The Commonalities in Expatriates’ Performance: Empirical Evidence from Pakistan

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ABSTRACT

The process of international integration arising from the interchange of world views, products, ideas and other aspects of culture is the currency of the day. This has many aspects and expatriates play several crucial roles in this process of change. There are a number of vital determinants that affect this change. This study examines some of the determinants of expatriate performance in Pakistan. The extant literature has been studied to explore the theoretical base for the research. And on the basis of the previous research theoretical scope was designed. To analyze the determinants, views of 109 expatriates from four different sectors; education, construction, telecommunication, and press and media were collected through a survey. Multiple regression analysis was employed. The empirical evidence revealed that 67.3% variation in performance is explained by factors like expatriate selection, cross-culture training, language skills, family related issues, personality characteristics, expatriate motivations. However, the role of personality characteristics is very significant compared to the rest. The results of the correlation and regression analysis supported the hypothesis is supported by the empirical data. The study has some limitations like comparatively small sample size and limited number (sectors) of international organizations in Pakistan. Apart from such limitations the study has all the positives of expatriate research. One notable aspect of the study is that it is one of the first to study expatriation in Pakistan. Practical implications: The research has practical implications for international organizations in providing in-depth understanding regarding the role of these factors in affecting the behavior of their employees and thereby the performance of the organizations and would help them in taking into account these determinants while making reasoned decisions about expatriation in Pakistan. Though the amount of research on expatriation is abundant, contextual studies in Pakistan are in the nascent stages. Such studies (new and replications both) will be of greater value in advancing the cause of good HR practices and encouraging future research in this field.

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Introduction

Expatriation is not something new but has a rich past. However, according to Mendenhall (1999) the theory of the subject began to develop to match the reality of the experiences during the last three decades. The phenomenon of ongoing globalization and “unprecedented increase in the number of organizations that decided to internationalize their operations towards the end of the twentieth century” (Hutchings, 2005, p. 557) has necessitated the need for adjustment in an alien culture. Expatriation is necessary because it is usually not possible for international organizations to engage local employees as they usually do not have enough managerial experience and technical skills. Anyway, operating business overseas is not only complex but expensive (Toh & Denisi, 2003). "Undeniably, the life of an expatriate is demanding and one must be prepared to meet the challenges involved" (Russell, 2006, p. 24). The success here is subject to an effective intercultural preparation. Organizations that want to be successful in their expatriation programs, their international HR professionals should facilitate expatriate adjustment (Cieri, Dowling, & Keith, 1991).

By definition, expatriation is a relocation to a new overseas site and new working environment. This relocation has impacts on one’s person(ality), spouse, and family. And that is why a large number of expatriates fail in overseas assignments (Toh & DeNisi, 2005). Expatriate failure is very costly for both the organization and expatriates in terms of direct business losses, negative impact on other staff, damage to relationships with customers, suppliers, and also officials of host government. For example, studies show that failure of American organizations operating on overseas assignments cause them to lose around US$ 2 billion a year (Pihl, Qi, Fjelkner, & Lange, 2005). On the other hand, expatriates and their families suffer from this failure psychologically and socially.

The question 'why expatriates fail?' is a challenge for international organizations to overcome. Researchers in the
field have different reasons for failure: they fail because of the lack of cultural awareness (Harris & Moran, 1987); exclusive reliance on technical capability (Tung, 1987); expatriate unwillingness for formal training (Glanz, 2003); expatriates are pushed into new, difficult and alien environment, with additional burden of demanding performance from them (Brewster & Pickard, 1994); lack of cross-culture training (Selmer, 2006); absence of a supportive organizational (Rushing & Kleiner, 2003; Russell, 2006; Shaffer, Harrison, & Gilley, 1999); insufficient up-to-date information about local business environments, short duration of trainings, absence of support from organizations in coping with family problems (Forster, 1994); role conflicts (Mendenhall, Kuhlmann, Stahl, & Oslund, 2002); and the like. However, so much researched and said, the answer to this question can be better understood by knowing the perspectives of the expatriates.

The above references illustrate the large amount of literature on the topic and the importance of related issues. However, most of them are about the expatriates in USA, Europe, or to some extent, ASEAN countries. There is a need of such researches in Pakistan which is very poor. The present study is an attempt to fill that gap and to draw the attention of the researchers to this ignored area.

**Literature Review**

**Expatriate selection**

Selection of right people for the right job in right number, in right time, for the right purpose has become a human resource management adage. “Poor selection has been linked to expatriate failure, either in the form of pre-mature re-entry or significant underperformance while on assignments” (Morley & Flynn, 2003, p. 43). There is an undue emphasis on technical skills while ignoring cross-cultural skills and family situation (Anderson, 2001; Mendenhall, et al., 2002). There is a need that family of the expatriate should also be given due consideration (Edkins, 1995). Hutchings (2002) thinks that organizations consider the selection on ‘ad hoc’ basis; Anderson (2005) thinks it is ‘an irrational process’ for organization; while Ferraro (2002) believes that it is carried out ‘hastily’ by organizations. Therefore, a wholesome selection process that consider factors like extroversion and personal competencies in the form of stress reduction skills, empathy skills, language, and cross-cultural skills for both the expatriate and his/her family (Morley & Flynn, 2003).

**Cross cultural training**

According to Forster (2000) “the ability to adapt to new cultures is one of the most important elements of a successful international assignment. The main purpose of these training programs is to introduce staff to the importance of culture and to sensitize them to cultural differences. They should also make them aware of the inevitable psychological stresses that occur when people adapt to living and working in new cultures” (p. 65). Otherwise they would “be relying on their existing response patterns learned in their home country and with the danger of misinterpreting the current situation and creating consequential problems” (McDonald, 2000, p. 20).

The areas of cross cultural training include: technical training, cultural awareness, area studies, intercultural effectiveness skills, practical information, and interpersonal sensitivity, language, tax laws, government, length of assignment and degree of interaction with local people (Andreason, 2003; Gómez-Mejía, Balkin, & Cardy, 2007; Zakaria, 2000).

There is not enough literature available to assess prevalence of some formal and recognized practices. However, some studies do exist, conducted around two decades back. For example Black and Mendenhall (1990) discovered that only 30 percent of expatriates who were sent on overseas assignments got cross-cultural training prior to their departure. It implies that practices of cross cultural training are at low ebb. That is why researchers (Ashamalla & Crocitto, 1997; Forster, 1994; Hutchings, 2003; McDonald, 2000) ascribe inadequate cross-cultural training activities as primary source of expatriate failure.

**Performance**

The unprecedented growth of overseas business has lent importance to the performance of expatriate managers (Kraimer, Wayne, & Jaworski, 2001). An expatriate performance is defined as the levels of effectiveness of expatriate during overseas assignments; and that high level performance is linked with feeling of expatriates of having well-adjusted to the work and general environment. It is expected that the expatriate who is adjusted well to the work environment can perform his or her overseas assignment much more effectively (Kraimer, et al., 2001). Researchers (Black & Mendenhall, 1990; Mendenhall, et al., 2002; Shim & Paprock, 2002) agree that cross-cultural training develops understanding of diverse cultures, enhances expatriate adjustment in alien cultural environment and, thereby, increases an expatriate's job performance effectiveness. There are four groups of variables that can be indicators of expatriate’s performance; technical competence on the job; personality traits or relational abilities; environmental variables; and the family situation as adaptability potential of the spouse and other members of the family (Pucik & Saba, 1998). Weakness in any one of them can have deep impacts on an expatriate's performance. Russell (2006) believes that positive expatriate experiences affect performance positively.

**Success**

Success is the ability of an expatriate to perform effectively, to achieve objectives in a foreign country and it has become the most crucial issue for organizations to examine the way how they can increase the success rates of expatriates (Toh & Denis, 2003). Expatriates success is highly critical (Varma, Toh, & Budhwar, 2006). The factors that determine this success are: family situation, job related knowledge and motivation, relational skills, flexibility/adaptability, cultural openness (Guthrie, Ash, & Stevens, 2003), improved selection, preparation, training and in-post support (Cieri, et al., 1991). Therefore, sound international management practices like expatriation for the right reason, sending the right expatriates, and dispensing the expatriate assignments the right way (Black & Gregersen, 1999) are inevitable (Ashamalla, 1998).

**Failure**

Failure here means the returning of any expatriate to the home country from the job before either international assignment is finished or inability to perform the work effectively (Ashamalla, 1998). According to Anderson (2001) “the international human resource management literature recognizes that expatriate assignments must be managed effectively as such assignments are demanding of human and economic resources” (p. 33). Despite this realization, Varma, et al. (2006) opine that many organizations are not successful in the effective management of their expatriation programs. Preventing expatriate failure is highly important. Expatriates cost companies highly and their failure may create problem(s) not only for expatriates but for their companies as well.
However, there hardly exists any universal panacea for the issue. International organizations are required to practice good practice in their international assignments. Like Tung (1987) suggests that managers in the beginning of their assignments may not be given managerial responsibilities. Such exemption will help expatriate not to do mistakes caused by understanding of the cultural differences. It is interesting to note that expatriates failure rates (70%) in developing countries are much higher than the rates (25% to 40%) in developed countries (Varner & Palmer, 2005).

**Culture shock**

International business, by its very nature, brings people of various cultures together where intercultural interaction is necessary on a daily basis (Varner & Palmer, 2005). Researchers (Jun, Gentry, & Hyun, 2001) have noted that most expatriates experience difficulties when moving across cultures. By definition culture shock is an "expatriate’s reaction to a new, consequently different environment" (Zakaria, 2000, p. 496). This happens because of misinterpreting multiple cultural cues in the foreign county leading to inappropriate behaviours and the greater the distance between home and host cultures the greater the anxiety (Black & Mendenhall, 1990). According to Mendenhall, et al. (2002) “the very act of living and working in a foreign culture can cause massive stress … a normal stress reaction under conditions of uncertainty, information overload, and loss of control” (p. 139). Almost all expatriates whether less or much suffer from the culture shock and the level of culture shock an expatriate faces is connected with the expatriate’s need to adjust to a new environment. This can be “a serious impediment to success in overseas assignments, therefore must be overcome” (Russell, 2006, p. 45). Forster (1994) believes that cross-cultural training and skills development are important factors in strengthening an expatriate’s abilities in coping with culture shock.

While examining the salient factors affecting expatriates culture shock, Sims and Schraeder (2004) enumerates five factors. They are: expatriates training, expatriates demographic characteristics, expatriates personal and dispositional characteristics, the level of organizational support, and the level of the expatriates’ technical competencies. Cultural shock can be experienced in any country and Pakistan is -not an exception.

**Family factors**

“The importance of the family is stressed throughout the expatriate literature "because "an expatriate’s family and spouse also undergo the adjustment process” (Russell, 2006, p. 78). Family it is one of the essential factors that influence the expatriates’ job performance therefore, “the selection plan should also include the expatriate family” (Ashamalla, 1998, p. 56). It has been found out that spouse/family cross-cultural adjustment can positively influence the expatriate’s overall cross-cultural adjustment and their partners’ decisions and behaviors (Andreason, 2008). It has been said that 60 percent of failed assignments could be accounted for difficulties in family adjustment (Sims & Schraeder, 2004). Hence, international organizations are required to give adequate training to their overseas missions, for their environment experiences. Such trainings are supposed to prepare them socio-culturally and psychologically and enable them to be successful on overseas assignment (Zakaria, 2000).

**Personality characteristics**

All has been said, however, it is an expatriate's personal characteristics that make the actual difference. Though it is so difficult to define what personality characteristics consist of, international organizations generally test the cross cultural suitability of expatriates when they want to select any candidate to send on overseas assignments (Pihl, et al., 2005). On the whole personality characteristics include: cultural sensitivity, empathy for others, willing to agree to intercultural experiences’ challenges, and last and maybe the most important one is willingness for overseas assignments (Lee, 2007). It can be fairly said that personal characteristics have a positive relationship with performance of expatriates. The expatriate who has ability to adapt, adjust in new culture, is culturally sensitive, having empathy for others, is ready for overseas assignments etc. no doubt he or she can show high performance on overseas assignment as they will make easy for expatriate to adjust as well.

**Theoretical Framework**

Based on the literature review, (1) expatriate selection, (2) pre-departure training, (3) post arrival training, (4) language skills, (5) personality characteristics, (6) family related issues, and (7) motivation, have been found as independent variables of the performance of the expatriates (Figure 1).

![Figure 1. Theoretical framework of the study](image)

The following research questions guided us in conducting this study:

I. Why do organizations need cross cultural training?
II. What are the factors that affect an expatriate performance that determines success/failure?

The above framework is supposed to see empirically the dependence of the relationship in the international business organizations in Pakistan. The following hypothesis is presented:

**Hypothesis:** An expatriate's performance is influenced by the expatriate selection, cross-cultural training, language skills, personality characteristics, family issues, and motivation.

**Methodology**

**Procedures**

For the study, a questionnaire was developed based on theoretical framework evolved through literature review. In the framing of individual questions help was taken from other researchers (Russell, 2006; Selmer, 2006; Van der Zee & Van Oudenhoven, 2000,2001). Questions have been customized to suit the objective of the current study. Data was collected from different international organizations working in some cities of Pakistan like, Islamabad, Lahore, Multan, and Peshawar. The questionnaire, with a covering letter detailing the purpose, was personally administered. Confidentiality was ensured. The questionnaires were distributed among 200 expatriates. A total of 113 questionnaires were received back out of which 109
were found complete in all respect for analysis. This constituted a response rate of 55%.

**Measures**

Selection Criteria: This has 7 items. Questions include 'special knowledge and skills required for the job', 'motivation', 'personal characteristics', 'language ability', 'cultural awareness'. Respondents could give their answers on a 5-point scale ranging from 'never' [1] to 'mostly' [5].

Pre-departure Training: This has 6 items. They include: 'language training', 'environmental briefing', 'cultural awareness', 'interpersonal ability', 'technical competence' and 'cross-cultural skill development'. Respondents could give their answers on a 5-point scale ranging from least important [1] to most important [5].

Post-arrival Training: This has 4 items. They include: 'cross-cultural training on environment', 'interaction with the host community', 'adjustment with the non-work environment'. Respondents could give their answers on a 5-point scale ranging from strongly disagree [1] to strongly agree [5].

Language Skills: This has 5 items. They include: 'understanding the host country language, language capability and performance', 'facilitate communication', 'facilitate learning the host culture', and 'learn politeness'. Respondents could give their answers on a 5-point scale ranging from least important [1] to most important [5].

Family Related Issues: This has 4 items. They include: 'support of your family/spouse', 'adaptation of family', 'willingness of the spouse to live abroad', and 'adaptation training for the family'. Respondents could give their answers on a 5-point scale ranging from least important [1] to most important [5].

Personality Characteristics: This has 6 items. They include: 'bearing uncertainty and stress', 'flexibility', 'social skills', 'accept recommendation from locals', 'personal emotional maturity'. Respondents could give their answers on a 5-point scale ranging from least important [1] to most important [5].

Expatriate Motivation: This has 5 items: They include: 'willingness to go abroad', 'local staff support', 'satisfaction with salary', 'job security', 'willingness to continue all things considered'. Respondents could give their answers on a 5-point scale ranging from strongly disagree [1] to strongly agree [5].

Expatriate Performance: This has 7 items. They include: 'motivation', 'adjustment', 'cultural awareness', 'interpersonal sensitivity', 'technical competencies', 'productivity', 'completion of assigned task'. Respondents could give their answers on a 5-point scale ranging from least important [1] to most important [5].

The demographic information included: 'age' 'education' 'nationality' 'expatriate's field', 'gender', 'marital status', and 'occupation'.

**Results**

**Profile of respondents**

SPSS 18 was used for descriptive statistics. Almost half (47 percent) of the respondents had age falling in the range of 30-45 years, 28 percent were younger than 30, and 23 percent older than 45. About 90 percent of the respondents were having at least 16 years education. The largest group of respondents were from China (35 percent), followed by Turkey (28 percent) and Others (37 percent). Other countries included Iran, Afghanistan, Georgian, France, Uzbekistan, Turkmenistan, Argentina, Japan, and Azerbaijan. As far as profession of respondents is concerned, most of them were working in education sector (37 percent), followed by telecommunication (24 percent), media (16 percent), and the others (23 percent). Regarding their gender, majority of them were found to be male, 84 (71 percent). Regarding marital status majority of them were found to be single (45 percent), followed by married with children (32 percent), followed by married but without children (23 percent). While in the occupation majority were found educators (32 percent), followed by managers (25 percent), followed by engineers (19 percent) followed by consultants (14 percent) followed by others (10 percent).

Reliability analysis was applied to find the reliability of scales used for each measure so as to find the generalizability of the scale into new setting. All the scales demonstrated significant reliability with Cronbach Alpha above 0.8.

<table>
<thead>
<tr>
<th>Item</th>
<th>Mean</th>
<th>S. D</th>
<th>Y1</th>
<th>Y2</th>
<th>X1</th>
<th>X2</th>
<th>X3</th>
<th>X4</th>
<th>X5</th>
<th>X6</th>
<th>X7</th>
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<tr>
<td>X1 Expatriate Selection</td>
<td>3.63</td>
<td>0.64</td>
<td>0.47</td>
<td>0.00</td>
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<td>X2 Pre-departure Training</td>
<td>2.08</td>
<td>0.33</td>
<td>0.44</td>
<td>0.41</td>
<td>1.00</td>
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<tr>
<td>X3 Post-arrival Training</td>
<td>3.51</td>
<td>0.73</td>
<td>0.51</td>
<td>0.33</td>
<td>0.50</td>
<td>1.00</td>
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<tr>
<td>X4 Language Skills</td>
<td>3.66</td>
<td>0.82</td>
<td>0.30</td>
<td>0.22</td>
<td>0.31</td>
<td>0.30</td>
<td>1.00</td>
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<td>X5 Family Issues</td>
<td>3.66</td>
<td>0.89</td>
<td>0.47</td>
<td>0.30</td>
<td>0.43</td>
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<td>X6 Personality Characteristics</td>
<td>3.70</td>
<td>0.65</td>
<td>0.53</td>
<td>0.56</td>
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<td>0.63</td>
<td>0.58</td>
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<td>X7 Expatriate's Motivation</td>
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*Correlation is significant at the 0.01 level (2-tailed).
Correlation analysis
Correlation analysis was applied using Pearson correlation to find the correlations among the variables. Results are presented in table 1. The table shows somewhat average correlation of the dependent variable with the independent variables and among themselves. However, personality characteristics show higher values on the scale which manifest the importance of the variable. On the other side language skills show lower values on scales. The reason for low correlation between dependent and independent variables may be that most expatriate can speak English and that English is being used in all offices and even the people of these cities can speak it as well.

Multiple regression analysis
As we have six independent variables that have influence on the dependent variable, we have applied multiple regression analysis. The R² is 0.673 which means that 67.3% variation in performance is explained by the seven independent variables. There is positive and significant effect of personality characteristics on performance of expatriates with a beta value of 0.395. This is followed by expatriate motivation with a beta value of 0.242, followed by family issues, language skills, post-arrival training, expatriate selection and pre-departure training with values 0.218, 0.182, 0.145, 0.076, and 0.042 respectively. On the basis of the results of the correlation analysis and regression analysis the hypothesis is supported by the empirical data.

Discussions
The extant literature on the performance of expatriates has referred to a number of factors. The current study considered a few of those factors and put it to the empirical evidence with the help of a small sample. The empirical evidence supported that factors like selection of expatriates, their cross culture trainings at different stages, their language skills, family issues, personal characteristics and expatriates’ motivation influence the performance of expatriates. The detailed analysis taken country-wise (the expatriates) shows that expatriates from China and Turkey have greater adjustability in Pakistan and feel at home compare to the rest in the sample. The reason could be the presence of strong relationships with no obvious geopolitical negative issues. Both countries have strategic, historical, and commercial relations. It means cultural social, and political and religious factors do impact on the adjustability of expatriates. Chinese expatriates have been found to have some other distinctive characteristics. They either do not bring their families or they do not have many children. This may also be helpful in their adjustment. This gives credence to the findings of other researchers (Andreason, 2008; Russell, 2006; Sims & Schraeder, 2004).

Most of the expatriates arriving in a new geographical setting, often confront culture shock. Reasons may be many. The point of concern is to what extent an expatriate could live with it. Therefore, personal characteristics like potential to bear stress and uncertainty, sociability, sensitivity, and social skills play crucial role. Those individuals that have high marks on these scales have little problems in adjustment thereby affecting their performance. And according to Guthrie, et al. (2003) these are some of the factors that account for success in expatriation.

The present study also gave support to the importance of the cross-culture training. To an exclusive question about the relevance of such training, around 75% of the respondents stated that CCT has high relevance and had strong bearing on the adjustment of expatriates. These results give support to the findings of a host of researchers (Ashamalla, 1998; Braud & Anderson, 1998; Hutchings, 2003; McDonald, 2000) who contend that if organizations want to avoid failure, they should recognize the importance of cross-cultural training.

The central element of any HR related program is human factor itself. And within this factor motivation is of prime importance. Until and unless expatriate is motivated, positive results are always illusive. Empirical evidence gave support to this fact. International organizations should work on motivation of their employees. Language has also been found to have influence on the working of expatriates. Its affects have been found to be more evident where interpersonal relations are more widespread like in education and media.

For successful expatriation Black and Gregersen (1999) suggest a few tips: expatriation for the right reason, sending the right expatriates, and dispensing the expatriate assignments the right way. After expatriation for the right reason, it is the selection of right person that matters till the end of the story. The empirical evidence in the current study regarding the importance of selection lent support to such previous researches (Anderson, 2001; Edkins, 1995; Hutchings, 2002; Morley & Flynn, 2003).

Future Research Recommendation
It is believed that the current study has provided a conceptual foundation for expatriation in Pakistan. Future research should enlarge the scope of the study to a larger sample. This will improve upon the generalisability of the results. There is also a need of adding two other important variables like religion and security which will give more wholesome approach to the issue. There is also a need of carrying out qualitative study with the same variables to get more subtle findings. One area of research could be a comparative analysis of with expatriation with other Asian or Western countries.

Conclusion
The purpose of the current research was to describe and interpret the lived experience of expatriate performance in Pakistan. The results of the study provide sufficient insight about the determinants of expatriate performance. The results, through empirical evidence, indicate that performance of expatriates is affected by personality characteristics, expatriate motivation, family related issues, language skills, cross-cultural training, and proper selection criteria through varying degrees. This lend support the previous research (Andreason, 2003; Hutchings, 2003; Mendenhall, et al., 2002; Rushing & Kleiner, 2003; Shim & Paprock, 2002). Despite this support expatriation still needs attention of the researchers, especially in countries like Pakistan. Therefore, it is presumed that this study would be beneficial for international organizations in providing in-depth to this tricky issue and would help them in taking into account these determinants while making reasoned decisions about expatriation in Pakistan.

However, the story does not end here. There is a lot to search and to look for deeper meaning and insight analysis. This study covers a limited number of cities of Pakistan like Islamabad, Lahore, Multan, and Peshawar. This restricts the generalizability of the results. There is a need of expanding such studies to the country as a whole. Though it can be said that broadly speaking Pakistan is normally considered as having a uniform culture, it is not so. There is an overwhelming culture differences in Karachi and Peshawar (the two cities that are located at some 1200 km away from one another). Including the views of expatriates working in these cities will give more holistic approach to the study of expatriation in Pakistan.
References

