

Expatriate failure: Time to abandon the concept?

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EXPATRIATE FAILURE: TIME TO ABANDON THE CONCEPT?

ABSTRACT

In this article, we review the established understanding of the concept of expatriate failure, discuss its associated problems and present a more sophisticated and comprehensive understanding of the concept. We argue that it might well be time to abandon the concept of expatriate failure altogether and instead draw on the general HR literature to analyse problems related to turnover and performance management in an expatriate context.

Key words: expatriation, international assignments, international careers, expatriate failure, multinationals.

INTRODUCTION

Expatriate failure – usually measured as premature return from an international assignment – has taken up a very prominent position in the literature on expatriate management. Even articles dealing with other areas of expatriate management often routinely refer to (high levels of) expatriate failure to frame their arguments. More recently, several articles have attempted to discard the “myth of high expatriate failure rates” (Daniels & Insch, 1998; Forster, 1997; Harzing, 1995/2002; Insch & Daniels, 2002). Even though some contemporary authors still continue to support this myth (see e.g. Harvey, Speier & Novecic, 2001; Selmer & Leung, 2002), there is a growing acceptance that failure rates might never have been as high as originally claimed. However, this should not lead us to conclude that expatriate failure as such is not an important issue to investigate. What is still lacking is a systematic understanding of the *concept* of expatriate failure. In this article, we will first review the established understanding of the concept of expatriate failure and will show that this can be classified into five categories. We will identify some problems

with these established definitions and present a more sophisticated and comprehensive understanding of the concept of expatriate failure. This understanding leads us to the conclusion that it might well be time to abandon the concept of expatriate failure altogether and instead draw on the general HR literature to analyse problems of turnover and performance management in an expatriate context.

EVALUATING THE ESTABLISHED UNDERSTANDING OF EXPATRIATE FAILURE

In the current literature, “expatriate failure” is a term encompassing a broad range of themes such as premature return, low performance, adjustment problems etc. Many other terms are also used interchangeably, such as expatriate turnover and transfer (Naumann 1992) and recall rates (Tung 1981). In Table 1ⁱ we present, in chronological order, the most significant definitions of expatriate failure. The contributions are classified into five different categories, with some contributions appearing in more than one category. The first column lists the contributions that define expatriate failure as ending the international assignment before the contract expires. The definitions in the second column resemble those in the first column in terms of the assignment ending prematurely, but in addition to this element, all of them link the premature return to one or more **reasons** for the outcome. Definitions in the third column refer to expatriates who are underperforming. Here we are dealing with problems that the expatriate is facing or causing the organisation, but the consequence is not a premature end to the assignment, i.e. we presume that the contract period is fulfilled. The last two columns relate to the time after the international assignment has ended (in one way or another) and deal with the end of the employment contract after repatriation or repatriation problems.

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Table 1 about here
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As can be seen the majority of studies simply define expatriate failure as the premature end to the assignment, either with or without listing reasons. This is also the definition adopted by the two most important articles [measured in terms of citations by other authors (Harzing, 1995)] in the literature about expatriate failure rates: Tung (1981) and Mendenhall & Oddou (1985). In conclusion, the established understanding of the term “expatriate failure” consists of a core made up of the categories of “premature end to an international assignment” and “premature end caused by a reason”. Some authors do question the validity of this definition, even if they are not offering alternatives. An understanding of expatriate failure as “underperformance, or similar, during the assignment” is also unfolding, and some contributions include repatriate turnover (expatriate leaving the company shortly after repatriation) and repatriation problems. However, what has been missing in the literature so far is a critical, systematic and integrated approach to these various definitions.

In order to evaluate the established understanding of expatriate failure, we need to look more closely at what we call the international assignment cycle. We present two models that illustrate the possible scenarios for an international assignment. Figure 1 depicts some of the human resource management processes that are involved in a “text-book” international assignment. In other words, Figure 1 is an “ideal” type scenario where the expatriate “life cycle” is depicted as an unbroken circle, starting with recruitment and selection, hiring, the actual assignment and finally the repatriation phase where the cycle ends. After repatriation the expatriate might continue with his/her old job in the home organisation or the cycle may start over again with the employee starting on a new international assignment. This is what most academics and practitioners in the field seem to have in mind when considering international assignments and expatriate failure.

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Figure 1 about here
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However, many cases do not resemble the ideal international assignment cycle at all. Expatriates may quit their assignment and leave for better job offers outside the organisation, they might get transferred to other positions within the organisation, and some might get fired because they do not perform according to expectations. Hence the ideal-type international assignment cycle is disrupted. Figure 2 therefore illustrates all potential outcomes or scenarios for international assignments that we have identified from the literature and our contacts with professionals. By mapping out the potential scenarios from international assignments, a range of outcomes or scenarios emerges that is much broader than the currently predominant understanding of expatriate failure.

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Figure 2 about here
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In the context of Figure 1, premature return would be seen as an undesirable outcome. However, as is depicted in Figure 2, this outcome can have many causes and depending on the cause in question, premature return can in fact be a desirable outcome. Most organisations would regard premature return because of the expatriates inability to adjust (or the organisations inability to prepare the expatriate for the IA) as failure, but premature return because of an internal transfer as organisational flexibility i.e. success, and hence distinguish failure from success by the causes of the outcome.

TOWARDS A MORE COMPREHENSIVE CONCEPT OF EXPATRIATE FAILURE

In providing some suggestions for a more comprehensive concept of expatriate failure, we start with a careful application of the dictionary definition of failure to the expatriate context. Failure is defined as *“the lack of success in doing or achieving something, especially something that you are expected to do”* (Oxford Advanced Learners Dictionary, 2000:451). There seem to be two components to the Oxford definition: 1) “the lack of success in doing or achieving something” 2) “especially something that you are expected to do”. What does this mean in the context of managing international assignments?

Referring to the first part, it must cover the inability to do “something” relating to the assignment. From an organisational perspective it is of great interest that a specific job is done, that something is produced and value added to the organisation. However, it is also of concern to the company that the expatriate and his/her spouse and family are thriving under the new circumstances. This is true in terms of social responsibility of the company, but also stems from the assumption that the expatriate will probably perform better under these circumstances.

From the causes mentioned in Table 1, expatriate failure seems to be regarded as something negative, mostly referring to issues relating to the expatriate him/herself, although a “selection mistake” can refer to issues relating to the organisation’s inability to select the “right” candidate. However, we must realise that what might be regarded as an expatriate failure from an organisational perspective, might not be an expatriate failure to the expatriate and vice versa. In the expatriate management literature, it appears that in order to be called an expatriate failure, the negative aspect needs to be damaging to the organisation and not necessarily the expatriate. For instance if an organisation reorganises and a position is made redundant, the premature end to an assignment will not be regarded as negative by many organisations, but will simply be seen a part of the restructuring, where it (the organisation) may be better off terminating the position or

dismissing the expatriate. Hence the premature end of the assignment is not an expatriate failure from an organisational perspective (even though it may be so to the expatriate). The opposite example is an expatriate who resigns from a position because of a better offer from a competitor. Here the expatriate is better off, but this development is most likely to be damaging or dysfunctional to the company and hence it should be called a failure. Naumann (1992) identified this dysfunctional element as a criterion for defining expatriate failure, although he (intentionally?) did not use this term and referred to dysfunctional turnover instead. Functional turnover is argued to be beneficial to the organisation e.g. a low-performing expatriate who quits or is fired, whereas dysfunctional turnover occurs when a high-performing employee quits or requests an early transfer.

The second part of the definition of failure in the Oxford dictionary "*the lack of success in doing or achieving something, especially something that you are expected to do*" (our emphasis) (Oxford Dictionary, 2000:451) emphasises that failure occurs if what is expected to be done is not done. The consequence of taking the organisational perspective is that the focus is then on what the organisation or employer expects from the expatriate/employee. If the expatriate does not succeed in achieving what is expected by the employer, he/she would be a failure according to the dictionary definition and our contextualisation in the area of expatriate failure. This opens up avenues for a further investigation into how these expectations are formulated and in what way they are communicated.

When an employment relationship is established either on "domestic" or expatriate conditions it must be assumed that both the employer and the employee hold expectations to what the other party should do. Some of these expectations are included in the written contract e.g. the duration of the contract, the salary, and the number of working hours. However, other expectations than the ones included in the written contract may very well exist and these expectations may or may not be mutually agreed upon. Several managerial processes and phenomena such as

the performance appraisal, job description and the psychological contract include or describe these expectations.

Whether the expectations in the psychological contract are the organisation's, the expatriate's or both is open to debate where e.g. Morrison & Robinson define the psychological contract as the *"employee's belief about the reciprocal obligations between that employee and his or her organization"* (Morrison & Robinson 1997:229), whereas e.g. Sparrow regards it as what *"...the individual and the organization expect to give and to receive in return from the employment relationship."* (Sparrow, 1999:112). What the organisation expects from the expatriate, and what is communicated explicitly or just implicitly is crucial to the organisation's perception of whether an expatriate is a failure or a success, and therefore whether the term "expatriate failure" can be applied or not.

Taking these two elements into account, a more appropriate definition of expatriate failure might be: "the inability of the expatriate or repatriate to perform according to the expectations of the organization". This definition encompasses both under-performance during the assignment (which could lead to a premature end of the assignment, but this is not a necessary condition for failure) and dysfunctional turnover after repatriation. As different organisations have different expectations and as expectations might change of time, this means that expatriate failure has to be contextually defined. Please also note that this definition does not give a "verdict" on whether it is the expatriate or the organisation that is to blame for the failure. An expatriate might for instance fail to perform, because of a lack of cross-cultural abilities or support. The two main components of expatriate failure in this definition are performance, and the associated concept of performance management, and turnover. Both concepts are well established in the general HR literature. We therefore argue that it might be better to abandon the term expatriate failure altogether and instead focus on how we can apply the general knowledge on performance management and turnover to the domain of expatriate management. This is what we will turn to in the next section, where we will provide some recommendations for effective expatriate management in this context.

PERFORMANCE MANAGEMENT AND TURNOVER

IN AN EXPATRIATE CONTEXT

Defined broadly, *performance management* comprises “any HRM activity, or bundle of HRM activities, designed to improve employee performance” (Fenwick, 2004: 318). According to Armstrong (1994) an integrated performance management system would include the following aspects: 1. Clearly communicated links to organizational strategy, 2. Individual performance goals, 3. Regular feedback on progress, 4. Opportunities for performance improvement, 5. Links between performance and rewards. Extending Fenwick’s (2004) application of the general performance management literature to a multinational context, we link each of these aspects to international assignments and suggest how they could be used to prevent expatriate failure.

First, international assignments need to be seen as an integral part of the MNC’s international strategy. Why is it necessary to send out expatriates in the first place? If an organization cannot answer this question, it is unlikely to be able to successfully manage its expatriates. Reviewing the various reasons for international transfers Harzing (2001) argued that expatriate management should be seen less as a one-size-fits-all function and that practices with regard to selection, training and appraisal and compensation need to be tailored to these different reasons for international transfer. For instance, if expatriates are sent out to transfer knowledge and train local managers in an overseas subsidiary, an inability to reach that goal would consist expatriate failure. As we indicated above, it is also of crucial importance that the multinational clearly communicates its expectations to the expatriate and clarifies how individual performance goals (step 2) fit into the wider organizational strategy. The SMART principle - providing performance goals that are specific, measurable, achievable, realistic and timely - has become well-accepted in many organizations. However, it is important to realize that very specifically defined goals might not be realistic or achievable in a different cultural context. At the very least they might need to be operationalised (measured) in different ways and more time might need to be given to realize these

goals. Some expatriate assignments might be considered failures when interpreted from the home country cultural context, but successes when interpreted from the host country context. For instance, an expatriate might have failed to improve the profitability of a particular subsidiary in the short term, but have succeeded in building up good relationships with local government officials, which might improve the subsidiary's performance in the long term.

Regular feedback is essential in managing performance (step 3), but might be more difficult to provide when headquarters and subsidiaries are separated by time and distance. Assigning a mentor at headquarters for each individual expatriate might go some way towards alleviating this problem. This mentor should preferably be someone who has international experience himself, so that he has an appreciation of the challenges involved in working in a different cultural context. Regular feedback would allow the organization to signal problems in the expatriate's performance at an early stage and provide opportunities to improve this performance (step 4), hence preventing a potential expatriate failure. Although more and more organizations realize that cross-cultural adjustment is crucial to effective performance and provide some predeparture cross-cultural training, training during the assignment is still relatively rare (Tarique & Caligiuri, 2004).

Finally, expatriates are unlikely to function effectively if they do not perceive a clear link between performance and rewards (step 5). At a basic level this means that rather than focusing narrowly on providing a compensation package that ensures the expatriate is not financially disadvantaged by taking on an international assignment, MNCs should include expatriates in their overall performance-based reward system (Fenwick, 2004). However, even more important than direct financial rewards might be recognising the expatriate's international experience after repatriation by making international assignments part of a carefully career path development system. A lack of recognition of the value of international assignments is the major reason for repatriate failure, i.e. repatriates leaving the company soon after repatriation.

A recent meta-analysis (Griffeth, Hom & Gaertner, 2000) identified a multitude of antecedents to *employee turnover*. However, two of the most important antecedents are generally considered to be job satisfaction and organizational commitment. Measures to improve job satisfaction and organizational commitment are very similar to those already identified above under integrated performance management. In the literature on employee turnover, role clarity, role discretion and organizational support have been identified as important determinants of job satisfaction (see e.g. Iverson & Deery, 1997). In an expatriate context job satisfaction will be higher when the expatriate has clearly defined performance goals and is supported by the organization (e.g. through training and mentor support) to achieve these goals. Role clarity and organizational support have also been found to be important antecedents of expatriate adjustment (Black, Mendenhall & Oddou, 1991; Shaffer, Harrison & Giley, 1999), which in turn will be likely to influence job satisfaction.

Role conflict, a variable that has been found to be an important predictor of job dissatisfaction (see e.g. Iverson & Deery, 1997) takes on a special meaning in an expatriate context as expatriates have to reconcile the different demands of home and host organizations. Black & Gregersen (1992) provide a typology of expatriate allegiance and argue that a dual commitment to both home and host organization is most beneficial to the long-term success of the MNC. Dual allegiance was found to be positively influenced by role clarity and role discretion, as well as clarity of repatriation programmes. Finally, the positive influence of promotional and career development opportunities on job satisfaction and organizational commitment is well established in the literature on employee turnover. In the expatriate context, both job satisfaction and organizational commitment after repatriation will be likely to be strongly influenced by the extent to which the repatriate's new job utilises the competencies acquired abroad, an aspect that was already identified as best practice performance management.

CONCLUSION

In this article we explored the established understanding of expatriate failure and have provided a more sophisticated discussion of the concept. By examining the nature of international assignments and the possible outcomes from an assignment, we showed that international assignments often do not turn out as planned. They do not necessarily fulfil “the ideal expatriate life cycle”, but often end prematurely. However, it can be argued that a premature end to an international assignment is not necessarily an expatriate failure. Therefore, this specific understanding is not adequate when defining expatriate failure. Expatriate failure in itself can be regarded as an empty term, which can only be defined when specific outcomes are related to specific causes within the actual context.

In defining expatriate failure, it is important to realise that the perspective (organisation or expatriate) and expectations play a crucial role. Starting from a new generic definition: “the inability of the expatriate or repatriate to perform according to the expectations of the organization”, we argued that it might be time to abandon the concept of expatriate failure altogether and instead focus on its main constituent elements: performance (management) and turnover. We provided some indications of how the general HR literature on performance management and turnover could be applied to the expatriate context. We hope that grounding the discussion of expatriate failure in the general context of performance management and prevention of dysfunctional turnover will lead to more meaningful and comprehensive research in this area.

ⁱ We do not claim to have covered all publications that look at expatriate failure in this article. However, those that have been included in Table 1 are among the most referenced and influential ones.

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Table 1: Definitions of expatriate failure

| Source | Premature end to assignment | Premature end to assignment, caused by a reason | Under-performance, or similar, during assignment | End to employment after repatriation | Repatriation problems |
|-----------------------------|---|---|---|---|--|
| Henry 1965:17 | | [...] have been selection mistakes [...] have been sent home | [...] should have been sent home. | | |
| Tung 1981:77 | | [...] recalled/dismissed because of inability to function effectively [...] | | | |
| Mendenhall & Oddou 1985:39 | [...] premature return of expatriate managers. | Article implies premature return is caused by inability to adjust | | | |
| Mendenhall & Oddou 1988:78 | [...] return prematurely from an overseas assignment [...] | | [...] endure to the end of the assignment but find themselves ineffective in their jobs. | | |
| Naumann 1992:499 | [...] quit or transfer back to the US prior to completion of their expected foreign assignment | | | Expatriate turnover may also occur up to a year or more after repatriation [...] | |
| Fukuda & Chu 1994:38 | [...] returning home prematurely from an assignment abroad. | | [...] low productivity [...] ineffectiveness in adjusting to work and life abroad. | | |
| Harzing 1995:457 | [...] expatriates returning home before their assignment contract expires. | | [...] expatriates who stay on their assignment but who fail to perform adequately [...] | | Sometimes, returning home poses even larger problems than the foreign assignment itself. |
| Forster & Johnsen 1996:178 | [...] premature returns from an IA (i.e. international assignment) | | [...] sizeable minority of expatriates perform under par [...] | | |
| Forster 1997:414 | | [...] return home before the agreed end of an IA, because of poor work performance and/or personal problems | [...] staff who are under-performing on IAs. | [...] 'poaching' of successful managers by other companies while they are abroad (column 2) or at the end of their IAs. | [...] negative outcomes of repatriation [...] |
| Harvey & Wiese, 1998:33 | [...] fail to complete their assignments [...] | | [...] of those that do complete their assignments, 30 to 50 percent are [...] ineffective or marginally effective [...] | | |
| Harris & Brewster 1999:488 | not just in terms of premature return home [...] | | [...] but as under-performance | | |
| Black & Gregersen 1999:53 | | [...] returned early because of job dissatisfaction or difficulties in adjusting to a foreign country. | Of those who stayed [...], nearly one-third did not perform up to the expectations [...]. | [...] one-fourth of those who completed an assignment left their company within one year after repatriation | |
| Insch & Daniels 2002:39, 47 | [...] depart their foreign assignments prematurely [...] | | Others may not be successfully achieving their goals, but they stay and endure the assignments [...] | | |
| Harzing 2002:128 | [...] the expatriate returning home before his/her contractual period of employment abroad expires. | | | | |

Figure 1: The ideal international assignment cycle

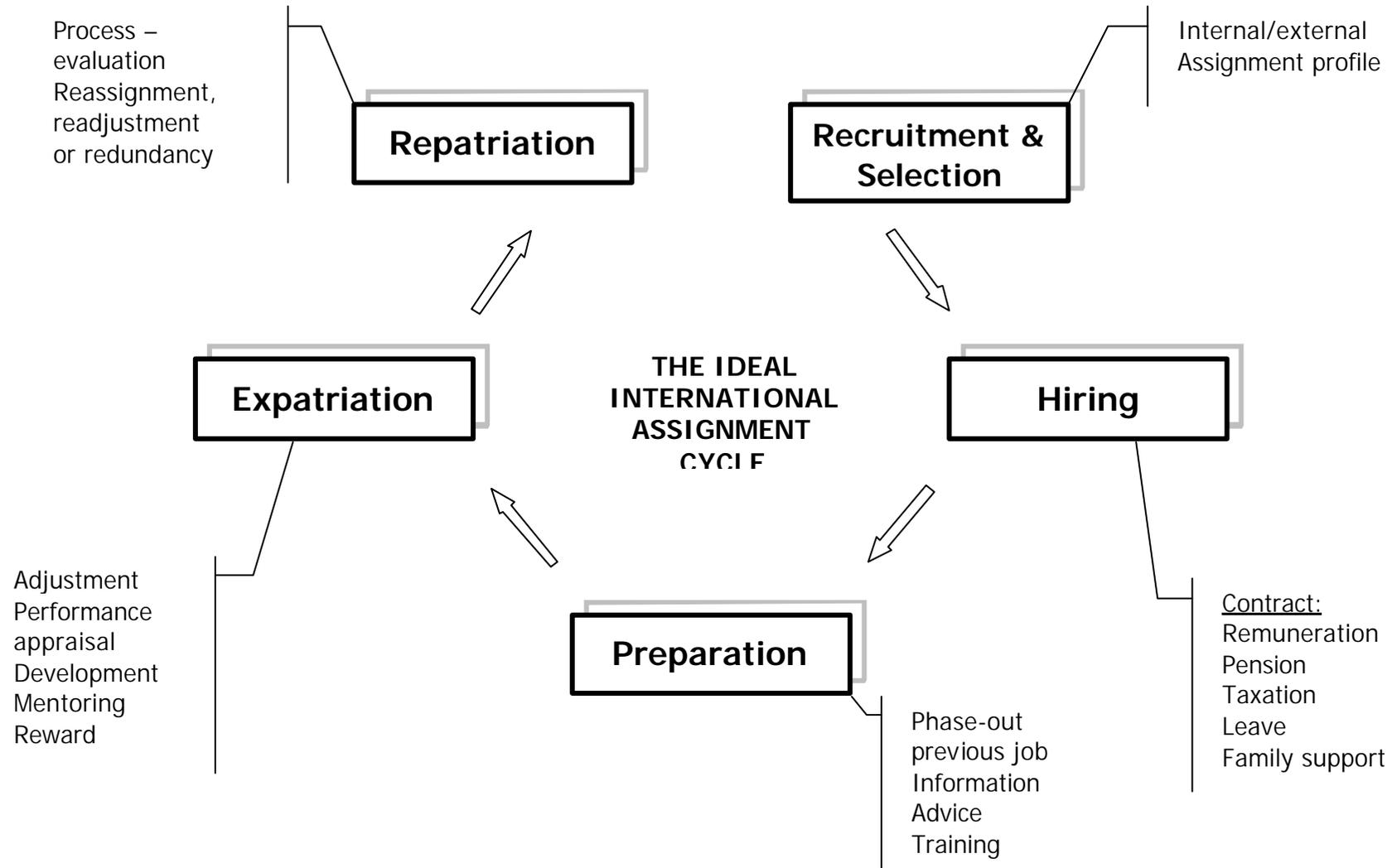


Figure 2: Possible outcomes from international assignments

