that they are revised on an individual basis. Technical Ability, Cross-culture suitability, and Family requirements are the factors associated with the individual, and therefore the Organisation-Specific requirements, Language, and MNE requirements are largely influenced by the operating state of affairs they have to enter.

An employee's ability in undertaking the required task is a significant consideration. Both technical and managerial skills are important in the decision (Kang, Shen, & Benson, 2017). Technical and managerial skills are vital criteria. Indeed, research findings systematically indicate that multinationals

place significant reliance on relevant technical skills throughout the expatriate selection method. This is often not shocking as long as 'position filling' is the most typical reason for an international assignment. Since expatriates are preponderantly internal recruits, personnel evaluation records are examined and checked with the candidate's past and present superiors. In accordance with the research findings, it indicates that multinationals usually place reliance when it comes to technical skills especially in the process of selecting expatriates (DeNisi, & Sonesh, 2016). However, the assessment of the potential candidate is typically supported by their previous working experience, wherever statements and evaluation records from the candidate's superiors are obtainable. Once the candidate has to solve an issue in an exceedingly new international business environment, it should be noted that experience is not that serious. Technical talents are the knowledge needed to hold out a task; technical talents are related to the working of tools. An example of technical talents is that financial managers have to be compelled to make use of business appraisal tools to assess and set up financial statements such as income statement and balance sheet.

When it comes to this factor, when assessing a particular candidate's language skills, attitude towards the new cultures, cultural empathy as well as the level of personnel's emotional stability, this aspect shall be considered (Vaiman, Haslberger, & Vance, 2015). In observation, it is complicated to evaluate the cross-culture ability of a candidate because it is difficult to grasp exactly what factors ought to be enclosed. The multinational enterprise (MNE) emphasises the importance of expatriate's skills to form and maintain a natural relationship however, it suggests that such skills are not perpetually right enough. Efficient relationships, for example, associate analysis of the hypothesis culture with evident male dominance is a lot more belligerent and it will be confounded as a result of the simulation of cultures that are not autonomous.

Cross-cultural ability additionally comes into play in management designs. Finally, successful expatriates usually settle for their new host culture and become less affected by cultural variations. They become more comfortable coping with unknown things and a lot more tolerant to cultural habits that they have been previously disturbed by. In the Middle East region, for example, one can observe male Western expats greeting their acquaintances Arab colleagues with a light slapping on their hand before shaking hands instead of a typical western handshake. On the other hand, the customs of rubbing of noses and male kissing of some Arab men is probably the custom of the locals (Caligiuri, 2000).

According to Victor (1992), language skills could also be thought to be of crucial importance for the adjustment of a few expatriate positions (Selmer, & Luring, 2011). Speaking the local language is an element that is linked to cross-cultural ability. Nonetheless, language should be chosen to stress the situations that are determined in regard to the significance aspect in the selection decision (McNulty, & Brewster, 2017). The ability to speak the local language is an aspect typically linked to cross-culture ability. However, we have chosen to stress language as a situation determined in terms of importance as an element within the selection decision. However, in terms of other selection criteria, from the multinational's perspective, language is placed lower in the list of fascinating attributes. For example, the ORC Worldwide survey results rank language ability as the fifth most vital selection criteria. In the past, American multinationals have cared to place comparatively low importance on foreign language skills, for example, in a study of American multinationals, Fixman (1990) found that foreign language skills were seldom considered to be a crucial part of international business success. The family unit as a whole in terms of family member's relationships with one another, the extent to which family members are concerned and committed to the family and the degree to which family members are supportive of each other have been found to play a very important role in expatriate adjustment (Erogul, & Rahman, 2017). For this reason, as highlighted, some multinationals assist help during this scenario. Further, the host country could also be a crucial determinant. Some regions and countries are thought of 'hardship postings': remote areas away from major cities or high-tech facilities; or dangerous regions with high physical risk. Accompanying members of the family could also be a further responsibility that the multinational does not wish to contact. There could also be a reluctance to pick females for certain Southeast Asian regions like China, Saudi Arabia, and other totalitarian Islamic States within the Middle East, and in some countries, a work permit for a female expatriate will not be issued. These aspects could lead to the selection of HCNs instead of expatriates.

However, authors Shaffer, & Harrison (2001) have discussed the interaction between an expatriate, spouse, and family members. Their adjustment experiences varied and are currently well documented. It ought to be pointed out the spouse (or accompanying partner) usually carries a significant burden. Upon arrival within the country of assignment, the responsibility for settling the family into its new home falls on the spouse, who might have left behind a career, along with friends and social support networks (particularly relatives). The contribution that the family, significantly the spouse, makes to the success of the overseas assignment is currently well documented, as we mentioned the accompanying spouse on early return despite the importance of the accompanying spouse/partner.

To summarise, the above analysis of the chapters reveals that the success of expatriate selection mostly depends on the Technical Ability, Cross-culture suitability, Family requirements, Organisation-Specific requirements, Language, and MNE requirements. These factors of area are connected so they are revised on an individual basis. Technical Ability, Cross-culture suitability, and Family requirements are the factors associated with the individual, and therefore the Organisation-Specific requirements, Language, and MNE requirements are largely influenced by the operating state of affairs they have to enter.

Conclusions

The investigation of the importance of internal and external factors for the selection decision for expatriates allows claiming that expatriate assignments provide various potential additional advantages because of well-documented costs to Multinational Enterprises in recruiting for their international operations. The challenges related to such assignments have resulted in international assignments gaining a degree of crucial attention from employees in the field. In this regard, we tend to argue that each international organisation and institution should take a lot of strategic and holistic views of recruiting arrangements within the international context. The primary key decision to be created by top managers in Multinational enterprises is whether or not a traditional expatriate assignment best meets the organisational requirements on a day-to-day basis.

The analysis of internal and external factors which help human resource managers to make the right selection decision allows claiming that criteria for selecting expatriates have been broadly discussed, and it had been noted that it does not take much from the regular employee selection process. So as for a multinational enterprise to operate successfully in a foreign country, first they must choose an international strategy to enter the global market. Once the organisation has entered the market, they have to grasp what recruiting approach is the most appropriate to the strategy. If the organisation has determined the strategy and approach, then they have to take into consideration what criteria they are planning to build to choose the most appropriate expatriate manager for the international assignment. Multinational enterprises have to take into consideration that because of the failure of expatriation each and every aspect of selecting the appropriate employee can be extremely clumsy.

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