

A holistic analysis of expatriate failure rates
within Swedish development cooperation

Research Report

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I certify that the report is my own work and all references used are accurately reported.

Signed: R. de Wet

Abstract

Expatriate managers have been used ever since nations started to trade across borders. With the rise of globalisation, the role of the expatriate manager has increasingly become more indispensable. However, concern exists due to the high failure rate. Research suggests that up to 40% of expatriates return before their contractual period has expired.

The consequence of an expatriate failure is both expensive and time-consuming. It is therefore vitally important to know what percentage of expatriates fail, and what are the common factors that result in expatriate failure. Furthermore, how should companies address this issue?

The focus of this research study is all expatriates posted overseas in the last five years by Swedish consulting companies on long-term international development cooperation assignments, with the objective of determining what can be done to reduce their failure rates.

This was achieved through the analysis of self-administered questionnaires to establish the failure rate of expatriates working in Swedish development cooperation and to determine the reasons for success and failure. When compared to accredited research, a series of patterns, relationships and learnings were determined, and conclusions drawn to develop an appropriate set of principles for Swedish development cooperation to base a revised expatriate policy upon.

The study reveals that the failure rate is 6.2%, which is significantly lower than the failure rates reported in the literature. This can be attributed partly to the limitations of the accredited research and because of the unique nature of the development cooperation industry. Both the firms and the expatriates themselves are more receptive to the demands of working successfully overseas.

Controversially, when it comes to the reasons for expatriate failure, the findings of the study do not support Tung's 1982 study that the inability of the spouse to adjust is a major cause of failure, nor that technical competency and skills are not a major contributor. On the contrary, in fact.

The study concludes that Swedish firms are significantly more successful than their US, Japanese and European counterparts. But what is plainly evident is that expatriate management is not a one-size-fits-all exercise. This study might only scratch the surface, but it adds a little more breadth and depth to the body of knowledge of the expatriate management literature.

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Abbreviations

DAC	Development Assistance Committee
DFID	Department for International Development
EC	European Community
EU	European Union
GDP	Gross Domestic Product
HCN	Host Country Nationals
HIPC	Highly indebted poor country
HR	Human Resources
HRD	Human Resource Development
IHRM	International Human Resource Management
IMF	International Monetary Fund
MDC	Millennium Development Goals
MNC	Multinational corporations
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PRSP	Poverty Reduction Strategy Paper
Sida*	Swedish International Development Cooperation Agency
SWAps	Sector-wide approaches
TCN	Third Country National
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Emergency Fund
US	United States
USAID	US Agency for International Development
WHO	World Health Organisation

* Note that the organisation was originally formed as the 'Swedish International Development Agency' in 1965, with the acronym 'SIDA'.

To provide clarity and consistency, throughout the study, currencies have been changed into US Dollars at the rate prevailing in September 2005 (\$1 = SEK7.5).

1 Orientation

1.1 Introduction

Expatriate managers have been used ever since nations started to trade across borders. Empire builders and colonialists such as the Romans and the British made extensively use of expatriate managers to manage their interests in all foreign outposts under their command. With the rise of modern multinational firms after the Second World War, the role of the expatriate manager has constantly increased in importance.

There always seems to have been a dearth of experienced and capable expatriate managers, but recent findings by Scullion (1994) suggest that they have become more acute over the past decade. This has been primarily driven on the supply side by the inadequate management of the expatriation process, and on the demand side by the ever increasing pace of internationalisation (Howard, 1992).

To place a manager abroad, without first making them aware of the complexities and subtleties of the interaction they are likely to encounter by working in a different culture often leads to failure of the manager to complete the assignment.

Current research has indicated that there are certain key reasons for expatriate failure, which is predominantly dependant on the cultural origin of the expatriate. These themes recur throughout the literature. For example, Johnson (1991) found that Americans working in the US for subsidiaries of foreign companies often had very negative experiences as foreign partners could not understand American culture and work practices. This works both ways of course - Americans also may not understand foreign cultures.

1.2 Contextual Setting

A dominant theme of the last few decades has been - and continues to be - the march of globalisation, which leads inexhaustibly to the rapid and pervasive diffusion around the world of production, consumption, investment and trade flows in goods, services, capital and technology.

Two major macroeconomic issues seem to underlie this trend. The first is technological change, particularly the dramatic developments in recent years in communication, information processing, and transportation technologies. The second factor is the decline in barriers to the free flow of goods, services, and capital that has occurred since the end of the Second World War (Hill, 2003).

During the 1920s and 1930s, many countries erected formidable barriers to international trade and foreign direct investment. Many of the barriers took the form of high tariffs on imports of manufactured goods. The typical aim of such tariffs was to protect domestic industries from foreign competition. One consequence, however, was retaliatory trade policies with countries progressively raising trade barriers against each other. Ultimately, this depressed world demand and contributed to the Great Depression of the 1930s.

Having learned from this experience, the Western industrial nations committed themselves after 1945 to removing barriers to the free flow of goods, services, and capital between nations (Bhagwati, 1989).

The last 30 years has seen rapid changes in the global economy. Barriers to the free-flow of goods, services, and capital have been coming down. In addition, the volume of cross-border trade and investment has been growing more rapidly than global output, indicating that national economies are becoming more closely integrated into a single, interdependent, global economic system (Figure 1.1).

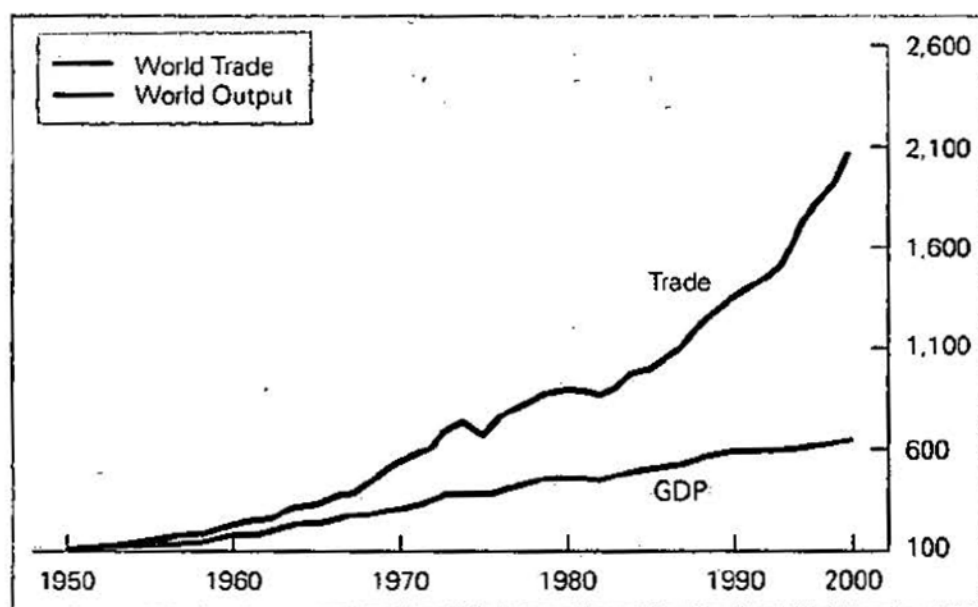


Figure 1.1 - Growth of World Trade and Output (Hill, 2003)

Tied to this, the move toward a global economy has been further strengthened by the widespread adoption of liberal economic policies by countries such as China and the former Soviet Union that for two generations or more were firmly opposed to them. Current trends, therefore, strongly indicate that the world is moving rapidly toward an economic system that is more favourable for the practice of international business.

So what does this shift toward a global economy mean for managers working internationally? One obvious difference is that managing a business internationally is different from managing a business domestically. Differences arise from the simple fact that countries are different. Countries differ in their cultures, political systems, economic systems, legal systems, and levels of economic development. These intra-country differences require that an international business vary its practices from country to country. Managers must not only be sensitive to these differences, but they must also adopt the appropriate policies and strategies for coping with them (Hill, 2003).

A further way in which international business differs from domestic business is the greater complexity of managing an international business. In addition to the problems that arise from the differences between countries, a manager in an international business is confronted with a range of other issues that the manager in a domestic business never confronts. These include, for example, where to site operational activities, how to work within the rules and regulations of the host Government, and how to address cross-border financial issues (Hill, 2003).

With the rise of globalisation discussed above, the role of the expatriate manager has constantly increased in importance. However, concern exists due to the high failure rate of expatriates. Research suggests that between 16% and 40% of American expatriate managers accepting assignments return before their contractual period has expired (Briscoe, 1995; Blum, 1996; Hill, 2001; Tung 1982). The expatriate failure rates of European, Japanese and US expatriate managers are high, and this has a considerable adverse financial impact on the companies sending them out.

Although researchers have investigated the reasons for failure over the past two decades, much of the research is limited to studies of US expatriates and/or US MNCs, and there is a limited pool of research available on expatriate management practices outside of the US or within the field of development cooperation. This exploratory study therefore aims to reveal the expatriate failure rate for the subset of Swedish firms working with development cooperation, and what learnings can come out of it.

A recurring problem in development cooperation is ensuring that expatriate staff are well-suited to overseas assignments. The consequence of an expatriate failure is that it is both expensive and time-consuming to replace staff. It can make the difference between profit and loss on a contract.

Bearing in mind the high cost of replacing expatriates that return to their home country prematurely, it would be valuable to know what percentage of expatriates fail, and what are the common factors that result in expatriate failure. Also, how should companies address this issue? These, and other issues, are discussed in greater depth in Chapters 2, 3 and 4.

The industry dilemma, therefore, is to determine what can be done to reduce expatriate failure rates of staff on long-term Swedish development cooperation assignments to improve the efficiency of the whole.

1.3 Research Question

What learnings on expatriate failure rates could be used by Swedish development cooperation?

1.4 Research Objectives

The research objectives of this study are:

1. To obtain statistics to establish a baseline understanding of the failure rate within the Swedish development cooperation industry;
2. To determine the reasons for both the success and failure of expatriates working in Swedish development cooperation;
3. To identify learnings from accredited research;
4. To synthesize the outcomes of objectives 1, 2 and 3 above to determine patterns, relationships and learnings between them; and
5. To use these patterns, relationships and learnings (objective 4) to develop an appropriate set of principles for Swedish development cooperation to base a revised expatriate policy upon.

1.5 Delimitation of the Study

The focus of the study is all expatriates posted overseas in the last five years for a period of 12 months or more by Swedish consulting companies on international development cooperation assignments. This will be the target population. The sampling frame will comprise the personnel managers (or equivalent) of Swedish companies who have won contracts with bilateral or multilateral aid agencies in the last five years.

Excluded are expatriates working for non-Sweden domiciled companies, even if they are Swedish nationals, and expatriates working overseas in a sector other than development cooperation (i.e. the business/commercial sector).

1.6 Importance of the Study

Recent events such as the Asian tsunami crisis, the ongoing conflict in the Congo, and the Darfur food crisis in Western Sudan have shown the vulnerability of many parts of the developing world to manmade or natural disasters. Developed countries, through their official development assistance (ODA) programmes, have historically always donated a proportion of their wealth to assisting less fortunate countries. Sweden is at the forefront of this initiative.

However, there is now a general trend towards dedicating a greater percentage of a developed country's GDP towards ODA to developing countries. At the same time, there is an increasing need to justify expenditure to stakeholders (taxpayers, media, Government, etc) so that development cooperation programmes deliver measurable 'value for money'.

This increased accountability puts pressure on companies working within the development cooperation sector to implement assignments as efficiently and effectively as possible. As a consequence, the funding agencies aggressively

encourage competitive bidding, which has led to increased competition and reduced profit margins. There is now less scope for error in implementing projects profitably.

The importance of this study is that it has the potential that Swedish companies can use the outcomes to highlight the major reasons for failure and to refine their expatriate management processes. The study will further reveal what best practices for expatriate management criteria are. This should make the Swedish consulting base more competitive and more sustainable.

1.7 Definitions

The development cooperation industry is a specialist field that is not well understood by those outside its boundaries. It is important, therefore, to define some of the concepts and terms that permeate the literature and this study. They are listed alphabetically:

- *Bilateral cooperation*: development activities between two countries, mainly on a Government-to-Government basis. Sweden channels all its bilateral aid through the Swedish International Development Cooperation Agency, Sida.
- *Developing countries*: the recipients of development cooperation. Often, they are defined as having a per capita income below a certain norm; for example, US\$1 per day.
- *Development cooperation*: the OECD/DAC definition of Official Development Assistance (ODA) is often used: "Grants or Loans to... developing countries... which are (a) undertaken by the official sector, (b) with promotion of economic development and welfare as the main objective, and (c) at concessional financial terms" (www.oecd.org/glossary). The task of international development cooperation is to contribute to eradicating world poverty. All rich

countries ("donor countries") allocate part of their wealth to international development cooperation as part of the global effort to achieve the UN's Millennium Development Goals.

- *Expatriate failure*: An expatriate failure is either the premature return by an expatriate to the home country or the non-productive sitting out of an expatriate contract (Hawley, 1999b). There is some debate about this definition – see section 4.5 for further discussion.
- *Expatriate failure rate*: The expatriate failure rate is expressed as a percentage, which is calculated by dividing the number of expatriate failures over a given period by the total number of expatriates sent abroad during the same period (Muller, 2003).
- *Expatriate manager*: An executive in a leadership position that involves international assignments (Pucik and Saba, 1998).
- *Long-term assignments*: assignments of at least 12 months continuous duration.
- *Millennium Development Goals*: The MDG are a set of indicators accepted by the international community aimed at reducing poverty in all its forms. See section 3.5 for further details.
- *Multilateral cooperation*: development activities financed by one or more countries but implemented by an international organisation or agency such as the World Bank, ADB, United Nations or the EU.
- *Sustainable development*: concept in which economic, ecological and environmental policies, as well as development strategies, are viewed in an overall context and integrated in the interests of environmental conservation

while safeguarding and promoting development. The concept constitutes a crucial element in the Brundtland Commission's report *Our Common Future* (1987), where it was associated with development which "meets the needs of the present generation without compromising the ability of future generations to meet their own needs".

- *Swedish companies:* Firms that have Sweden as their official place of domicile. These firms are registered at "Bolagsverket" – the Swedish Companies Registration Office (www.bolagsverket.se).
- *Technical assistance:* term for the provision of technical know-how through experts, volunteers and consultants. The OECD/DAC definition of technical assistance (TA) also embraces professional cooperation and institutional development.

1.8 Outline of the *Research Report*

This *Research Report* is structured into two sections; the first section sets out the theoretical basis for the study (chapters 1-4), while the second section reports on the empirical investigation on expatriate management practices within Swedish companies working in development cooperation (chapters 5-7). The contents of each chapter are as follows:

- **Chapter 1: Orientation**

This chapter provides a clear understanding of the objectives and purpose of the study. The contextual setting, industry dilemma, research question and objectives, importance and scope of the study, delimitations, definitions, and a framework for each chapter in the report are given.

- **Chapter 2: Foundation of the Study**

This chapter gives the theoretical foundation of the study. It provides a brief overview of the various theories that have a bearing on the problem, and gives the brief history and context of the research.

- **Chapter 3: The Nature of Development Cooperation**

This chapter explores the history of development cooperation, highlighting the major trends from the last fifty years. It defines development cooperation, and explains its global importance. It takes a closer look at Swedish ODA and the rise of the importance of the Millennium Development Goals. It also examines the rise of the 'aid worker' and the skills and characteristics required by managers working in the sector.

- **Chapter 4: Literature Review**

This chapter consists of a comprehensive review of the relevant research literature pertaining to the body of knowledge on expatriate management. The rise of the expatriate manager is discussed, followed by the research on expatriate failure – its rates, its costs, and the reasons for it. Following that, the factors that contribute to the success of an expatriate assignment are reviewed, in particular those issues contributing to operational effectiveness. Finally in this chapter, the literature is distilled into a set of best practices for the industry.

- **Chapter 5: Research Methodology**

This chapter explains the research methodology employed. The questionnaire design, sampling design, data collection, measuring instruments and the method of data analysis are described and explained in this chapter.

- **Chapter 6: Research Findings**

This chapter presents the results revealed by the distributed questionnaires. It discusses the data collection process and comments on the responses the

researcher received to the questionnaire. The data obtained from the questionnaire is then considered and interpreted on an individual question-by-question basis. Limitations in the research process are examined and the learnings identified in the analysis are summarised in the conclusion.

- **Chapter 7: Discussion and Analysis of Results**

This chapter synthesizes the outcomes of the findings to determine patterns, relationships and learnings between them. The final step is to use these patterns, relationships and learnings to develop an appropriate set of principles for Swedish development cooperation to base a revised expatriate policy upon. Based upon the outcomes of the study, recommendations are proposed for further research.

- **Chapter 8: References**

This chapter includes the full reference list used in the *Research Report*.

- **Annexures**

The annexures include the measuring instrument (Annexure A) and profiles of the sampling frame (Annexure B). A publishable article is submitted separately.

2 Foundation of the Study

2.1 Introduction

This study aims to add to the extensive body of knowledge associated with expatriate management, but with a particular emphasis on the small but important subset of expatriates who work for Swedish-domiciled consultancy companies working in development cooperation. Research data was collected through a questionnaire based on the work of Muller (2003), which was devised and circulated to target firms.

On the following pages, the researcher explores the theoretical foundation of the study and the body of knowledge available. The research problem, objectives, significance of the study, study design and methodology, and the operational definitions are presented in other chapters.

2.2 Body of Knowledge

Since the advent of international business as a distinct genre after the Second World War, the body of knowledge regarding expatriate management – what to do, what not to do – has been steadily building. This study contributes to this body by providing a contextual analysis of expatriate management procedures in the Swedish development cooperation industry.

The body of knowledge encompasses a wide variety of books, journals, personal accounts, company literature and other appropriate contextualised sources of information. The fields making up this expatriate management body of knowledge are primarily the fields of strategy, human resource management, leadership and international business.

Specific research used in this study includes (i) the purpose of expatriate management in an international business context, (ii) the success and failure

rates as determined by previous research, (iii) the reasons for success and failure of expatriates, (iv) best practices to ensure success and (v) the cost of failure of expatriate assignments.

2.3 Theoretical Foundation

The theoretical foundation of the study includes the literature on expatriate management and human resource management, in particular expatriate failure and its reasons. This is an explanatory study that builds upon the theories of, principally, Tung and Thomas within the context of the Swedish development cooperation industry. For a full review of the industry, including its history, major trends and importance, see Chapter 3.

The theories of Tung and Thomas are adopted as an analytical framework for the purpose of this study. In brief:

- Tung's theory from 1982 analyses data from US, Japanese and European firms, and demonstrates the high failure rate of expatriate managers and the main reasons for this failure. Using Tung's research as the basis for the questionnaire, the data gathered is compared to the existing body of knowledge to identify the degree of correlation or divergence for the target firms.
- Thomas's theory from 2002 suggests that the cycle of adjustment to the foreign environment follows a U-shaped pattern, and he identifies four distinct phases in the expatriate lifecycle - the honeymoon, the cultural shock, the adjustment and the mastery stages. This theory is reviewed in conjunction with factors leading to a successful expatriate manager's experience and related to the findings arising from analysis of the data collected by the questionnaire developed by the researcher and used in the study.

These two theories are applied specifically to the expatriate management practices and experiences of Swedish consultancy companies working with development cooperation, and provide the foundation for the empirical analysis which examines the distinctive features of Swedish development cooperation, identifies the key characteristics, and provides an analysis of the main factors influencing expatriate success or failure.

Both of these fundamental theories are further discussed and explored in depth in the literature review (Chapter 4).

2.4 Primary Outcomes

Conclusions arising from the analysis of the data enhances our understanding of best practice for handling expatriates, specifically management and selection practices. The comparative study of companies' methodologies highlights divergent approaches and help to illuminate the parameters of what constitutes best practice in such operations.

This study also provides valuable insights into the nature of human resource management in Swedish consultancy firms. The dissemination of the findings from this study should help to make firms working in the industry more competitive in the markets in which they operate. The results of this research have potentially far-reaching implications for the firm. For the HR manager, it represents a valuable addition to the tools used to increase professional development and organisational effectiveness.

3 The Nature of Development Cooperation

3.1 Why we need Development Cooperation

According to *What are we doing to tackle poverty? A quick guide to the Department for International Development* (available from www.dfid.gov.uk), the statistics are frightening. More than a billion people worldwide are living on less than one US dollar a day. About a billion people have no access to safe drinking water. One in six people are illiterate. Ten million children die before their fifth birthday, most of them from preventable diseases. More than 100 million children do not go to school. Forty million people are infected with HIV/AIDS, 95% of whom live in developing countries.

These figures show that greater efforts are still needed to combat poverty. Yet many developing countries spend more on debt service than on social services. The central problems of many developing countries – such as poverty and social injustice, destruction of the natural and social environments, diseases and lack of access to education and training – have reached dimensions that affect the future perspectives of all countries.

In a world of growing wealth, such levels of human suffering and wasted potential are not only morally wrong, they are also against our own interests. Many of the problems which affect wealthy nations - conflict, crime, refugees, drugs and the spread of diseases like HIV/AIDS - are caused or made worse by poverty in developing countries. Getting rid of poverty makes a better world for everybody.

3.2 What is Development Cooperation?

Development cooperation refers to efforts by both developed and developing countries to bring people out of poverty and so reduce how much their country relies on development assistance. There are international rules decided by

OECD's Development Assistance Committee (DAC) for what may be regarded as development cooperation.

"Development cooperation" as it is known today has been known by a variety of terms and concepts over the decades. According to the Sida website (www.sida.se, May 2005), the term has had several reincarnations:

- In the 1960s, *expert assistance* was the buzz word. Specialists travelled to developing countries to contribute their expertise on everything from construction to teaching.
- During the 1970s, *development assistance* became the new paradigm. The first development assistance projects were very much physical - building roads, schools, hospitals, power plants and factories. At the same time there was a growing realisation that it was not simply a matter of implanting Western philosophies and models onto other countries and cultures. The provision of assistance on the recipient's terms started to be a major factor.
- In the 1980s, *support* was the dominant concept. People spoke about donor countries and recipient countries. Education was one of the most important sectors during this period.
- During the 1990s, people started to speak about *development cooperation* and partner countries. These terms express equality, as well as a long-term perspective that is far removed from the development assistance perspective of the early years.
- In the new Millennium's increasingly globalised society, the concept has been expanded, and now there is talk about a *policy for global development*. Whether this new term becomes the dominant concept, only time will tell.

Development cooperation has as its absolute priority the reduction of poverty and inequality in developing countries. It can be through direct cooperation between two countries - bilateral cooperation - or it can be channelled by many countries via an international organisation - multilateral cooperation.

During the last forty years, the world has become a better place to live in for many people. Partly through the efforts of richer countries, developing countries as a group have achieved results that previously needed a hundred years to achieve.

The reduction of poverty is a complex, challenging and controversial matter, requiring a strategic, multi-faceted and sophisticated approach. Anti-poverty strategies seek to break the vicious circle of poverty through support for sustainable, indigenous development. All development cooperation policies and activities must be gauged against their contribution in this respect and against the progress they achieve towards the development targets set by the international community.

A review of the websites of thirteen of the principal bilateral and multilateral organisations undertaken in May 2005 gives a clear understanding of the overarching goals and objectives of their development cooperation programmes:

- *Sweden*: "The overall goal of Sida's work is to contribute to an environment supportive of poor people's own efforts to improve their quality of life. This is in line with the international commitment to halve the proportion of people in the world living on less than one dollar per day by 2015" (www.sida.se)
- *Norway*: "The main goal of Norwegian development cooperation is to contribute towards lasting improvements in the economic, social and political conditions under which people live in developing countries, with special

emphasis on assistance which benefits the poorest sector of the community”
(www.norad.no)

- *Denmark*: “Poverty reduction is the absolutely fundamental challenge for Danish development assistance within the framework of the Millennium Development Goals. At the same time development policy constitutes a key instrument of the Danish Government’s foreign policy to promote a world of security and growth with development for all” (www.um.dk)
- *Finland*: “Development policy aims [at] promotion of global security, reduction of widespread poverty, promotion of human rights and democracy, prevention of global environmental problems, and promotion of economic dialogue” (www.global.finland.fi)
- *Netherlands*: “The Minister for Development Cooperation is fully committed to the Millennium Development Goals and strives to improve the quality and effectiveness of the Dutch contribution” (www.minbuza.nl)
- *Germany*: “Our work is international cooperation for sustainable development. We provide viable, forward-looking solutions for political, economic, ecological and social development in a globalised world. All our activities are geared to improving people’s living conditions and prospects on a sustainable basis” (www.gtz.de)
- *United Kingdom*: “Leading the British government’s fight against world poverty, DFID supports long-term programmes to help tackle the underlying causes” (www.dfid.gov.uk)
- *United States*: “...supports long-term and equitable economic growth and advances US foreign policy objectives by supporting economic growth,

agriculture and trade, global health, democracy, conflict prevention and humanitarian assistance" (www.usaid.gov)

- *Japan*: "We, as a bridge between the people of Japan and developing countries, will advance international cooperation through the sharing of knowledge and experience and will work to build a more peaceful and prosperous world" (www.jica.go.jp)
- *Australia*: "Australia, through AusAID, works with other governments, the United Nations, Australian companies and non-government organisations to design and set up projects which tackle the causes and consequences of poverty in developing countries" (www.ausaid.gov.au)
- *Canada*: "Canada's development cooperation program will work with organizations that can effectively contribute to the goal of poverty reduction" (www.acdi-cida.gc.ca)
- *European Union*: "The main objective of Community development policy must be to reduce and, eventually, to eradicate poverty. This objective entails support for sustainable economic, social and environmental development, promotion of the gradual integration of the developing countries into the world economy and a determination to combat inequality" (www.europa.eu.int)
- *World Bank*: "The World Bank Group's mission is to fight poverty and improve the living standards of people in the developing world" (www.worldbank.org)

From the above, it can be clearly seen that the overriding goal of development cooperation is *poverty reduction* (Denmark, Finland, United Kingdom, Australia, EU, World Bank). This is achieved by projects and programmes targeting issues such as health, education, access to clean water and good governance. There is also a growing recognition of the importance of the Millennium Development

Goals as a focus for development assistance (Denmark, Netherlands). This is further explained later on in this chapter.

The basic philosophy of international development cooperation can therefore be summarised as follows:

1. Bridging the gap between rich and poor (poverty reduction)
2. Improving the overall quality of human life in developing countries (through education, health, clean drinking water, etc)
3. Protecting the environment and conserving the natural resources for sustainable use/consumption
4. Humanitarian assistance during natural calamities, war, terrorism, etc
5. Promoting peace, good governance and sustainable development

3.3 The History of Development Cooperation

To obtain a deeper understanding of development cooperation, it is perhaps pertinent to look at the sector from an historical perspective. By 1929, the British Government had already formulated the Colonial Development Act to extend development cooperation with colonial countries under their jurisdiction.

However, the principal catalyst for development cooperation as it is known today was the need to rebuild Europe after the economic devastation of the Second World War. The international community established the International Monetary Fund (IMF), the United Nations (UN), and the International Bank for Reconstruction and Development (IBRD, now the World Bank) in December 1945. Then in 1948, the United States initiated the Marshall Plan as an emergency tool of assistance to stabilise Europe.

For developing nations, international assistance really grew out of a series of technical and economic assistance initiatives implemented from the 1950s

onwards in many of the newly independent countries that had previously been colonies.

Soon after formation, the UN established an extended technical aid programme to assist developing countries. The goal was to strengthen their national economies by developing their industries and agriculture, promote their economic and political independence in the spirit of the UN Charter, and ensure the achievement of a higher level of economic and social welfare for the entire population.

In November 1961, President John F Kennedy established the US Agency for International Development (USAID), whose primary emphasis was on long-range economic and social development assistance. President Kennedy put the rationale behind the US decision to continue with a foreign economic assistance programme into context in a 1961 keynote speech:

"The answer is that there is no escaping our obligations: our moral obligations as a wise leader and good neighbor in the interdependent community of free nations - our economic obligations as the wealthiest people in a world of largely poor people, as a nation no longer dependent upon the loans from abroad that once helped us develop our own economy - and our political obligations as the single largest counter to the adversaries of freedom.

"To fail to meet those obligations now would be disastrous; and, in the long run, more expensive. For widespread poverty and chaos lead to a collapse of existing political and social structures which would inevitably invite the advance of totalitarianism into every weak and unstable area. Thus our own security would be endangered and our prosperity imperiled. A program of assistance to the underdeveloped nations must continue because the Nation's interest and the cause of political freedom require it."

There has been a shift in international thinking in the last ten years about modalities for the provision of assistance, away from projects and towards the provision of general budget support and SWAps (sector-wide approaches).

One reason for the increase in budget support is that it is the logical outcome of much of development thinking in recent years. For example, Dollar and Pritchett (1998) have found that improvements in economic institutions and policies are the key to poverty reduction and that financial aid works best in a good policy environment.

Sector-wide approaches (SWAps), in which governments develop comprehensive plans for work on a particular sector and donor agencies provide support for these plans, have also evolved. A review of eight health and education SWAps in Africa in 1999/2000 found they are characterised by a government-led partnership with key external partners, based on a comprehensive sector policy and expenditure framework, and relying on government institutions and common procedures for implementation (Johanson, 2001: vii).

Today, many of the multilateral development partners, including the World Bank, UNDP and WHO, and bilateral donors, including Canada, Denmark, France, the Netherlands and the United Kingdom, support a country-based, poverty reduction strategy aimed at reducing poverty in low income countries. These strategies are embodied within a Poverty Reduction Strategy Paper (PRSP) intended to serve as a framework for development assistance to a particular country.

In 1999 the board of the World Bank approved the preparation of these PRSPs as a critical decision point for determining whether countries are eligible for receiving HIPC (Highly Indebted Poor Country) debt relief. Today more than 50 low-income countries are preparing or have prepared PRSPs.

3.4 Swedish Development Cooperation

Christian missionaries unintentionally laid the foundations of the first type of Swedish development cooperation. The first Swedish missionaries travelled to Ethiopia in 1860, and (in addition to converting people to Christianity) provided basic health and education facilities.

When the UN was formed in 1945 and started its first development programmes, Sweden contributed one million kronor (approximately US\$130,000). In 1952, the first governmental development cooperation organisation was formed, with Ethiopia and Pakistan among the first countries to receive support within the construction and vocational training sectors. Later a programme of support for family planning was started in Sri Lanka.

In 1962, the Swedish parliament passed the Government's development cooperation bill and Nämnden för Internationellt Bistånd (Commission for International Aid) or NIB was formed; the overall goal being to improve the standard of living of poor people. The three sub-objectives of peace and security, solidarity and trade were to form the basis for all future Swedish development programmes for the next two decades.

The Swedish International Development Agency (Sida) was formed in 1965, and three years later parliament decided that the budget for Swedish development cooperation should be gradually increased until it reached 1% of GDP. This was achieved between 1975 and 1993, but because of the poor economic situation prevalent in Sweden in the mid-1990s, the figure was reduced to 0.7% in 1994. It is now increasing again, and the forecast for 2005-6 is for a figure of 0.88%. In 1970, meanwhile, the UN established the goal that all the rich countries should allocate at least 0.7% of GDP to development cooperation.

In the 1970s and 80s, Sida was complemented by three more aid authorities: BITS, which dealt with development credits and technical cooperation, SwedeCorp, which focused on business cooperation, and SAREC, which was responsible for research cooperation. In 1995, these four authorities were amalgamated to create the new Sida now called Styrelsen för internationellt utvecklingssamarbete, the Swedish International Development Cooperation Agency.

In Sweden, the culture of the general population to provide support to developing countries is generally strong and stable. This is shown in the latest public opinion poll conducted by Statistics Sweden on behalf of Sida in 2004 (www.scb.se). The poll found that:

- Most people consider it important that Sweden contributes to development in developing countries and that the government funds provided for this purpose should increase or remain at current levels
- Africa is the continent that Swedes believe should be the focus of Swedish support
- Health and education are regarded as the most important fields where the focus of development cooperation should be concentrated
- A large majority continue to feel that it is either important or very important that Sweden makes efforts to achieve the Millennium Development Goals

In 2004, a total of almost 22 billion kronor (approx. US\$3 billion) was allocated to international development cooperation. Of this amount, approximately one third was allocated to multilateral support and two thirds to bilateral support. Sida administers and channels approximately 60% this amount through its programmes, with the remainder largely taken up by the cost of processing refugees in Sweden, humanitarian assistance and disaster relief.

Sida currently supports over 6,000 projects in some 120 countries. Table 3.1 shows the 20 countries that received most support via Swedish international development cooperation in 2004 (www.sida.se, July 2005). The values are the amounts that were actually disbursed in 2004, including humanitarian support but excluding administration costs (i.e. costs of Sida's staff, premises, etc).

#	Country	Value (SEK million)	No. of projects
1	Tanzania	82	118
2	Mozambique	65	123
3	Afghanistan	54	23
4	Ethiopia	50	69
5	Russia	46	159
6	Uganda	42	66
7	Nicaragua	40	52
8	West Bank and Gaza	36	78
9	Bosnia and Hercegovina	30	78
10	Kenya	29	53
11	Serbia and Montenegro	28	53
12	Bolivia	28	103
13	Honduras	27	31
14	Vietnam	26	179
15	Bangladesh	26	42
16	Zambia	26	79
17	Sudan	25	21
18	South Africa	25	183
19	Sri Lanka	23	69
20	Cambodia	22	37
		Total = 730	1,616

Table 3.1 – Top 20 countries receiving Swedish support (www.sida.se, July 2005)

Much of Swedish multilateral support is channelled via UN agencies such as UNICEF, UNDP, and WHO. Sweden also contributes to the work of the World Bank and to the development cooperation programmes of the EU.

3.5 The Millennium Development Goals

The Millennium Development Goals (MDGs) commit the international community to an expanded vision of development (www.developmentgoals.org), one that vigorously promotes human development as the key to sustaining social and economic progress in all countries, and recognises the importance of creating a global partnership for development. The goals have been commonly accepted as a framework for measuring development progress.

Many of the MDG targets were first raised at international conferences and summits held in the 1990s. In September 2000, however, the 189 member states of the United Nations unanimously adopted the Millennium Declaration. Following consultations among international agencies, including the World Bank, the IMF, the OECD, and the specialised agencies of the United Nations, the General Assembly recognised the eight Millennium Development Goals as part of the road map for implementing the Millennium Declaration.

The first seven goals are mutually reinforcing and are directed at reducing poverty in all its forms. The last goal - global partnership for development - is about the means to achieve the first seven. The goals are as follows:

1. *MDG1*: reduce by half (compared to 1990) the number of people living on less than a dollar a day and who suffer from hunger
2. *MDG2*: ensure that all boys and girls complete a full course of primary schooling

3. *MDG3*: eliminate gender disparity in primary and secondary education, preferably by 2005 and at all education levels by 2015
4. *MDG4*: reduce by two thirds (compared to 1990) the mortality rate among children under five
5. *MDG5*: reduce by three quarters (compared to 1990) the maternal mortality rate
6. *MDG6*: halt the spread of HIV/AIDS, malaria and TB
7. *MDG7*: reduce by half the proportion of people without sustainable access to safe drinking water
8. *MDG8*: ensure that rich countries lift trade barriers to poor countries, lighten their debt burden, provide access to affordable medicines and make more financial aid available

For each goal there is one or more specific target, along with specific social, economic and environmental indicators used to track progress towards the goals. The eight goals represent a partnership between the developed countries and the developing countries determined, as the Millennium Declaration states, "to create an environment - at the national and global levels alike - which is conducive to development and the elimination of poverty".

Increasingly, multilateral and bilateral aid agencies are linking their development cooperation programmes to the achievement of the MDGs. And countries that have credible plans in place to achieve the MDGs are more likely to receive greater external financial support.

3.6 Expatriate Managers and Development Cooperation

Expatriate managers that work within the development field have developed alongside and in parallel with their colleagues working for MNCs in the commercial sector. In general, the consulting companies that form our target population do not advertise for specific positions. Rather, they ask prospective

candidates to submit their CVs for consideration, while listing the desired qualifications. Orgut Consulting, for example, specify the following on their website (www.orgut.se) in May 2005:

Qualifications: minimum five years of international experience from developing countries. MSc or above. We are especially searching experts who are willing to work in remote locations. Women are particularly encouraged to submit their curriculum vitae.

A representative analysis of the job applications posted on the websites of Oxfam, Save the Children UK and Sida illustrates the breadth and depth of skills required by development workers.

Oxfam is a well-known NGO working in more than 100 countries with poverty, suffering and injustice issues. They are perhaps best known for working with people affected by humanitarian disasters. In a recent advertisement (www.oxfam.org.uk, April 2005) for a Senior Programme Officer based in Hong Kong to work in South Asia and Africa, they stipulate that the successful candidate *must* (their emphasis) meet the following requirements:

- A recognised degree with 5+ years of solid work experience in participatory and rights-based development work
- Demonstrated ability to undertake heavy travel schedules and work in remote areas
- Facility in spoken and written English, excellent communication and presentation skills
- Excellent administrative skills, self-initiator but able to work in a team
- A commitment to Oxfam's approach to development

They add that to work at Oxfam, successful candidates must believe in what Oxfam stands for (that poverty and suffering can be overcome), should enjoy

working alongside diverse colleagues, partner organisations, volunteers, supporters, and participating poor communities who may be from very different cultural and language backgrounds, be flexible, adaptable and ready to meet new challenges, and must be able to work cost-effectively (recognising that donors have often made great sacrifices to provide funds).

Save the Children is a leading international relief and development organisation that is operating in more than 100 countries around the world to ensure the well-being of children. Apart from skills associated with working with children, Save the Children UK believe that the following skills are essential for their staff for a position in Zimbabwe (www.savethechildren.org.uk, May 2005):

- A minimum of five years management experience of development programmes
- A relevant degree and post-graduate qualification
- Strong analytical and conceptual skills to think and plan strategically, evaluate options and implement those with a sustainable impact
- An in-depth understanding of national and international development issues
- Substantial experience and knowledge of effective financial and budgetary control and grant management
- A qualification in personnel management will be desirable
- Experience of, and commitment to, participatory management
- An ability to work under pressure with limited support
- Good interpersonal skills including the ability to listen, sensitivity to others views and perspectives, and conflict resolution
- The capacity to develop and maintain an understanding of and be sympathetic to the social, cultural and political context of the post
- Ability to represent, liaise and negotiate at different levels
- Excellent communication skills and a proven ability to write
- Willingness to travel frequently within the country and abroad

Desirable criteria for the job also include computing skills, familiarity with the country/region, and expertise in the required programme areas (community development, HIV/AIDS, child rights, water, food security/drought).

For a position as a Bilateral Associate Expert in Information and Communication Technology in Rwanda advertised on the Sida website (www.sida.se) in May 2005, the functional skills requested were:

- Superior analytical and problem-solving skills
- Must be a self-starter and possess the ability to apply knowledge and expertise to deliver high quality work and to self-manage work programme
- Ability to work in a team environment and to develop technology solutions
- Relevant professional experience of not less than two years, professional qualifications, and good knowledge of open source technologies
- Ability to communicate effectively, excellent interpersonal skills;
- Ability to speak and write fluently in English
- Knowledge of French language is an added advantage

From the above, and by reading the literature and through personal communication, one can conclude that there is considerable overlap between the 'aid worker' working in development cooperation and the 'expatriate manager' working for MNCs.

4 Literature Review

4.1 Introduction

Expatriates receive significant personal and self-development benefits from foreign assignments. Webb and Wright (1996) point out that expatriates gain a broader, global perspective of the firm's operations, and additionally their communication skills are enhanced because of their exposure to different cultures. Further, it seems that the more complex the environment, the more it enhances their planning and motivation techniques, thus, confidence increases. These types of development can have positive career and organisational implications for expatriates.

Much of the research on expatriate management practices has focused on the issue of selecting managers for international assignments. This has resulted in lists of competencies, criteria, and characteristics that managers should possess. At the same time, researchers have analysed the causes of failure in overseas assignments and have proposed HR practices that would help companies with the selection, development, and retention of competent expatriate managers (Pucik and Saba, 1998).

This literature review looks at the body of knowledge on expatriate management. After a brief introduction, the rise of the expatriate manager is discussed, followed by the research on expatriate failure – its rates, its costs, and the reasons for it. Following that, the factors that contribute to the success of an expatriate assignment are reviewed, in particular those issues contributing to operational effectiveness. Finally in this chapter, the literature is distilled into a set of best practices for the industry.

4.2 The Rise of the Expatriate Manager

The onward march of globalisation since the Second World War has led to the increasing internationalisation of business. Although commerce has been conducted across national boundaries for centuries, during the last three decades business dealings have accelerated on a global scale. Corporations around the world, both large and small, have increasingly turned their attention to international operations in order to maintain a competitive edge in today's dynamic economic scene (Hofstede, 1980).

During the 1980s and 1990s, most multinational companies restructured their global operations to become more competitive in order to survive in a fast-changing business environment of new competitors, new customers, and new ways of doing business. Companies flattened their hierarchical structures and broke them into smaller pieces to permit closer contact with the global marketplace and faster decision making at the local level. They shrank corporate and international headquarters and, in many cases, completely eliminated regional offices and headquarters. At the same time, they strengthened local subsidiaries and staffed them with entrepreneurial individuals who made things happen (Hill, 2003).

Doing business outside one's own borders can be demanding and complicated. To set aside difficulties that may develop, one must be aware that the business environments of each country are different. These differences require international managers to have good analytical abilities and sound business intelligence in order to make viable decisions and operate successfully.

Most companies believe that if they do not have managers with global skills, they will lose their competitive edge. Therefore, each year, more and more multinational companies are increasing the number and types of executives and managers they are sending on foreign assignments. They have discovered that

having the right people, in the right position, at the right location is the key to international success. In theory, this should at least decrease the risk and cost of expatriate failure (Moynihan, 1993).

Fish and Wood (1994) note that the challenges of the globalisation of business operations are creating significant career challenges and opportunities for both individuals and business enterprises alike. Organisations need to adjust to an emerging global business environment with changing strategic alliances. This means identifying the appropriate managers and management skills at the appropriate time and managing those resources in the most effective manner for both the goals of the organisation and the career expectations of the managers concerned.

The problem facing multinational companies in the new millennium is neatly captured in an article entitled, 'The poorly travelled need not apply', which appeared in the British newspaper *The Daily Telegraph* on 12 May 2005¹. A survey by the Cranfield School of Management's Centre for Research into the Management of Expatriation found that long-term assignments, short-term assignments and international commuting are all on the increase.

It seems, though, that it is not just globalisation that is driving increased mobility among top managers, although that is a major factor. The explosion of knowledge and learning, and the desire to develop leaders for the future are also encouraging firms to expatriate and repatriate skills. Recruitment consultants have noticed the increase in international recruitment. In the article, executive search firm Torres and Partners says its international work has risen 400% since 2000, and now amounts to 45% of all its business.

¹
<http://www.telegraph.co.uk/money/main.html?xml=/money/2005/05/12/ccrc12.xml&menuId=242&sheet=/money/2005/05/13/xcoms.html>

The Cranfield survey also shows that patterns of expatriation are changing. As European travel is becoming commonplace for many managers, increasingly firms are reserving cross-continental experience, which offers more cultural change, for their high potential people. And the survey also indicates that firms are not looking for international talent for the sake of it. Mostly they are seeking technical skills, language ability and market knowledge. For example, 78% say the availability of technical skills is significant in their decision to hire or move people overseas, while 61% cite language skills as very important.

So who are these expatriate managers and why are they needed? There is a surprising amount of research into expatriate classification. Many of the earlier studies (Tung, 1982; Harzing, 1999, etc) identified that the country of origin of a MNC has a substantial impact on the number of expatriates that are sent out to subsidiaries and that expatriate presence also differs quite substantially according to the host country in question.

However, most studies do not give any empirical evidence as to why these expatriates are sent out in the first place. One exception is a study by Edstrom and Galbraith (1977), which found three motives for sending out expatriates:

1. *Position filling*, which refers to the transfer of technical knowledge, mainly to developing countries where qualified local nationals are not always available
2. *Management development*, which gives the expatriate manager international experience and develops him for future roles in subsidiaries abroad or with the parent company
3. *Organisation development*, whereby transfers are used to change or maintain the structure and decision processes of the organisation. In this case, international transfers are used as a coordination and control strategy.

Briscoe (1995) distinguishes between two types of international employee that are becoming increasingly popular in the literature. *Permanent expatriates* stay

for extended periods of time, sometimes permanently, at their foreign destinations. Firms usually reclassify them as locals after several years. *International cadre* are those who move from one foreign assignment to another, not returning to their home countries for most of their careers.

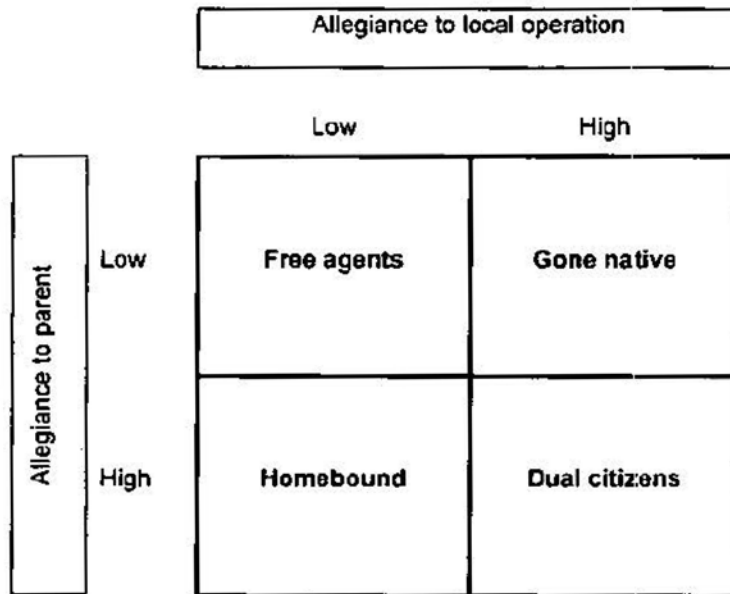


Figure 4.1 – Expatriate managers' roles (Black and Mendenhall, 1991)

Black and Mendenhall (1991), meanwhile, classify expatriate managers into one of four categories based on how they view their role (Figure 4.1). *Free agents* are those expatriates whose primary allegiance is to their own careers and not to either the parent company or the local subsidiary. These expatriates work for whoever wants and needs them. Expatriates who *go native* closely identify with the local customs and ways of doing business, and form a strong attachment to the host culture.

On the other hand, *homebound expatriates* never really integrate into the operations of the local subsidiary, but are primarily concerned with implementing corporate policy. Finally *dual citizens* are expatriates who feel a responsibility to serve the interests of both the parent and the local subsidiary. When conflicts

arise between these expectations, they actively work to achieve a compromise. Ideally all expatriates would fall into this fourth category, but according to Black and Mendenhall, only about 25% do.

Hawley (1995) found that two thirds of MNCs use expatriates to run their foreign operations. He identified three main reasons for this. The first was that it is important to have objective control over offshore operations to ensure financial integrity. Secondly, when working in a developing country, there is often a weak pool of local managers available. Finally, having trustworthy staff is key to a successful foreign business.

Derr and Oddou (1991) identify two types of expatriates: (i) those that go abroad as 'high-potentials' to broaden their development before going on to more senior management positions, and (ii) 'problem fixers' who are sent abroad to sort out problems. This category includes those working in line management and specialised functional positions.

Although there seems to be a trend for (particularly South African and Australian) MNCs to train and install host country nationals into executive positions in their overseas operations in developing countries (Coetzee, personal correspondence, July 2005), what is also apparent is that the expatriate manager is here to stay.

Paik, Segaud and Malinowski (2002) point out that one of the most important determinants of a foreign venture's success is to effectively transfer a company's critical capabilities on an international basis. Transferring managers from country to country in particular were found to be one of the most effective means of doing this. The greater understanding MNCs have of how to manage expatriates properly, the greater the competitive advantage they are likely to achieve.

4.3 The Expatriate Lifecycle

Before looking at expatriate failure and success, it is perhaps appropriate to review the literature to get an idea of the likely stages that an expatriate will go through during an overseas assignment.

A recent survey of 1,500 senior executives shows that there is a critical shortage of managers equipped to run global businesses. One reason for the lack of successful expatriates may be because working internationally can be very stressful - even for what Sanchez, Spector and Cooper (2000) terms 'experienced globalites'. Table 4.1 below shows some of the primary stressors for expatriates at different stages of their assignments. The table also shows ways for executives to cope with stress as well as some of the things that companies can do to help with the adjustment.

Stage	Primary stressors	Executive coping response	Employer coping response
Expatriate selection	Cross-cultural unreadiness	Engage in self-evaluation	Encourage expatriate's self- and family evaluation. Perform an assessment of potential and interests
Assignment acceptance	Unrealistic evaluation of stressors to come. Hurried time frame	Think of assignment as a growth opportunity rather than an instrument to promotion	Do not make hard-to-keep promises. Clarify expectations
Pre- and post-arrival training	Ignorance of cultural differences	Do not make unwarranted assumptions of cultural competence and cultural rules	Provide pre-, during, and post-assignment training. Encourage support-seeking behaviour
Arrival	Cultural shock. Stressor re-evaluation. Feelings of lack of fit and differential treatment	Do not construe identification with the host and parent cultures as mutually exclusive. Seek social support	Provide post-arrival training. Facilitate integration in expatriate network
Novice	Cultural blunders or inadequacy of coping responses. Ambiguity owing to inability to decipher meaning of situations	Observe and study functional value of coping responses among locals. Do not replicate responses that worked at home	Provide follow-up training. Seek advice from locals and expatriate network
Transitional	Rejection of host or parent culture	Form and maintain attachments with both cultures	Promote culturally sensitive policies at host country. Maintain communication and periodic visits to parent organisation
Mastery	Frustration with inability to perform boundary spanning role. Bothered by living with a cultural paradox	Internalize and enjoy identification with both cultures and walking between two cultures	Reinforce rather than punish dual identification by defining common goals
Repatriation	Disappointment with unfulfilled expectations. Sense of isolation. Loss of autonomy	Realistically re-evaluate assignment as a personal and professional growth opportunity	Arrange pre-repatriation briefings and interviews. Schedule post-repatriation support meetings

Table 4.1 - Stressors and coping responses (Sanchez et al, 2000)

The literature seems to indicate that there is a definite repeated pattern to the expatriation process. The executive goes through several distinct stages before they begin to fully function overseas. Thomas (2002) suggests that the cycle of adjustment to the foreign environment follow a U-shaped pattern (Figure 4.2), and consists of four distinct stages:

1. *Honeymoon stage* - everything is exciting and interesting. The new environment intrigues the expatriate in much the same way as if they were a tourist
2. *Culture shock stage* - the expatriate becomes confused and frustrated, as the environment does not provide them with familiar cues
3. *Adjustment stage* - the expatriate begins to accept and understand the cultural differences, begins to settle into the rhythm of daily living in the foreign country and learn how to get things done
4. *Mastery stage* - this is the point where the expatriate has mastered all the differences, and they now function in the new environment almost as well as at home

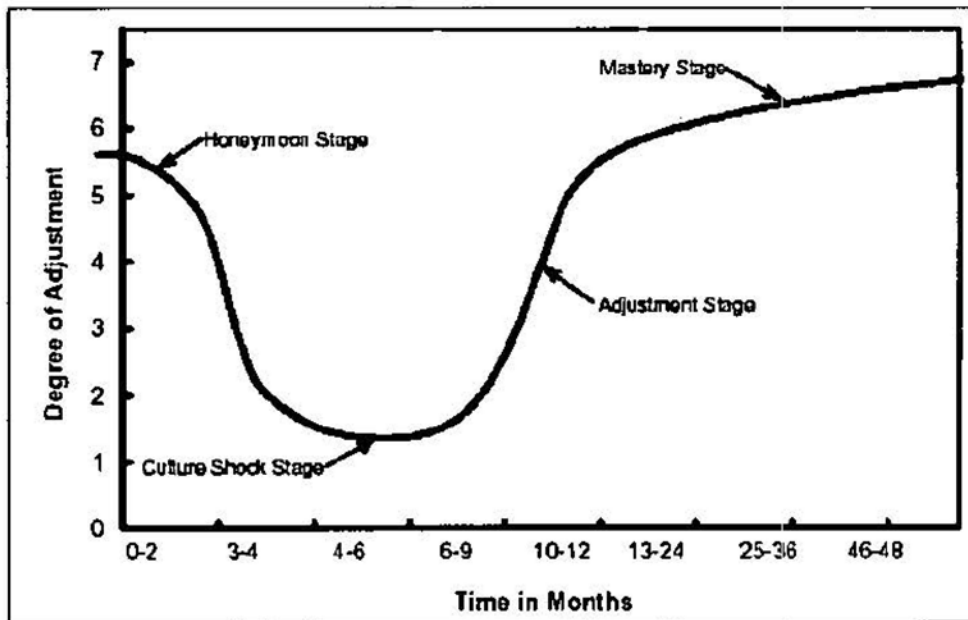


Figure 4.2 – The expatriate lifecycle (Thomas, 2002)

Schell and Solomon (1997) go into greater depth and describe the expatriate lifecycle slightly differently. They indicated that the adaptation cycle takes about one year on average, depending on the family, the country and the work and family challenges. It begins before departure to the destination country, as soon as the pre-departure arrangements and training procedures start. The following phases were recognised:

1. *Pre-move phase* - the expatriate experiences a combination of positive and negative feelings. Positive emotions sprout from recognition of the employee's competence that motivated their selection, excitement created by the new adventure awaiting the family, the increased salary with special allowances and the increased responsibility. This is followed by negative feelings arising from the separation from friends, family and colleagues and the realisation of the difficulties associated with adjustment (duration: 2-4 months).
2. *Relocation phase* - this phase is similar to Thomas' honeymoon phase. It commences with the excitement of entering the new environment with all its new opportunities. This is followed by the reality that the family is separated from friends, family and the comfortable environment. They soon realise they are alone in a foreign environment with difficult challenges to face (duration: 2-4 months).
3. *First Adaptation phase* - the family starts to adjust to the new 'home' and starts to engage in activities offered by the new country. The family begins to make friends and business contacts and get settled into an established routine (duration: 2-4 months).
4. *Culture Shock phase* - the expatriate family starts to experience the full weight of constantly confronting new challenges and different experiences every day.

The expatriate begins to feel a sense of isolation and fatigue, which results in 'culture shock' (duration: 2-4 months).

5. *Final Adaptation phase* - this is the last phase during which the family gets used to the foreign culture, and is comparable to Thomas' adjustment and mastery phases. Life now finally turns back to 'normal'. The expatriate returns to their pre-move productivity levels and the family begins to enjoy the foreign culture.

According to Sanchez, Spector and Cooper (2000), during the lifecycle of an assignment the expatriate will go through an internal struggle between identification with the host versus the parent culture. This is illustrated graphically in Figure 4.3 as the expatriate moves from the novice to the mastery stage.

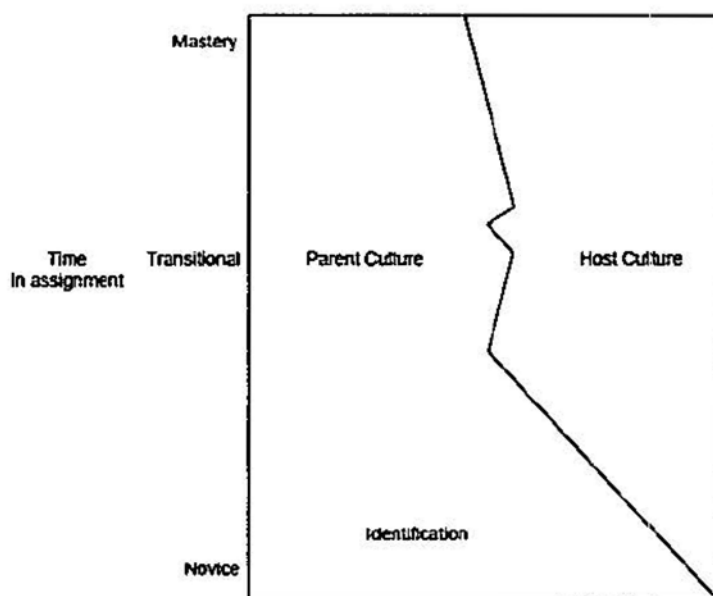


Figure 4.3 - Evolution of parent and host culture identification (Sanchez, Spector and Cooper, 2000)

The two identifications compete for the same space. Whereas identification with the parent culture dominates in the early phases of the assignment, identification with the host culture will dominate later on. Adjustment is successful when identification has occurred midway between the host and parent cultures.

In addition to the lifecycles of individual expatriates as discussed earlier by Thomas and Schell, the expatriate family also has a cycle of its own that must be considered. Families work as integrated systems. If one part of the family encounters problems, the whole system will be affected. Managers accepting expatriate assignments must be aware of the possible malfunctions to enable them to perform preventive maintenance whenever necessary.

According to Goldenberg and Goldenberg (1980), some stages have less risk than others. Both employers and expatriates should be aware which cycles pose a high risk and make sure they are prepared to manage them. Schell and Solomon (1997) also considered this issue, and came up with the family lifecycle stages (Table 4.2) as follows:

Stage	Lifecycle	Characteristics
1	Married couples	Estimated to last about two years
2	Birth of the first child	Lasts approximately 2½ years, transforms the expatriate family into parenthood
3	Childbearing years	Lasts about seven years, are the time that the family consists of pre-school and young children
4	Families with teens	Children between 13 and 20 years old
5	Families as launching centres	The family gets mature and the children get older, leaving the family and starting their own cycle
6	Middle age	Lasts about 15 years
7	Ageing family members	Leading to retirement

Table 4.2 – Family lifecycle stages (Schell and Solomon, 1997)

Families during stages 3 and 4 normally pose a higher risk on an international assignment than the other stages. These two phases are therefore discussed in more detail to highlight the needs of children during the different stages:

- *Babies, toddlers and pre-school children (Stage 3)* - parents are the most important people in these children's lives. Outside friends and connections are usually insignificant. Without reliable help with children in the foreign country, the spouse will become the sole caretaker (Curnow and McCluskey, 1994).
- *School-age children (Stages 3 & 4)* - the biggest loss that these children would suffer is their friends and the predictability of their routine. The main concern of parents with children falling into this category is their schooling. The children's self-image and self-esteem is still in a vulnerable and developmental phase and their friends and school are fundamental to their development (Curnow *et al*, 1994).
- *Teenagers (Stage 4)* - most teenagers do not normally want to go on international assignments, as they will have to leave their friends behind. Solomon (1994) maintains that after the spouse's adjustment, teenagers pose the biggest risk for the failure of an expatriate assignment. Teenagers can threaten family life if they are unhappy, which will in turn lower the expatriate's productivity.

In addition to personal characteristics, Thomas (2002) highlights a number of other individual demographic differences that have a bearing on the overseas assignment:

- *Better educated expatriates* - tend to have less job satisfaction and are less committed to the organisation, but are likely to adjust better overseas

- *Older expatriates* - are typically more committed to the organisation, adjust better to the work environment and have higher job satisfaction. However, they are less willing to relocate overseas and are less satisfied with the overseas environment
- *Married expatriates* - have generally better job satisfaction and are better performers
- *Long-standing expatriates* - with longer tenure, generally have higher job satisfaction and are less likely to leave

As can be seen from the above, there are many factors that need to be taken into account when sending an employee overseas on an international assignment. Getting the mix right will lead to expatriate success, but getting it wrong leads to failure and can be very expensive.

4.4 The Cost of a Failed Assignment

Given the cross-cultural obstacles that every expatriate must confront, it is not surprising that many expatriates fail to complete the full term of their overseas assignments. Darby (1995) notes that "no... manager can survive without first understanding the complexities and subtleties of managing in a multicultural environment". He goes on to add that, "put more simply, 'it's not just what you say, it's also the way you say it' that can make a fundamental difference to success or failure in the process of management".

Research among US expatriates by Black *et al* (1992b) has revealed that premature return rates for expatriates are significant, and each failure gives rise to substantial direct and indirect costs. In addition, many expatriate managers who stay on are regarded as ineffective by their parent organisations, and they also incur large costs.

In many cases, a doomed placement will not be detected immediately. It may take two or three years before management suddenly realises that a staffing error has been made. Moreover, it is also difficult to evaluate someone's performance from afar, especially in locations where the results are not immediately apparent or measurable. Management may also be reluctant to terminate an overseas assignment after investing a great deal of money in the move.

Expatriate management is an enormous and costly challenge for international firms. Expatriate failure creates both direct and indirect costs for firms (O'Sullivan, Appelbaum and Abikhzer, 2001). Direct costs include costs for training, salary and relocation, which can amount to \$80,000 depending on currency exchange and location of the assignment (Mendenhall and Oddou, 1985). The financial cost of premature returns is therefore significant.

The literature has fairly wide-ranging views on the cost of failed expatriate assignments:

- Bammer (1994) suggests that the average cost per failure to the parent company ranges from \$55,000 to \$150,000
- Richardson and Rullo (1992) state that a single failed assignment can cost a company more than \$150,000. And when taking into account the return home, the damage to the expatriate's morale and the company's reputation, and the loss of the business, it can add up to over \$250,000
- Respondents to a 1995 NFTC/SRI survey estimate the cost of a poor staffing decision could range from \$200,000 to \$1.2 million
- Hill (2003) estimates the cost of an expatriate failure as between \$250,000 and \$1 million
- Lublin (1993) estimates that an expatriate can easily cost a firm \$300,000 during the first year

- Wong-Rieger and Rieger (1991) estimate failure costs around \$250,000, excluding lost opportunity costs
- Muller (2003) estimates that the failure of a South African expatriate manager can cost a company between \$25,000 and \$100,000, depending on the expatriate's salary and whether a family transfer was involved
- Czinkota, Rovoli and Ronkainen (1989) state that the cost involved in maintaining an expatriate abroad is often two to two-and-a-half times more than in a comparable position in the home country
- Harvey (1983) estimates that the average cost per failure to the parent firm can be as high as three times the expatriate's annual domestic salary plus the cost of relocation
- Solomon (1996) estimates that the average cost of each failed assignment ranges from \$40,000 to \$250,000
- Luthans and Farner (2002) estimate that, depending on the job or the location, the direct cost of premature returns by expatriate managers is between \$250,000 and \$1 million
- Black and Gregersen (1999) believe that on average expatriates cost two to three times what they would in an equivalent position back home, while a full expatriate package costs between \$300,000 to \$1 million annually

Some of these figures only include the identifiable costs associated with compensation, training, development, orientation and, where applicable, termination. One must also factor in the hidden costs of a failed assignment, which are less directly measurable, but nonetheless significant. These costs include loss of market share, lost business, the potential damage to customers and suppliers, difficulties with host government officials, and low expatriate morale (Zeira and Banai, 1984).

Apart from the monetary value, expatriate failure can also affect the company's reputation in the international arena and the emotional costs borne by the candidate, the spouse, the children, and other family members (Phatak, 1992). If an expatriate family returns with an entirely negative experience, it could be

difficult to recruit new expatriates in the future. Furthermore, if an expatriate left a negative perception at the local subsidiary on departure, it could also be a long time before new expatriates are easily accepted into that subsidiary. For all of the above reasons, premature expatriate returns should be avoided if at all possible (O'Sullivan, Appelbaum and Abikhzer, 2001).

4.5 Expatriate Failure Rate

The definition of a successful expatriate experience varies widely (Thomas, 2002). There is general consensus in the literature that expatriate failure is defined not only as a premature return home from their contract, but also of being non-productive while overseas:

- Hays (1974) defines failed assignments as either employees who return to their home country prematurely or expatriates who are unable to achieve the company's business objectives
- Hawley (1999) defines a failure not only as a premature return to the home country, but also in terms of expatriates sitting out their contract non-productively
- Black, Mendenhall, and Oddou (1997) define failure as the premature return of an expatriate manager to his or her home country
- Thomas (2002) uses two indicators; a failure to complete the term of the assignment and the extent to which the manager has been able to overcome culture shock and adjust to the new environment

Harzing (1995) points out that measuring the failure rate as the percentage of expatriate managers returning home before the expiration of their assignment contract is inadequate for two reasons: firstly, it is far more damaging for a company if a non-performing expatriate stays until the completion of the overseas assignment, and secondly, a completion of the overseas assignment does not necessarily mean that expatriate failure has been avoided.

Forster (1997) also argues that the current definition is too narrow, and lobbies for a broader definition of failure that includes the following four points in addition to the conventional definition:

1. The poaching of managers by other companies while they are abroad
2. Acknowledgement of the considerable stress experienced by staff who are under-performing
3. The negative outcomes of repatriation experienced by returning expatriates
4. The negative effect of the assignment on families, on the career prospects of partners, and the negative views about overseas postings in the future

The rate of expatriate assignment failures using the conventional definition ranges from as low as 1% to as high as 70%, according to which study one reads. As Harzing (1995) states, "Over the last three decades, it has become almost 'traditional' to open an article on expatriate management by stating that expatriate failure rates are (very) high". Yet, as Forster (1997) remarks, "there is virtually no agreement about the incidence of expatriate failure rates among academic researchers". The higher rates are often linked to assignments in underdeveloped or developing countries, and often by US companies. Although detailed data are not available for all other nationalities, one suspects that high expatriate failure is a universal problem.

Tung (1982) surveyed a number of European, Japanese and US multinationals in a seminal study. Her results, summarised in Table 4.3, indicate that the failure rate for a significant proportion of US multinationals were between 20% to 40%, for European multinationals between 11% and 15%, and for Japanese multinationals between 11% and 19%. The results indicate that 76% of US multinationals experienced expatriate failure rates of 10% or more, while 7% experienced a failure rate of more than 20%. Tung's work also suggests that US

multinationals experience a much higher expatriate failure rate than either European or Japanese multinationals.

Origin of multinational	Recall rate (%)	Companies (%)
US	20-40	7
	10-20	69
	<10	24
Europe	11-15	3
	6-10	38
	<5	59
Japan	11-19	14
	6-10	10
	<5	76

Table 4.3 - Expatriate failure rates (Tung, 1982)

Studies made by Solomon (1994) indicate that 20% to 25% of all assignments fail, while Shay and Tracey (1997) believe failure rates are up to 70% when the expatriate is assigned to a "still-developing country". Briscoe (1995) indicates that the failure rate for expatriates is between 20% and 30% for American firms, but can be as high as 80% in some cases. Blum (1996) stated that between 25% and 85% of American expatriates return prematurely.

Black, Mendenhall, and Oddou (1991) suggest that between 30% and 50% of American expatriates who receive annual compensation packages of \$250,000 or more stay on their assignments, but are considered ineffective or marginally effective by their firms. Research by Black and Gregersen (1999), meanwhile, found that between 10% and 20% of all US managers sent abroad returned early because of job dissatisfaction or difficulties in adjusting to a foreign country.

The exact percentage of expatriates who fail to complete the initial term of the assignment is a matter of some debate. The oft-quoted high failure rates measured as premature return to the home country has been challenged recently as having little empirical foundation (Harzing, 1995). On reviewing the literature, she argues that there is almost no evidence for "the existence of high failure rates when measured as premature re-entry".

Interestingly, European firms tend to quote much lower rates of failure than American firms. It is an acknowledged view that many Europeans view an assignment overseas as a positive developmental experience. They are eager to accept foreign assignments and are known to be more flexible.

Also, it seems that European multinational firms devote more time and effort to the selection and orientation of qualified people. Japanese and European MNC give better cultural training in advance (Feldman and Thompson, 1993). US multinationals, on the other hand, are more apt to terminate an assignment for performance reasons, and they may scrutinise the performance of expatriates more critically (Swaak, 1995).

Another factor for the high failure rate may be because US multinational companies typically plan the overseas assignment to last for shorter periods, normally between two and three years. Japanese and European multinationals plan assignments to last three to five years. Feldman and Thompson (1993) believe that American expatriates are therefore unable to adapt to the new culture in such a limited time period and are hurried to return home. This may be because of the task-orientated American culture in which results need to be achieved right away.

Nationality also seems to influence the nature of the expatriate experience. Thomas (2002) notes that comparative studies have shown that German expatriates had significantly more positive experiences in Japan than their American contemporaries, and that Japanese expatriates feel more effective than

Americans do in Thailand. Therefore the national culture of the expatriates themselves, as well as the characteristics of the foreign culture, has an influence on their experience overseas.

4.6 Reasons for Expatriate Failure

The study of predictors of expatriate failure has a long history in management literature (Pucik and Saba, 1998). Typically the causes for failure overseas extend beyond technical capability, and include personal and social issues as well. Indeed, as Black, Gregersen and Mendenhall (1992) point out, the assignment is likely to fail if it is based only on a superficial selection of candidates on technical and managerial competence to put 'the foreign fire out'.

Tung's 1982 milestone research on expatriate failure revealed several key reasons for failure in US, European and Japanese multinationals. For US and Japanese companies, they are presented in order of importance in Table 4.4. The difference in ranking for the inability of the spouse to adjust in US and Japanese multinationals can be perhaps explained by the cultural differences that exist between the two countries.

US multinationals	Japanese multinationals
1. Inability of spouse to adjust	1. Inability to cope with larger overseas responsibility
2. Manager's inability to adjust	2. Difficulties with new environment
3. Other family problems	3. Personal or emotional problems
4. Manager's personal/emotional maturity	4. Lack of technical competence
5. Inability to cope with larger overseas responsibility	5. Inability of spouse to adjust

Table 4.4 - Reasons for expatriate failure (Tung, 1982)

Solomon (1994) makes reference to a 1992 survey of fifty *Fortune 500* companies made by International Orientation Resources (IOR) in which they concluded that about 90% of the time businesses select employees for overseas assignments purely for their technical expertise. This is supported by a 1994 survey by Windham International and the National Foreign Trade Council (NFTC) which revealed that 92% of employees are selected for international assignments primarily on the grounds of technical and professional competence.

But as research by Tung (1981, 1982) and others has conclusively shown, expatriate assignments do not usually fail because the person cannot cope with the technical demands of the job. Rather, they fail because of family and personal issues and lack of cultural skills that are not part of the process in preparing the expatriate to go overseas.

This view is supported by a Harvard University survey sponsored by AMROP International, which offers insight into the reasons for failed foreign assignments. 80% of respondents said the executive's inability to adjust to a foreign cultural environment was the key reason for failure in an international post. In decreasing order, the other reasons cited are:

1. The executive's and/or spouse's inability to adapt to a different environment
2. An inability to cope with the greater responsibilities of overseas work and limited spousal employment opportunities
3. A lack of technical competence and motivation

Given the high costs of a failed assignment, multinational firms need a much better understanding of what leads to faulty staffing decisions. Further evidence can be found from the results of a 1995 NFTC/SRI study, which attributes failures to these reasons:

- 81% said an urgent need to fill an overseas position may lead to the selection of the 'best available candidate'

- 33% cited a tendency to send someone who has been with the company for many years and is considered to be a 'known entity' but not necessarily a 'star performer'
- 21% said line management overrides the advice of human resources
- 12% said the assignments are used as rewards for accomplishments having little to do with the requirements of a new position
- 10% attributed failures to untrained interviewers or a lack of know-how about local conditions

The survey found that 96% of respondents rated the technical requirements of a job as the most important selection criteria for international assignments. Next in line were the needs of the business and the candidate's willingness to relocate. 60% of respondents considered the candidate's personality characteristics and ability to adjust, but they placed work history stability, the spouse's career, and other family issues low on the list of selection priorities.

Swagak (1995) confirms the findings above when he notes that for both the expatriate and the spouse, adjustment requires flexibility, emotional stability, empathy for the culture, communication skills, resourcefulness, initiative, and diplomatic skills.

Black and Mendenhall (1991) explain expatriate failure through looking at the four types of allegiances developed by the expatriate toward both the local operation and the parent company discussed earlier (see Figure 4.1). Strengthening expatriate commitment through developing a high dual allegiance was proven to be the best way to mitigate against failure.

Harzing (1995) has researched this subject extensively, and concludes that the reasons behind expatriate failure (defined as premature return, the lack of cross-cultural adjustment, and poor performance during international assignments) can

be attributed to a combination of both individual as well as organisational factors (Table 4.5):

Individual Factors	Organisational factors
<ul style="list-style-type: none">• Inability to manage and cope effectively caused by personal issues• Inability to deal with stressful situations• Poor communication skills• Inadaptability of the family to the new environment• Unwillingness to relocate• Inability of the spouse to adjust• Low expatriate commitment	<ul style="list-style-type: none">• Ineffective expatriate selection• Poor preparation programmes• Inadequate support policies• Lack of career planning• Poor management of dual-career families• Unattractive compensation packages• Poor orientation programmes• Ineffective cross-cultural training

Table 4.5 – Factors contributing to expatriate failure (Harzing, 2005)

There seems to be recurring themes throughout the literature as to what factors lead to failure. In the following paragraphs, a few of the main reasons are discussed in greater depth.

4.6.1 Lack of a Pre-departure Training Programme

The importance of a good training programme, particularly in cross-cultural skills training, cannot be underestimated. Frazee (1996) quotes that most US managers are sent on overseas assignments without the proper training programmes concerning the host country's customs and conditions. This leaves the expatriate and their family unprepared to function and adapt to local customs.

The human resource divisions of MNCs consistently overlook key criteria that are necessary for overseas success. A number of studies (Tung, 1981) report a marked deficiency on the part of US firms in offering comprehensive cross-cultural skills training to employees and their families prior to their overseas

assignments. A majority of companies do not provide any preparatory training for managers and employees destined to work overseas.

Tung found that of the MNCs in her study, only 32% of the firms offered formal training programmes to prepare people to live and work overseas. Her research suggests that top managers do not support cross-cultural training because they believe it is neither effective nor necessary. Other multinational companies said that there were too few expatriates (31%) and the degree of cultural differences did not justify orientation (17%).

Paik, Segaud and Malinowski (2002) note that a well-designed expatriate management programme should follow a circular process, beginning with the initial assessment selection of candidates, followed by cross-cultural preparation, going on to global career management, then completion of the international business objective and finishing with repatriation. This is non-existent in many firms' cases.

Thomas (2002) comments that the failure of firms to provide cross-cultural skills training is consistent with the use of expatriates to fill a purely technical requirement. The result is often a reduction in effectiveness because of the failure of the expatriate to cope with environmental aspects of the assignment.

Considerable research supports the notion that pre-departure training can have a positive effect on cultural adjustment and expatriate performance (Frazee, 1999; Deshpande and Viswesvaran, 1992). Caudron (1991) highlights four specific areas in which training can help to reduce expatriate failure and increase assignment effectiveness: negotiation styles, communication, social relations and family lifestyle adjustment.

4.6.2 Inability of Spouse to Adjust

Simeon and Fujju (2000) comment that many studies have reported a strong correlation between expatriate and spouse adjustment. Stephens and Black (1991) suggest that between 16-40% of expatriate failure has been attributed to the failure of the spouse/partner to adjust. Fish and Wood (1997) quote from North American, Australian and European research that confirms there is a critical relationship between the ability of the spouse/partner to adjust and the success of an overseas assignment.

These studies acknowledge the important role of the spouse and family in affecting the rate of expatriate failure. The general conclusion is that if the spouse has adapted well to the new environment, it increases the chance that the expatriate executive will do likewise (Torbiorn 1982; Mendenhall *et al.*, 1987; Black and Stephens, 1989).

Hill (2003) suggests that the failure of the spouse to adjust to the foreign environment can be related to a number of factors. The spouse can suddenly find themselves in a foreign environment without any support structures from family or friends. Language differences also complicate matters, and acts as a barrier to get into the social structures. It is likely that the spouse quickly feels trapped at home. The expatriate manager, on the other hand, can more easily make friends at work. To complicate matters further, immigration regulations often prohibit the spouse from working.

With the recent rise of two-career families, managers often turn down international assignments because of the impact that such an assignment will have on the spouse's career. Tung (1988) indicates that the problem of dual-career couples is becoming increasingly important. The key problems that she recognised for the non-working spouse were uncertainty, the loss of a social network and the feeling of isolation.

Tung's research is supported by Harvey (1998), who found that 67% of potential expatriates felt their spouses' reluctance to give up their own career was a major constraint on their international placement. In the Nordic countries especially, it is common for both partners to have their own careers. Riusala and Suutari (2000) point out that this makes the issue of dual-career couples very important in Nordic companies.

4.6.3 Poor Cross-cultural Adaptability

Tung (1982) and others show that cultural differences are the most significant variables encountered by multinational companies. Some of the most common problems are the differences between countries in the interpretation of issues such as time, proximity and non-verbal messages (Solomon, 1994). The failure of managers to comprehend this fully has led to most international business failures.

The literature is in general agreement that the key reason for the failure of US expatriates is that they are unaware that other cultures do not have the same style of getting right down to business and do not place the same emphasis on the value of results. In many cultures, it is customary to establish a personal relationship beforehand. Thus, it is important that the expatriate knows how to conduct business in other countries (Osland, 1995).

Managers often fail as a result of not being able to adapt to cultural changes. These expatriates are often judgmental and not open-minded, which prohibits them from understanding or accepting foreign behaviours without resorting to stereotypes or prejudice. Lobel (1990) concludes that a failed US expatriate manager is ethnocentric and expects business to be conducted 'the American Way'. They fail to recognise that people in other countries are different.

Many expatriate managers react negatively to the host country's customs. In order to be a successful expatriate, they need to let go of their basic cultural assumptions and take on the internalised values of the host culture. Failed expatriate managers tend to maintain their own frames of reference rather than creating new ones for the host country.

Osland noted that one common symptom is to begin to make negative comparisons with home. They do not acknowledge that their home country's behaviours and customs are not always effective in other cultures. Thus, they cling on to the home country's norms and fail to make the successful adaptation.

Tung's research shows that the Japanese are more adaptable because they are brought up learning to be cooperative with others and to work as a team. The Americans, on the other hand, are more individualistic. Thus they carry a competitive characteristic which makes it harder for them to adapt. Such failure to understand cultural differences can bear serious consequences.

According to Briscoe (1995), expatriates too often bring stereotypes, prejudices as well as strong biases in favour of their own culture's way of doing things on foreign assignments. This eventually keeps them from feeling comfortable in their new destination and can result in misunderstandings.

4.6.4 The Language Barrier

The language barrier is a major cause of failure. If the expatriate has previously been to the targeted country, the chance of success is better. They would already know the basics of the language and culture of the host country (Lobel, 1990). Expatriates take for granted that the person speaking English does indeed understand English very well. However, this is not often the case; especially if slang, jokes and idioms are used, as they do not always translate well.

In addition, a common mistake made by expatriates is the misinterpretation of non-verbal cues communicated by host nationals. Such non-verbal communications includes eye contact, space (proximity), and body language (Osland, 1995).

4.6.5 Family-related Problems

Family difficulties in adapting to the foreign culture and other related problems are also major reasons for expatriate failure. If the family is having trouble adapting to a different culture, it can affect the morale and performance of the expatriate and increase stress. Solomon (1996) points out that one must also look at whether or not the spouse has a job because if the expatriate is sent overseas, the company might need to relocate and employ the spouse too.

Another family criteria Solomon identifies is that there should be family cohesiveness and stability and not signs of instability. A spouse who has outside interests, solid ethical standards and is also flexible enough to deal calmly with the many complexities that are sure to arise during the family's stay overseas is more likely to adapt well.

4.6.6 Inability to deal with Culture Shock

As was seen earlier, Schell and Solomon (1997) indicate that the expatriate will feel a sense of isolation and fatigue some months into a foreign assignment. This culture shock is another major reason for expatriate failure, and is defined as "a psychological disorientation caused by misunderstanding or not understanding the cues from another culture" (Hall, 1966). It is often the result of the expatriate's lack of knowledge, limited experience, and inability to be flexible.

Julius in Lewis (1982) indicates that things often go wrong during a foreign assignment due to stress, the environment and culture shock. A change of home,

a change of the work role or a change in friends often causes additional stress during foreign assignments. Expatriates are normally exposed to all three factors at one time or another. Expatriates normally act in one of three ways during the culture shock phase:

1. At one extreme, the expatriate may withdraw from the local community or may not want any social interaction with the host country citizens. They may further reject everything they don't understand. This can continue to a point where the expatriate rejects everything from the host country and idealises their home country.
2. At the other extreme, another (albeit uncommon) reaction is that the expatriate goes completely native. They may entirely identify with the host country culture and can even turn against their home country culture and expatriate colleagues. Host country citizens may not have respect for such a person and might find their behaviour culturally patronising.
3. The effective expatriate, on the other hand, will be the person who does not give up their own culture and values, but accepts and understands the local ways of doing things without being disrespectful or looking down on them. They further realise that their way of doing things is not the only way. They will successfully straddle between the two cultures.

If an expatriate is not prepared or forewarned of these patterns of events, it can easily result in a failed assignment.

4.6.7 Flawed Expatriate Selection

Harvey and Novicevic (2001) point out that the selection of expatriate managers for assignments has had a long and tortured research history. Initial studies used technical or functional expertise as the primary criterion for selecting expatriate

managers for assignments (Mendenhall *et al.*, 1987; Tung, 1981, 1982). Further attempts at identifying an appropriate selection model focused on identifying personal characteristics that could help improve the chances of expatriate survival (Hays, 1971, 1974; Tung, 1981).

Harvey and Novicevic (2001) looked at past methods of selection of expatriates from individual, organisational, environmental, and systemic points of view. Table 4.6 summarises the issues of influence on an expatriate's success or failure that arose from the research.

Expatriate Performance	Individual	Organisational	Environmental	Systemic
Success	<ul style="list-style-type: none"> • Big "5" personality characteristics • Technical competence • Cultural Adaptability • Previous cultural adjustments • Extensive foreign travel 	<ul style="list-style-type: none"> • Cross cultural training • Repatriation program • Knowledgeable IHRM managers • Separate IHRM process/procedures • Mentoring program 	<ul style="list-style-type: none"> • Relocation to similar economy/culture • Reduced government restriction • Similarity of languages 	<ul style="list-style-type: none"> • Planning perspective • Integrated HRM system • Increased use of technology • Flexibility of HRM system • Consistency of systems globally
Representative research	Caligiuri, 2000, Strab and Caligiuri, 1998; Ones and Viswesvaran 1999; Spreitzer et al, 1997	Harvey et al, 1999	Bartlett and Ghoshal, 1997	Lado and Wilson, 1994; Harvey, 1996a, b; Harris and Brewster, 1999; Fish and Wood, 1996
Failure	<ul style="list-style-type: none"> • Family issues • Unwillingness to be relocated • Dual career issues • Commitment to assignment • Lack of language capabilities 	<ul style="list-style-type: none"> • Lack of career planning • Inadequate orientation • Inadequate compensation programs • Inadequate training programs 	<ul style="list-style-type: none"> • Emerging markets • Restrictions on HR by government • Hostility (climate, health care, etc) of environment • Cultural taboos (women, minorities) 	<ul style="list-style-type: none"> • "centric" IHRM orientation • <i>Ad hoc</i> case-by-case negotiations with candidates • Inadequate career development process during foreign assignment • Ineffective performance appraisal system
Representative research	Harvey, 1999; Fish and Wood, 1997a	Brewster and Pickard, 1994; Brewster, 1995; Chen, 1994; Florkowski and Fogel, 1999	Harvey et al., 1999; Dowling et al., 1999	Harris and Brewster, 1999; Fish, 1999

Table 4.6 - Predicting success/failure of expatriate managers (Harvey and Novicevic, 2001)

Although models used for the selection of managers vary with the nationality of the organisation, the core concepts have centred on functional capabilities and personal characteristics of potential candidates. But while these early studies identified a number of specific issues that could impact on the success or failure

of expatriate managers, very little has been done to develop a more systemic approach to the expatriate selection process.

Selection of the right personnel for overseas assignments is crucial to success, and one must establish adequate selection criteria and adapt the criteria carefully to ensure that the right person is chosen (Solomon, 1994). However, the track record of many organisations is poor. The 1995 NFTC/SRI survey of 52 US multinational companies gives a surprising insight into expatriate selection practices:

- Only 25% of respondents' organisations have a global talent pool integrated with key talent planning, forecasting, development, and succession planning
- Just over 50% had identified the technical, managerial, and interpersonal competencies that contribute to the success of international assignments. Roughly the same share said that identifying these competencies contributed heavily to successful completion of assignments and support for the organisation's objectives
- 32% had linked their international competencies to the criteria used to develop personnel and succession planning
- 94% of the companies held line management responsible for assessing the suitability of international candidates, while 76% said HR department staff interviewed them as well. However, few firms used assessment tools to support the selection process
- 65% of those responsible for assessing potential international employees had gone through a standard interviewer skills workshop offered by their companies. But only 10% of the line managers and HR staff had received training outside the company related to cross-cultural evaluation
- 56% said line managers relied heavily on their own judgment in making the final selection decision. Information gathered by HR departments hardly figured into the assessment process, even when the HR professionals responsible for global selection and management development had reviewed

the candidates' work histories, strengths, and improvement needs with their immediate superiors and other past and present co-workers

Darby (1995) stresses the importance of looking beyond technical or functional skills in a candidate. He uses the iceberg analogy to illustrate the complexities encountered when working in another culture. He says that, "it is not surprising to see why many managers 'fail' to function effectively in a different culture if they are only haphazardly prepared for managing by being introduced to issues in the one-fifth of the iceberg seen above the water line while being left to their own devices to deal with the crucial issues in the four-fifths of the iceberg that is submerged".

Although companies look for international experience in expatriate managers, it is important to realise that not all managers with international experience are suitable for all overseas assignments. The manager's experience only shows that the manager has the knowledge and required skills necessary for foreign assignments. However, all countries and their cultures are different, and selection must be based on other attributes beyond their CV.

4.7 Factors for Expatriate Success

The corollary of expatriate failure is expatriate success. Those who avoid the pitfalls that lead to failure are likely to be the same ones who are successful. Successful expatriation does not just happen: it requires a lot of planning and careful thought. More companies are beginning to understand that certain types of person are more likely to perform well in an overseas assignment than others.

Research on the determinants of expatriate success is also well developed in the literature (Pucik and Saba, 1998). They note that "the dominant theme reflects the opinion that expatriate selection and development is still mainly focused on technical competence as the key determinant of an expatriate manager's

success, but that stronger efforts should be deployed by organisations to assess other, 'softer' factors, such as relational, cross-cultural, and interpersonal abilities as well as adaptability potential of the spouse and other family members".

One difficulty is how to measure success. It is a subjective concept much debated in the literature. Thomas (2002) mentions a number of key indicators that mark whether a successful expatriate experience has been achieved or not:

1. The first indicator is whether the expatriate remains on the assignment for the agreed length of time. It is usually for a period of two to five years, with Japanese and European firms typically requiring longer terms than American and British companies.
2. The second indicator is the extent to which the manager has been able to overcome culture shock. Culture shock is the frustration and confusion regarding the correct interpretation of the unfamiliar surroundings in the foreign country.
3. The third indicator is the extent of adjustment to the new environment. Adjustment of expatriates includes factors such as satisfaction, absence of stress, psychological mood, effective intercultural interaction and the ability to deal with conflict, anxiety, and the lifestyle changes.

Black and Gregersen (1999) surveyed companies of different sizes and from a variety of industries, and found that the ones that manage their expats effectively all follow three general practices:

- They focus on knowledge creation and global leadership development
- They assign overseas posts to people whose technical skills are matched or exceeded by their cross-cultural abilities
- They end expatriate assignments with a deliberate repatriation process

The key, of course, is getting the initial selection right. Unfortunately, there is no magic list of traits, characteristics or attributes that a company can tick off to select a successful candidate. Instead, one must delve deep into the literature to sift through the sometimes conflicting messages to find consensus of which pieces of puzzle are likely to fit.

Research in the area of selection of personnel for overseas assignments has suggested a list of variables that contribute to success or failure on the job. Tung (1981) already noted almost a quarter of a century ago that these variables may be grouped into four general areas:

1. Technical competence on the job
2. Personality traits or relational abilities
3. Environmental variables
4. Family situation

Researchers and practitioners are generally in agreement that these factors, properly identified and measured, are the determinants of success or failure on the job. However, despite the recognition that success in an expatriate job assignment is a complex function of these four sets of variables, most companies still base their selection decision primarily on technical competence.

Early research on expatriates focused on personality characteristics that were associated with people who were most effective on international assignments. The objective, of course, was to determine if some sort of international type of manager existed. Black and Gregersen's (1999) research shows that companies that are successful at managing expatriates seek the following similar characteristics in their candidates:

- A drive to communicate
- Broad-based sociability
- Cultural flexibility
- Cosmopolitan orientation
- A collective negotiation style

However, it has not been possible to consistently predict expatriate success from personality characteristics.

Thomas (2002) states that a better predictor seems to be a set of behaviours or personal abilities that effective expatriates share. These include the ability to manage psychological stress, the ability to communicate effectively, and the ability to establish interpersonal relationships. He asserts that individual differences that have an important impact on the success of expatriates are, in order of importance, (i) family situation, (ii) adaptability, (iii) job knowledge, (iv) relational ability, and (v) openness to other cultures.

A number of personality characteristics are generally associated with success in living and working overseas. These include empathy, interest in the local culture, flexibility, tolerance, initiative, open-mindedness, sociability, and positive self-image. Furthermore, a review of the literature seems to indicate that there are many factors which impact upon an expatriate's effectiveness. These include previous overseas experience, age, gender, family situation, language ability, nationality, motivation, attitudes and expectation, culture shock, and personality versus situational determinants (Mitrovica, 2001).

Sprietzer, McCall and Mahoney (1997) surveyed multinational companies such as Levi-Strauss, Whirlpool, and Dow Chemical to try and identify the characteristics that will predict an individual's success abroad. They grouped characteristics into two dimensions: end-state dimensions and learning-orientated dimensions (Table 4.7). Interestingly, in addition to such criteria as cultural sensitivity, technical expertise, and business knowledge, an individual's success abroad may depend greatly on their ability to learn from experience.

End-state dimensions	Sample items
Sensitivity to cultural differences	When working with people from other cultures, works hard to understand their perspective
Business knowledge	Has a solid understanding of the company's products and services
Courage to take a stand	Is willing to take a stand on issues
Brings out the best in people	Has a special talent for dealing with people
Acts with integrity	Can be depended on to tell the truth regardless of circumstances
Is insightful	Is good at identifying the most important part of a complex problem
Is committed to success	Clearly demonstrates commitment to seeing the organisation succeed
Takes risks	Takes personal as well as business risks

Learning-orientated dimensions	Sample items
Uses feedback	Has changed as a result of feedback
Is culturally adventurous	Enjoys the challenge of working in countries other than their own
Seeks opportunities to learn	Takes advantage of opportunities to do new things
Is open to criticism	Appears brittle -as if criticism might cause them to break
Seeks feedback	Pursues feedback even when others are reluctant to give it
Is flexible	Doesn't get so invested in things that they cannot change when something doesn't work

Table 4.7 - Identifying international executives (Sprietzer et al, 1997)

These findings are supported by Bateman and Snell (2002), who studied MNCs with large international staffing operations such as Amoco, Mercedes Benz, and British Petroleum that have extensive training programmes to prepare employees for international assignments. They suggest that the way to improve their likelihood of success includes:

- Structure assignments clearly
- Properly prepare expatriates and families for assignments
- Develop a mentor programme that will help monitor and intervene in case of trouble
- Develop performance measurements based on objectives
- Develop clear reporting relationships and job responsibilities
- Create clear job objectives
- Create a vehicle for ongoing communication with the expatriate
- Use effective, validated selection and screening criteria
- Anticipate repatriation to facilitate re-entry when expatriates come back home

A survey conducted by Prudential Relocation Intercultural Services found that the key to the success of an overseas assignment is cross-cultural adaptability (35%). Job, technical and management skills are next in importance (22%), followed by family stability and adaptability (16%). Other factors making up the remaining 27%, in decreasing order of importance, include good job/role planning support, assignee enthusiasm, social and interpersonal skills, adequacy of compensation package, language skills and the assignee's spirit of adventure/willingness to take risks.

Using a slightly different approach, Mamman and Richards (1996) identified three types of orientation criteria required by managers in overseas assignments to adapt without difficulty:

1. *Self-orientation* measures the expatriate's ability to adjust, and includes technical competence, physical mobility, the ability to deal with alienation and isolation, motivation, and stress reduction. Companies believe that since managers are technically competent in the home office, they will more than likely to be as competent abroad. This is not necessarily the case.
2. *Others-orientation* measures the expatriate's ability to interact effectively with host-country nationals, and includes relationship skills, willingness to communicate (language proficiency), ability to understand or practice non-verbal communication, being respectful towards others, and possessing cultural empathy and sensitivity.
3. *Perceptual-orientation* refers to the expatriate's ability to understand why foreigners behave the way they do, and includes flexible attributes, high tolerance for ambiguity, open-mindedness and being non-judgmental, and prior experience

Mendenhall and Oddou (1985) identify a fourth dimension - the cultural-toughness dimension – which refers to the understanding of differences between countries.

Ronen (1990) incorporates Mendenhall and Oddou's dimensions of expatriate success with those suggested by Tung (1981), and identifies five categories of attributes lead to a successful assignment - job factors, relational dimensions, motivational state, family situation, and language skills.

Mitrovica (2001), meanwhile, suggests that the key ingredients required for overseas effectiveness are a combination of adaptation, professional expertise and intercultural interaction (Figure 4.4).



Figure 4.4 - Elements of overseas effectiveness (Mitrovica, 2001)

The following paragraphs synthesise the literature and summarise the criteria required for choosing managers for a successful overseas assignment:

- *Technical, managerial and diplomatic skills.* Of course the expatriate manager must have the technical know-how to work effectively overseas. An effective expatriate must also be able to deal with others effectively. The manager should be a skilled negotiator and must be able to represent the company to effectively defend and support the company's point of view (Hall, 1966). Traditionally, an individual's skills in a specific technical area have been the primary indicator when selecting staff screening potential expatriates. But expertise includes more than just an individual's own training and work experience; it also includes their ability to assess the technical capabilities of the overseas job situation and to be innovative (Mitrovica, 2001). Nevertheless, slowly, more and more companies are beginning to understand that although technical competence is an important criteria, certain types of persons are more likely to perform better in overseas assignments than others (Richardson and Rullo, 1992).
- *Cultural empathy.* This refers to the awareness of, and willingness to study, the reasons people of another culture behave the way they do (Harris, 1995). Companies that have a strong track record with expats put a candidate's openness to new cultures on an equal footing with the person's technical know-how (Black and Gregersen, 1999). An expatriate should display strong, sound social judgement and sensitivity to cultural differences to avoid insults or misuse of words. Managers must understand and respect that each country has its own way of life, traditions, and culture (Harris, 1995). Expatriate managers must be sensitive to cultural differences. In order to get a first hand view and understand the culture of how host nationals interact, expatriate managers should mix with host nationals by joining clubs or living in non-expatriate areas. Cultural empathy shows that the manager is tolerant towards foreign cultural patterns. Expatriates should let go of home country

stereotyping, and accept the culture of the host country. If the expatriate lacks cultural empathy, it will be difficult for the expatriate to be adaptable and flexible.

- *Adaptability to culture shock.* Overseas managers must be able to adapt to change, to new circumstances and situations and to respond flexibly to different views and ideas (Phatak, 1992). Research shows that many managers are exhilarated at the beginning of their overseas assignment. However, after a few months culture shock creeps in and they begin to encounter frustration and feel confused in their new environment. One study notes that many of the most effective international managers suffer cultural shock. This is considered to be a good sign because it shows that the expatriate manager is becoming involved in the new culture and is not just isolating themselves from the environment. As the initial period comes to an end, an expatriate's satisfaction with conditions tends to increase. Managers need to be able to withstand culture shock, to work in a foreign environment, and to deal with alienation and isolation.
- *Cultural training.* Multinational companies sending managers overseas should give a high priority to providing their expatriate employee and their family with a rigorous cultural training programme. This will allow them to get to know the culture, know how to function within the culture and how to adapt. Furthermore, once well-rewarded expatriates are in place, the MNC often forgets about them and assumes that they will survive on their own. As Black and Gregersen (1999) memorably point out, "When people are issued first-class tickets on a luxury liner, they're not supposed to complain about being at sea". Companies should send the employee most able to flexibly adapt to changing business environments, and not the employee who is the most technically knowledgeable (Solomon, 1994).

- *Language aptitude.* One recognised weakness of many multinational managers is that they do not give sufficient attention to the importance of language training. English is the primary language of international business, and most expatriates can converse in English. However, those who can speak English only are at a distinct disadvantage when doing business in non-English-speaking countries (Phatak, 1992). One study asked 1,100 Swedish expatriates how satisfied they were with knowledge of the local language. These managers expressed particular dissatisfaction with their lack of understanding of Japanese and Middle Eastern languages (Torbiorn, 1982). Executives in Japan, Western Europe and South America place a high priority on speaking more than one language.
- *Motivation.* Although individuals being sent overseas should have the desire to work abroad, this is usually not sufficient motivation (Lobel, 1990). The candidate must also believe in the importance of the job (Phatak, 1992). Managers who are unhappy with their current situation at home and are looking to get away seldom make effective overseas managers. Desire for adventure, a pioneering spirit, a desire to increase the chance for promotion and the opportunity to improve one's economic status are all acceptable reasons for wanting to go overseas (Harris, 1995). One must be interested in overseas experience to develop global skills, have a sense of adventure, desire to learn a foreign language, or desire to have the opportunity to experience new and different cultures. This motivation is mostly displayed in younger managers who tend to be more 'worldly' (Torbiorn, 1982).
- *Adaptability of family.* Spouses and family are an important consideration when choosing a person for an overseas assignment (Solomon, 1996). Each family has specific circumstances that will impact on the decision. A spouse or family member who is undergoing severe culture shock and/or selecting inappropriate behaviours to deal with the stress of relocation, affects the morale and performance of the expatriate manager. If the family is not happy,

the manager often performs poorly. As Tung's 1982 survey of expatriate failure shows, the number one reason was the inability of the manager's spouse to adjust to a different cultural environment. At the time of expatriate selection, spouses and children should be screened as well.

- *Be realistic in overseas assignments.* Companies must be aware that results are not immediate. If sending an expatriate to Asia, for example, it must be recognised that the company's objectives might not be accomplished as quickly as expected in the home country as the number of networks that must be contacted are significant and Asian managers tend to take a longer time to make decisions.

Pucik and Saba (1998) summarise the findings of Tung (1981), Mendenhall and Oddou (1985), and Ronen (1990) that identify the characteristics of a successful expatriate manager into five broadly comparable categories: professional and technical competence, relational abilities, leadership factors, family situation and cultural awareness (Table 4.8).

	Tung (1981)	Mendenhall & Oddou (1985)	Ronen (1990)
Professional and technical competence	Technical competence on the job <ul style="list-style-type: none"> • Experience in company • Technical knowledge of business • Previous overseas experience • Managerial talent • Overall experience and education 	Self-orientated dimension <ul style="list-style-type: none"> • Technical competence 	Job factors <ul style="list-style-type: none"> • Technical skills • Acquaintance with host-country and headquarters operations • Managerial skills • Administrative competence
Relational abilities	Personality traits and relational abilities <ul style="list-style-type: none"> • Communicative ability • Maturity and emotional ability • Respect for culture of host country • Adaptability and flexibility in new environment 	<ul style="list-style-type: none"> • Reinforcement substitution • Stress reduction Perceptual dimension <ul style="list-style-type: none"> • Non-judgementalism • Non-evaluative in interpreting the behaviour of host-country nationals 	Relational dimensions <ul style="list-style-type: none"> • Tolerance for ambiguity • Behavioural flexibility • Non-judgementalism • Cultural empathy and low ethnocentrism • Interpersonal skills
Leadership factors		Others-oriented dimension <ul style="list-style-type: none"> • Relationship development • Willingness to communicate 	Motivational state <ul style="list-style-type: none"> • Belief in the mission • Congruence with career path • Interest in overseas

			<ul style="list-style-type: none"> experience • Interest in the specific host country culture • Willingness to acquire new patterns of behaviour and attitudes
Family situation	Family situation <ul style="list-style-type: none"> • Stability of marital relationship • Spouse's and family's adaptability 		Family situation <ul style="list-style-type: none"> • Willingness of spouse to live abroad • Adaptive and supportive spouse • Stable marriage
Cultural awareness	Environmental factors <ul style="list-style-type: none"> • Flexibility in other cultures 	Cultural-toughness <ul style="list-style-type: none"> • Understanding of inter-country differences 	Language skills <ul style="list-style-type: none"> • Host country language • Non-verbal communication

Table 4.8 - Characteristics of the successful expatriate manager (Pucik and Saba, 1998)

If these criteria can be successfully achieved, then there is no reason why Thomas' three key indicators of a successful expatriate experience (performance of the task in a manner that meets expectations, adjustment to a new environment, and remaining on assignment for the agreed length of time) cannot be met.

4.8 Internationally-accepted Best Practice

Selecting successful expatriates is the Holy Grail for multinational companies wanting to compete on the global stage. However, it is becoming extremely complex as more and more variables need to be incorporated in the selection criteria. Kealey and Ruben (1983) describe the development of valid selection criteria for successful overseas assignments as immensely difficult. They, however, proposed a three-dimensional conceptualisation of overseas effectiveness:

- *Personal family adjustment* - family members must have the ability to be happy and personally satisfied with the foreign destination

- *Professional effectiveness* - technical skills and knowledge resulting in the capacity to perform daily tasks, duties and responsibilities on the overseas assignment
- *Intercultural interaction* – defined by the authors as an interest by the expatriate for interaction with the host country culture

Many other researchers have contributed to the literature by trying to determine best practice criteria that will predict expatriate success. Howard (1992) suggested that the 21st century expatriate manager profile must reveal the following core skills:

- *Cultural sensitivity* – expatriates require good people skills in dealing with a variety of cultures, races, nationalities, genders, and religions
- *Line management proficiency* – expatriates require a good track record in successfully operating a strategic business unit
- *Resourcefulness* – expatriates require the skills to get themselves accepted in the host country's political and business circles
- *Prudent decision-making skills* – expatriates require the competence to make the right strategic decisions
- *Physical fitness and mental maturity* – expatriates require endurance for the rigorous demands of an overseas assignment
- *Multidimensional perspective* – expatriates require extensive multi-product, multi-industry, multi-functional, multi-company, multi-country and multi-environment experience
- *Adaptability as a team builder* – expatriates should be adept in bringing a culturally diverse working group together to accomplish the major objectives of the firm
- *Cultural adaptability* – expatriates require the ability to easily adapt in a foreign culture

Schell and Solomon (1997) quote from research by Michael Tucker which identifies six basic characteristics that distinguish those who adapt well to foreign cultures:

- *Interaction* - expatriates who develop local friendships that enhance their experience and support their new lifestyle are more likely to be successful
- *Positive emotions* - a positive attitude about the foreign country and its people leads to positive feelings of well-being. This eases intercultural adjustment
- *Knowledge* - expatriates must be truly interested in the host country, learning and reading about historical and current information. They should be able to engage in conversation with local people about subjects of mutual interest
- *Acceptance* - successful expatriates accept the local culture and show respect for local customs and behaviours. They accept them as different from their own, but entirely natural for those living and working there. They never criticise or make light of other cultures
- *Communication* - successful expatriates learn both verbal as well as non-verbal ways to communicate with people in the local community
- *Lifestyle* - expatriates need to lead an active lifestyle. They need to participate in the same activities that they did back home, as this helps them to socialise with host country nationals. This helps the expatriate to be accepted more easily in the foreign culture

Wong-Rieger and Rieger (1991) suggest that potential expatriate managers should possess the following three dimensions:

- *Relational risk* - the capability and willingness to interact with host country nationals and the willingness to learn a foreign language
- *Self-efficiency* - technical competence and the ability to control stress
- *Intercultural perception* - the ability to correctly understand and interpret the motives behind the culture of host country nationals

As can be seen from the opinions of the four sets of authors above, a study of the available literature is somewhat undecided on the "best" way to instill best practice into the expatriate lifecycle. There is no off-the-shelf, one size fits all *Idiot's Guide to Successful Expatriate Management*. The importance of it, though, cannot be denied. Hawley (1995) stated that, "successful international businesses of today should become aware of the competitive advantage of the thorough preparation of their expatriates and the impact that this will have on overall profit".

In determining a checklist for drafting company-specific expatriate management policies and procedures, Muller (2003) comprehensively reviewed the literature and distilled best practices for managing expatriates into a few key criteria. Using his recommendations as a base, one can narrow down best practice into the following components:

4.8.1 Comprehensive Expatriate Policy

Based upon research by Schell and Solomon (1997), Muller suggests that each company needs to have an expatriate policy in place which should comprise the following phases:

- *A pre-decision phase*, which gives an overview of the company's philosophy towards expatriation and the administrative background regarding the process. Issues that need addressing in this phase include an overview of the assistance available, special needs, a statement of eligibility and assignment definitions, an introduction to the worldwide administrative team, what could be expected of them and how to reach them, and an overview of the expatriation process.
- *A pre-departure phase*, which covers all legislative requirements for an expatriate assignment as well as the training and family preparation process.

Issues that need addressing in this phase include immigration, visa and work permit matters, tax implications, schooling arrangements, cross-cultural training, language training, and health and physical examinations.

- *A relocation phase*, which includes the settling-in process that the family needs to go through when arriving at the new destination. Issues that need addressing in this phase include home-country housing, home-finding support, shipment and storage of household goods, health and safety, personal finance, relocation allowances, and educational allowances.
- *A settling-in phase*, which is the critical stage where the family needs to begin to mingle with the local people by joining clubs and meeting people with the same interests and hobbies. Companies must support this phase as social interaction and acceptance can have a profound influence on overall experience. Issues that need addressing in this phase include new country settling-in support, spouse and family support, home leave and travel, emergency leave and travel, and other special company benefits such as medical, pension, etc.
- *An ongoing support programme*, whereby companies set up a mentor in the home country responsible to support each expatriate family during the period of their assignment. This person acts as the link between the company and the expatriate family. Issues that need addressing in this phase include tax returns, home leave, family visits, emergencies, and periodic adjustment for currency fluctuations and inflation.
- *A repatriation phase*, during which the expatriate family is welcomed home and effort is shown from the company's side that the family and employee are welcome. The returned expatriate and his family must be helped through the process of reverse culture shock (feeling out of place or experiencing a sense of disorientation in your own country; also known in the literature as 're-entry

shock'). Issues that need addressing in this phase include advice and counselling regarding personal pre-departure and post-arrival activities, and reimbursement forms and procedures.

4.8.2 External Recruitment

The job specification for external recruitment should provide the potential expatriate with suitable information enabling them to form a clear picture of what will be expected. The following should be included in the job specification:

- Technical job requirements
- Cultural requirements for the position
- Role expectations of local employees, suppliers and local government
- Difficulty of spouse/family adjustment
- Necessary academic qualifications
- Special qualities required that could influence the job substantially
- Minimum relevant experience
- Management style of the company
- Type of employees to be managed
- Career development of the candidate
- Travel schedule associated with the job
- Length of the assignment
- Political system and climate condition of the allocated country
- Quality of living conditions regarding medical facilities and infrastructure

It is normally not feasible to include all the necessary job specifications when a position is advertised. Muller (2003) therefore recommends that all applicants must be provided with a Realistic Job Preview. This document must present more detailed positive and negative elements on the job specifications as mentioned above. It will enable candidates to get a better understanding of the

job requirements, enabling them to deselect themselves if necessary and simplify the selection process.

4.8.3 Internal Recruitment

Studies have shown that line managers play the most important role in recruiting expatriates internally. They have the best knowledge of the candidate's abilities, temperament and personal position. Schell and Solomon (1997) say that line managers should consider the following criteria during internal recruitment:

- Previous international experience
- Foreign language familiarity
- Spouse employment
- School age of children
- Age and health of parents
- Family cultural background
- Health of family
- Social intelligence
- Personal flexibility
- Open-mindedness

4.8.4 Selection of Expatriates

The selection of expatriates is an important aspect of the expatriate management process. If this process is not carefully conducted, it could have disastrous consequences for the firm as well as the employee. The cost of good selection and briefing is always less than the cost of expatriate failure.

Despite the undoubted influence that cultural adaptability has on the outcome of an expatriate assignment, most selection processes still consider only job-related competencies (Wong-Rieger and Rieger, 1991). Schell and Solomon (1997) indicate that almost 95% of all expatriate employees are selected by line managers based on their technical skills. What is increasingly becoming evident, however, is that the following issues need careful consideration to increase the probability of selecting the most appropriate candidate:

- *Personality traits or relational abilities.* The successful expatriate should be able to control stress and possess a high tolerance for ambiguity. They should have emotional stability and open-mindedness. They need to be a self-starter, motivated and exhibit behavioural flexibility. A sense of humour is important. Finally, they need to be non-judgemental and patient and show cultural empathy and low ethnocentrism (high respect for others' beliefs).
- *Job factors.* The successful expatriate must have technical competence on the job and a good track record. They need familiarity with host country and headquarters operations and the managerial skills to make independent decisions. They must also possess the ability to make the right strategic decisions and have administrative competence.
- *Family situation.* The successful expatriate should ideally have a stable marriage and preferably a small family with young children. Their spouse and family should be willing to live abroad and support the assignment. The spouse and family must be in good health, and be able to transfer their hobbies and outside interests into the new environment.
- *Motivational state.* The successful expatriate should believe in the mission, be interested in gaining overseas experience and have a good understanding of the host country culture. They should also show a willingness to acquire new patterns of behaviour and attitudes.
- *Language and social skills.* The successful expatriate should show an effort to learn the host country language, and possess some knowledge of on- and off-the-job subjects. They must be able to interact easily with host country nationals, particularly with regard to non-verbal communication skills, and be able to deal efficiently with other cultures, races, genders and religions.

4.8.5 The Pre-departure Planning Period

This is the time between the point when the expatriate has agreed to accept the assignment and the point of departure. Table 4.9, as suggested by Schell and Solomon (1997), provides a good planning base for this stage.

When	Activities
Immediately upon accepting of assignment	<ul style="list-style-type: none">• Meet with relocation coordinator• Schedule 'look/see' trip to get acquainted• Begin passport, visa and work permit process• Schedule cross-cultural orientation process and language programme• Obtain tax counselling• Talk with children• Discuss property management and/or sale possibilities
4-8 weeks prior to departure	<ul style="list-style-type: none">• Finish required government forms• Complete health forms and physical examinations• Contact moving company• Identify things to ship and purchase• Complete necessary school enrolment forms• Schedule meeting with tax advisor• Consider and schedule events to say goodbye to family and friends
2-4 weeks prior to departure	<ul style="list-style-type: none">• Meet with movers for information on packaging and shipping• Be sure to obtain all immunisations• Be sure all paperwork is moving ahead correctly• "Goodbye" events with family and friends• Arrange to sell motor vehicles
Just prior to departure	<ul style="list-style-type: none">• Confirm that leases are intact• Confirm that utilities are being connected• Confirm that housing will be in "move-in" condition upon arrival• Be sure that all medications and prescriptions are obtained• Notify friends and post office about address change• Air ship items immediately necessary

Table 4.9 - The expatriate relocation activity chart (Schell and Solomon, 1997)

4.8.6 Cross-cultural Training

Luthans and Farner (2002) note that most large MNCs now include cross-cultural training programmes for their expatriate managers to make them more effective. In fact, one recent survey indicated that almost two-thirds of MNCs offer some type of cultural development programme for their expatriates (Fitzgerald-Turner, 1997). This figure is up from 1990 estimates of only 30-45% of MNCs providing some form of cultural training for expatriates (Dunbar and Katcher, 1990).

The primary reason behind the training of expatriates is to try and remove as many obstacles as possible from their path to ensure a smooth and comfortable transition from one culture to another. This will enhance productivity and improves the probability of a successful assignment. Muller recommends that proper training should be provided in the following areas:

- Cultural issues (customs, politics, religions, attitudes, history, etc)
- Language skills
- Cultural sensitivity training
- Practical issues (infrastructure, food, water, emergencies, etc)
- Safety
- Local laws

4.8.7 Continuous Support

Muller recommends continuous support for the expatriate to ensure the well-being of the expatriate family during the course of their assignment. Additionally, he suggests that a mentor is appointed in the host country to actively manage the continuous support programme. Continuous support programmes must include financial inducements and expatriate and family support. It should further include an intercultural training process, which needs to be continuous during the course of assignments with regular workgroup sessions.

Regular training courses, either externally or internally, will be beneficial. It is important that the expatriate support policy must be regularly reviewed by gathering new information during work sessions with each returned expatriate. If the capacity within the company is not sufficient, it might be necessary to outsource continuous support programmes.

4.9 Conclusion

From the analysis of the literature, it can be seen that the consequences of expatriate failures are expensive and time-consuming to rectify. It is also clear that the key to overseas excellence lies in an expatriate's cross-cultural adaptability. It has repeatedly been ranked above job skills in determining whether an employee will succeed or fail in an overseas assignment.

Multinationals should select employees who, in addition to technical skills, possess the characteristics, traits, attitudes and attributes required for intercultural effectiveness. Companies should also look for international experience in potential expatriate managers – preferably experience within the country of assignment. The manager would then already know the basics of the language and culture of the host country, and have the necessary knowledge and required skills.

The ideal cosmopolitan manager, sensitive to cultural differences, appreciates the host national's distinctiveness, and seeks to make allowances for such factors when communicating with representatives of that cultural group. They avoid trying to impose their own cultural attitudes upon these 'foreigners'. Cultural understanding minimises the impact of culture shock, and maximises intercultural experiences.

One must understand the concept of culture and its characteristics before a manager can fully benefit. In observing local cultural and social customs,

managers can avoid common mistakes that may be devastating to both the expatriate and the company. For the manager, it represents a new body of knowledge to increase professional development and organisational effectiveness with employees, customers, and other people encountered in the course of daily business.

In conclusion, it is worth remembering what Phatak (1992) describes as the ideal characteristics of an expatriate manager:

"Ideally, it seems, he or she should have the stamina of an Olympic swimmer, the mental agility of an Einstein, the conversational skill of a professor of languages, the detachment of a judge, the tact of a diplomat, and the perseverance of an Egyptian pyramid builder..."

And if he or she is going to measure up to the demands of living and working in a foreign country he or she should also have a feeling for culture, his or her moral judgements should not be too rigid, he or she should be able to merge with local environment with chameleon-like ease, and he or she should show no signs of prejudice..."

That is the challenge that executives face when posted overseas. Companies that take steps to address this challenge will be the ones that will be more successful in the future.

5 Research Methodology

5.1 Introduction

As there has been limited research done on expatriate management practices and even less within development cooperation, this study has a loose structure with the objective of discovering the percentage of failures and their causes. It was further not clear what specific problems will surface during the research process. This is therefore an exploratory research study.

The research objectives will be reached by collecting and analysing both primary and secondary data; namely the questionnaires and the literature review respectively. The principal sampling method is via questionnaires, which contains a mix of quantitative data (percentage of expatriates that fail) as well as qualitative data (reasons for failure), to ensure that no additional possibilities are excluded. The main purpose of the questionnaires is the collection of data to achieve the research objectives.

5.2 Questionnaire Design

Self-administered mail surveys, distributed via email, and in conjunction with prior notification and follow-up communication to improve the response rate, were considered to be the optimum method of obtaining a high level of responses to the questionnaire. Cost, convenience, sample accessibility and effectiveness advantages were the main determinants of choosing a mail survey.

A self-administered questionnaire was developed as the measuring instrument, based upon existing instruments used in other studies (principally Muller (2003)). It can be found in Annexure A. The researcher modified the questionnaire to be responsive to the research problem. Target questions were both unstructured

(open questions) and structured (closed questions) to try to capture all relevant information. The researcher had no control to manipulate variables which implies that this was an *ex post facto* research design (Cooper and Schindler, 2003).

The questionnaire was divided into three distinct categories to stimulate the respondent's thoughts on each section by appropriate questions; namely *general information*, *expatriate failure*, and *success and failure*. Each category consisted of several opinion preference scale questions, sequenced into administrative, classification and target questions. Where appropriate, a commentary box was provided for additional comments to capture all relevant information. Where applicable, a funnel approach was used in the question sequencing to move from general to specific issues to ensure that responses were fully answered.

The questions were derived from the conceptual framework developed from the current expatriation literature. To ensure the content validity of instruments, the questions were developed based on the factors as identified in the literature. The questions were formulated to address each of these factors in detail and respondents were asked to determine to what extent each factor contributed to an unsuccessful or successful international assignment.

A non-probability interrogation/communication method of data collection was used. The questionnaires were prepared as Excel spreadsheets and emailed to respondents in electronic format. They were completed online by selecting the appropriate opinion preference boxes or typing comments into the supplied commentary box. This method proved excellent in speeding up the communication between the researcher and the respondent.

An identical questionnaire was sent to all respondents; usually the HR manager of the selected firms. It was structured to provide information concerning the expatriate failure rate, and asked about specific reasons for expatriate failure. It also asked whether the company has an expatriate training policy and what steps

should be taken to better choose expatriate team members. The questionnaire was pre-tested to make sure that it could be completed in no more than 10-15 minutes. Non-response bias was reduced through repeated, systematic contact with non-respondents, principally through follow-up emails and phone calls.

5.3 Sampling Design

The premise behind sampling is that by selecting some of the elements in a population, conclusions can be drawn about the whole population (Cooper & Schindler, 2003). The target population is all Swedish companies working in the international development cooperation field who have expatriates posted on long-term overseas assignments in the last five years. 'Long-term' is defined for the purposes of this study as a period of 12 months or more.

Although no comprehensive database exists of the total population available, the researcher identified an umbrella organisation for Swedish consulting companies active on the international development cooperation market; called *Swedish Consultants*. From their website (www.swedishconsultants.se), their chief aim is to "strengthen the profile of Swedish consultants commissioned by international project and development assistance funding organisations".

The *Swedish Consultants* group provides a central forum for the exchange of ideas and experience, and is a professional organisation covering many different sectors. The sampling frame comprised the personnel managers (or similar) of the thirty-nine Swedish companies in Table 5.1, providing they have won long-term contracts with the bilateral and multilateral donor agencies in the last five years.

The following thirty-nine companies are listed on the membership list of 2nd May 2005:

1	AerotechTelub AB	20	Ramboll Natura AB
2	Anrika Quality Services AB	21	SALA Int. Development Agency AB
3	Boliden Contech AB	22	Sandholm Associates AB
4	Carl Bro International AB	23	Sapsama AB
5	EUROLATINA AB	24	Scanagri Sweden AB
6	FB Engineering AB/ Flygfältsbyrån	25	Sipu International AB
7	Global Reporting Sweden AB	26	SMHI
8	Graphium Consult	27	SPM Consultants
9	Hifab International AB	28	SSPA Sweden AB
10	Idhammar i Sverige AB	29	SWECO International AB
11	Institute of Public Management in Stockholm AB	30	Swedesurvey AB
12	Integrated Business Development Sweden AB	31	Swedish Development Advisers AB
13	Swedish Environmental Research Institute	32	SwedFarm AB
14	Lamtrac AB	33	Swedish Maritime Administration/ Sjöfartsverket
15	Marin Mätteknik i Göteborg AB	34	SwedPower International AB
16	Miljökonsulterna MHS AB	35	Sveriges Lantbruksuniversitet, SLU
17	OPTO International AB	36	SweRoad
18	ORGUT Consulting AB	37	Widmark & Platzer AB
19	Prime Swede Quality ek för	38	WSP International Sweden AB
		39	ÅF

Table 5.1 - Member firms of the 'Swedish Consultants' organisation

The researcher believes that the sample is valid because it is the closest approximation to the characteristics of the population it purports to represent. In discussions with colleagues with working knowledge of the Swedish resource base, no major omissions to Table 5.1 could be discerned. Profiles of the companies that returned completed questionnaires can be found in Annexure B.

This is a non-probability sample as it is not random, but based upon the membership of an umbrella organisation. It is also a restricted sample, as the

selection process does not draw from the population at large. Cooper & Schindler (2003) further delineate the sample as a purposive quota sample, whereby "subjects are selected to conform to certain pre-designated control measures that secure a representative cross-section of the population".

5.4 Data Collection

Once the target population and the sampling frame had been identified, and the questionnaire developed, pilot-tested and revised as necessary, the questionnaire was distributed to the sampling frame. The researcher found this design-test-revise process invaluable to eliminate errors and ambiguity, to establish the time and effort required to complete it, and to ensure the sequencing, continuity and flow was correct.

Because the researcher was based in Bangladesh during the data collection period, most of the correspondence with the respondents was conducted via regular email contact. To keep costs down, a colleague based in Stockholm was used as back-up to make phone calls if necessary. As a general guideline, the following steps were carried out to collect and analyse the data required for the study:

Step 1:	Determine in-house and from external contacts who the best person in the target company to approach would be. This was usually either the HR Manager (large firm) or the Managing Director (small firm)
Step 2:	Make personal contact where possible with the nominated person via telephone (preferred option) or email. This was made easier by enlisting the assistance of persons known to the contact to make the initial introduction
Step 3:	During the telephone/email contact, explain (a) the importance and reason for the study, (b) discuss confidentiality issues, (c) that it will take only 10-15 minutes of their time, and (d) promise to send the document electronically immediately and follow it up in a few weeks. Determine the availability of the respondent to devote time to the questionnaire and the likelihood of a swift

	response
Step 4:	Send documents by email to the respondent. Ask (a) for confirmation of receipt and (b) the likelihood of return within 7 days. Documents sent comprised (i) the questionnaire (In Excel format), (ii) a covering letter, (iii) executive summary, and (iv) non-disclosure letter from the SBL. See Annexure A for further details.
Step 5:	If no confirmation of receipt after 7 days, send a follow up email
Step 6:	After 30 days, if the questionnaire has not been returned, follow up with email or telephone contact. If respondent is travelling, send a reminder email
Step 7:	Continue following up on a weekly basis, putting pressure on the respondent
Step 8:	Once received, check the questionnaire. If discrepancies/problems, follow up by email to check if genuine error or not. Modify as necessary

Table 5.2 - Questionnaire distribution procedure

5.5 Measurement Instrument

The objective of the study is to use respondents as judges of issues presented to them. The intent of the measuring instrument is the assigning of numbers to empirical events in compliance with a set of rules (Cooper & Schindler, 2003). Each section of the questionnaire was rated by the respondent, which implies that the response form chosen for this study was some variant of a numeric rating scale response. Rating scales incorporated into the measuring instrument included:

- Simple category scale ("yes" or "no" answers)
- Likert scale summated rating ("strongly agree" to "strongly disagree")
- Multiple choice single-response scale (tick only one of several boxes)
- Multiple choice multiple-response scale (tick as many boxes as applicable)

The measurement scale consisted of preference measurements that asked the respondent to choose the solution that is applicable or that they would prefer.

They were further prompted for comments at the end of each section in commentary boxes. Multidimensional scaling was used to evaluate expatriate management practices. As a rating scale was used, the data properties generated by each scale were ordinal. Cooper & Schindler (2003) indicate that the characteristics of ordinal data are to classify order, but not distance nor unique origin.

Reliability of the measuring instrument was measured by a test-retest of individual questions. The retest was done one month after the first test. Although complicated statistical analysis was not used, correlating the test-retest scores question by question gave satisfactory results. The content validity was checked and considered satisfactory as it provides adequate coverage of the investigative questions guiding the study.

While the scientific requirements of a good measurement tool call for the measurement process to be reliable and valid, the operational requirements call for it to be practical (Cooper & Schindler, 2003). Practicality was ensured by designing the instrument to be economic (low cost, quick to complete) and convenient (good design, clear instructions).

5.6 Limitations

There are several limitations which should be taken into account when interpreting the research findings. It is possible that errors due to the phenomena of leniency (particularly, that the respondent may be an 'easy rater'), central tendency (reluctance to give extreme judgements) and the halo effect (carrying over an opinion from one question to another) may have occurred in the rating scales used, though this is difficult to ascertain with certainty.

In addition, in the unambiguous measurement of the variables, systematic or random errors caused by the respondent, the situation, the measurer or the data collection instrument may have contaminated the results:

- Respondents may have been reluctant to express strong negative feelings or opinions that they perceived as different from those of others in the sample, or they may have been reluctant to admit ignorance in answering a question. One respondent in particular was very vocal in his disenchantment with Swedish consulting companies. It may also have been that the respondent was stressed or pressured into submitting the questionnaire. Certainly the researcher had to push hard on several occasions to elicit a response.
- If the respondent did not believe that anonymity was assured, then the answers to the questions may have been compromised. Similarly, if there was any condition that placed strain on the respondent, this will have affected their responses.
- The researcher (measurer) could have distorted responses by putting words into the respondent's mouths. On more than one occasion, the researcher was asked for more information – a clearer definition of 'expatriate failure' for example - which may have given that respondent a different insight compared to other respondents. Similarly, incorrect coding, tabulation or graphing may have influenced the outcome.
- A defective measuring instrument can be both confusing and ambiguous. Although carefully formulated, it may have been that leading questions, ambiguous meanings or inadequate space for replies were designed into the questions, which will all affect a respondent's replies. There is also the language barrier. The questionnaire was written in English, while most respondents are Swedish nationals for whom English is a second language. This may have caused some confusion in understanding.

5.7 Data Analysis

Cooper and Schindler (2003) indicate that the purpose of editing the data is to guarantee that the data is accurate, consistent with the intent of the question and other information in the survey, uniformly entered, complete and arranged to simplify coding and tabulation. Due to the relative small scale of this study, the researcher was responsible for data preparation. This has the advantage that maximum consistency was achieved.

The researcher also carried out the coding, which Cooper and Schindler (2003) define as the process of grouping responses into a limited number of classes or categories. Researchers normally prefer closed questions due to their efficiency and specificity, but owing to the nature of this study, open-ended questions were encouraged. They were however limited to the minimum. Simple content analysis was used to measure the semantic content, or the *what* aspect of each open-ended question. Coding of the data for closed questions were pre-coded to aid data entry, while coding of the data for open-ended questions used simple content analysis to identify themes in the responses.

Because of the qualitative nature of the responses, it was not possible to use sophisticated statistical techniques and the researcher had to settle for less sophisticated assessment devices. The data was displayed visually using bar charts, tables, pie charts and histograms. These were used to indicate the effectiveness of the different approaches of company policies towards the expatriate management process, and are discussed in depth in the next chapter.

6 Research Findings

6.1 Introduction

This chapter presents the results revealed by the distributed questionnaires. The first part of the chapter discusses the data collection process and comments on the responses the researcher received to the questionnaire. The data obtained from the questionnaire is then considered and interpreted on an individual question-by-question basis. There were numerable frustrations and hindrances encountered during the research journey. These limitations are discussed at the end of the chapter. Finally, the learnings identified in the analysis are summarised in the conclusion.

6.2 Questionnaire Response

The questionnaire was created and modified with the assistance of the Study Leader, and on the 'no objection' of the Study Leader it was distributed by email (together with a covering letter, executive summary and non-disclosure letter) to a total of 39 companies on the *Swedish Consultants* membership list over the weekend of 10-12 June 2005 (see Annexure A). Follow-up emails were sent a week later on 17 June to non-respondents.

The researcher made phone calls to 18 firms that had not responded in mid-July. These elicited responses from six firms, while messages were left on the answering machines of three others. The other nine firms either evoked no response or a recorded message stating that the office was closed and giving information of when it would reopen.

The first questionnaire was received on 12 June, while three others were received on 20 June. Others arrived periodically over the next two months, with the last questionnaire being received on 13 September. Fourteen questionnaires

in total were received by mid-September. Short biographies of these companies are presented in Annexure B to give the reader an indication of the types of firm that form the survey.

A completed questionnaire from one company was only received at the end of September, after the self-imposed deadline for receipt, and just as the draft final version of this *Research Report* was being submitted for comments. The firm in question was from the core group of 'must have' large Swedish consulting firms, and cannot form part of this analysis. It may, however, be incorporated in a subsequent revision of this study.

Of the twenty-five companies that did not ultimately take part, eleven were 'one-man bands' (individual consultants), while six had very few employees and did not have long-term expatriates posted overseas. Several companies declined to participate because they were satellite subsidiaries of larger European parents, while others worked exclusively in Sweden, but were connected with the development cooperation business (running training courses for foreign participants, for example). Two companies turned out to be working principally in the commercial sector. Only one company declined to take part because of the fear of disclosing commercially-sensitive information.

There was a group of six firms who were not contactable throughout the whole data gathering process, despite repeated emails and phone calls. After the attempted phone contact on 22 July and subsequent follow-up emails, the researcher made a conscious decision to disregard them from the survey bar sending follow-up emails on a regular basis.

To be fair, prior analysis had shown that none of these target firms were within the core group of 'must haves', and it was unlikely that they would reveal any insightful commentary. In all probability, the firms concerned would have declined to respond as they were one-man bands or did not send out expatriates on long-

term assignments. This was confirmed during the analysis phase by checking their websites and in discussions with colleagues in Sweden.

Further follow-up emails to the target firms were sent on 2 August, 8 August, 17 August and 23 August to coincide with the return of respondents from vacation, while phone calls were made by the researcher to key firms on 26 August from Bangladesh which produced gratifying responses. Final emails were sent on 12 September to all firms who had not responded to ask for reasons why. A few firms finally replied, but most did not.

The researcher also regularly checked the membership list on the *Swedish Consultants* website to see if contact details had been amended or updated, which in several instances they had. The websites of the firms themselves were also visited, and emails during August were also copied to additional email addresses. This exacted further responses.

Below is a summary of the status of the questionnaire responses at different time periods during the data collection period (Table 6.1). As can be seen, six firms (15%) never responded at all to email and telephone enquiries for assistance. Most of the questionnaires that were completed were received by the end of August 2005.

Date	Total No	No reply	Declined to take part	Promised to take part	Completed questionnaires	Percent of sample
30/6	39	25	5	5	4	10%
31/7	39	16	7	7	9	23%
31/8	39	8	15	4	12	31%
15/9	39	6	19	0	14	36%

Table 6.1 – Summary of questionnaire status over time

Is the response rate representative of the characteristics of the population? Cooper and Schindler (2003) remark that, "much folklore surrounds this question". Some people suggest that a sample must be large or it is not representative, or that a sample should bear some proportional relationship to the size of the population from which it is drawn. Of course both these points are sensible, but the reality is that the sample size required should be a function of the variation in the population parameters under study, and the estimated precision needed by the researcher.

Since researchers can never be 100% certain a sample reflects its population, they must decide how much precision is needed. This can be determined from the degree of confidence that the researcher has in the sample. Cooper and Schindler (2003) make the point that if the calculated sample size exceeds 5% of the population, sample size may be reduced without sacrificing precision.

While relatively small, the final figure of 14 completed questionnaires from 39 firms gives a 36% response rate. However, if one considers the dozen core firms that the researcher identified as 'must haves', the response rate increases to 75% (9 firms out of 12). This must be considered satisfactory, and so the conclusions drawn from the sample can be said to be a fair reflection of the population.

The researcher strongly believes that all reasonable measures were taken to elicit responses from the sample, and that this is an excellent response rate given the traditionally low response rates reported in international HRM research. The researcher concludes that the data obtained from the sample is a fair reflection of the population.

6.3 Interpretation of the Data

The analysis of the data largely follows procedures, designs and constructs presented in Cooper and Schindler, *Business Research Methods* (2003). The researcher wishes to emphasise that the use of all data collected for this study is regulated by a strict nondisclosure agreement which requires the researcher to protect the identity of the firms used in the sample.

The questionnaire comprised 24 questions that explored the depth and breadth of the research questions. A blank questionnaire can be found in Annexure A and should be used for reference. In the following pages, each question is individually analysed in depth to determine patterns, relationships and learnings. For simplification, individual questions are referred to as Q1, Q2, etc, while firms are named F1, F2, etc, to protect their identity.

6.3.1 General Information

The first part of the questionnaire (Q1 to Q12) asked questions that provided general information about the firms concerning how many expatriates they had, their recruitment policies, and which attributes they consider are important when choosing expatriates.

Question 1: How many employees are working at your company?

Of the 14 firms that provided completed questionnaires, 9 firms had less than 20 employees working at their company, while only three firms (21%) had more than 50 employees. Some firms are stand-alone subsidiaries of larger groups (F1, for example, is a small division of a 3,000 employee strong company), and the figures presented in Figure 6.1 should be viewed with this in mind.

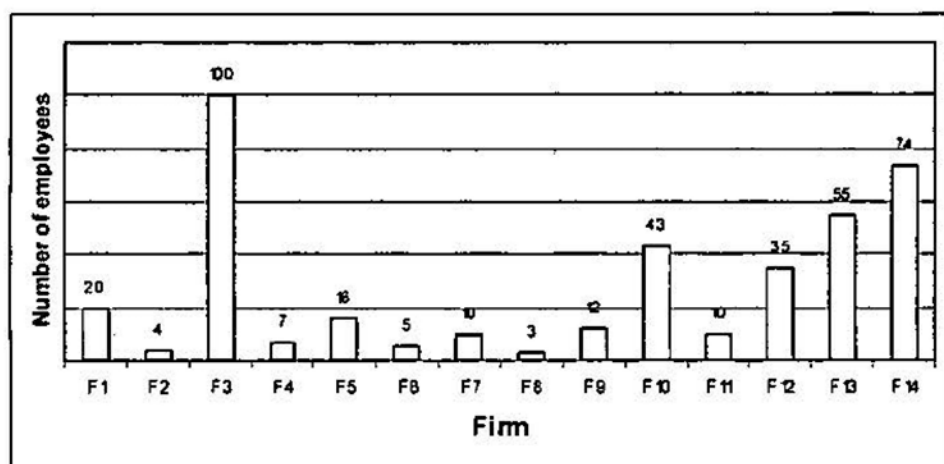


Figure 6.1 – Number of staff employed

The other important consideration to be aware of is that some of the firms follow a similar business model whereby a small home office of permanent staff that win, manage and administer projects are augmented by a cadre of self-employed expatriate managers who are employed on fixed contracts on a sub-consultancy basis.

Question 2: How many expatriates does your company currently have in the field?

Nine firms (64%) had less than 10 expatriates – defined as long-term positions of greater than 12 months' duration – currently in the field, while 3 companies (21%) has 40 or more staff in the field. The two largest companies were F3, with 100 employees and 40 in the field, and F14, which had 74 employees and 62 in the field.

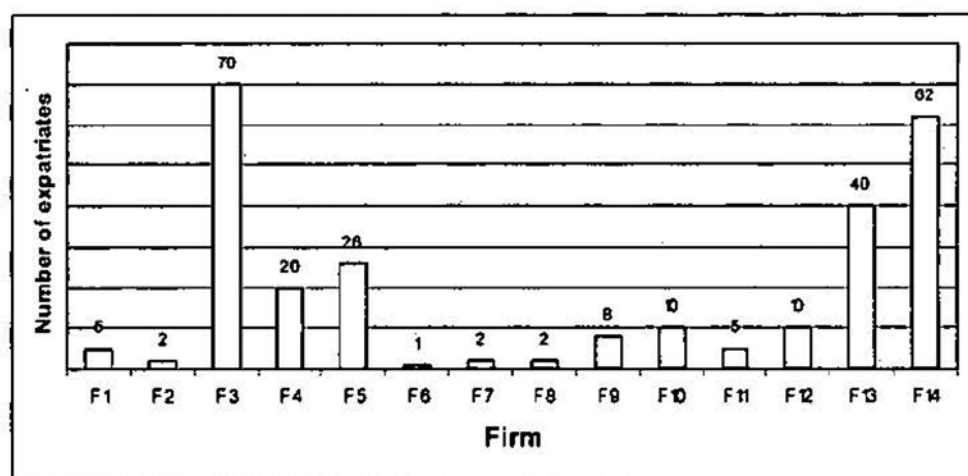


Figure 6.2 – Number of staff currently in the field

What is noticeable from Figure 6.2 is that the staff estimates from some of the larger companies are round numbers (F3 has 70; F13 has 40, etc), which suggests that they are educated guesses by the respondents. This is a necessary compromise to ensure the questionnaire is user-friendly. For the purposes of this study, this is considered to be an acceptable approximation to make, as it does not materially affect the analysis.

Question 3: To which countries/regions do you send most of your expatriates?

Most firms worked in one or several of the key geographical locations of Africa, Asia, South/Central America and Eastern/Central Europe (Figure 6.3), which corresponds well with where the donors direct most of their resources. Of Sida's 20 biggest recipient countries, for example, all but two of them fall into those four geographical areas (see Table 3.1).

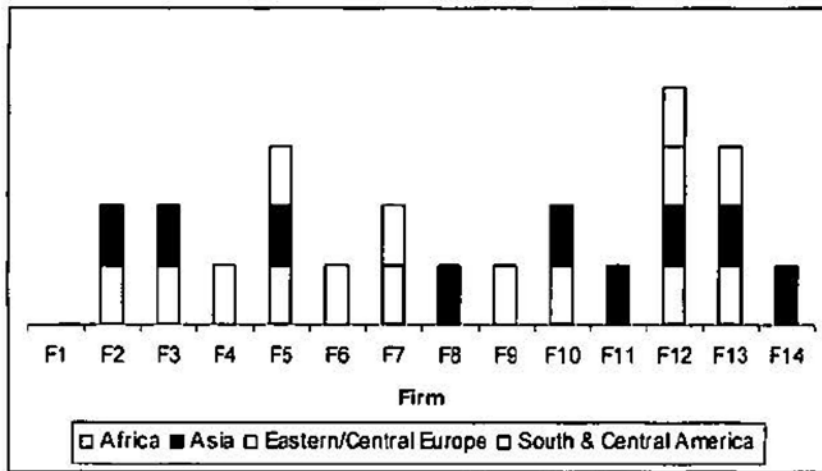


Figure 6.3 – Regions where most expatriates are sent

Question 4: How many expatriates has your company sent out within the last five years on long-term assignments?

Of expatriates sent out within the last five years on long-term assignments, the number ranged from zero to 203. It is worth qualifying why a firm that hasn't sent out any expatriates on long-term assignments is included in this study. The company in question (F2) is a niche firm working in locations of extreme hardship such as Iraq, Yemen and Afghanistan (classified as UN Hardship Level 4; where Level 5 is evacuation). The nature of their business is such that the expatriate failure rate as defined by this study is extremely high, but assignments are usually short-term in nature.

As a consequence, F2 did not participate in the part of the study regarding the determination of the expatriate failure rate, but wanted to take part in this study as they believed strongly that they had some insightful comments to contribute. For the purposes of this study, therefore, their comments have been included to add validity to the data.

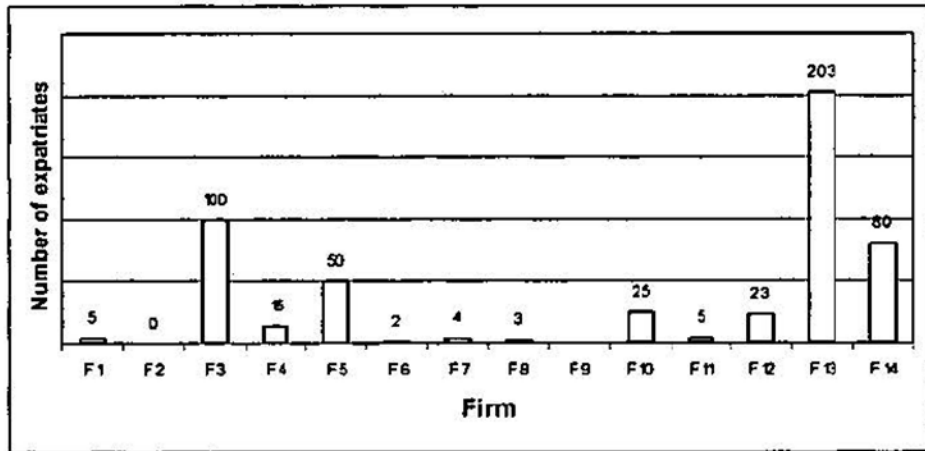


Figure 6.4 – Number of expatriates sent out in the last five years

There may have been some confusion in one case (F4), as the figure for Q4 (15 expatriates) was less than the figure for Q2 (20 expatriates). The implication is that F4 considered both short- and long-term expatriates in its answer to Q2. One company (F9) did not answer the question, while 2 firms offered a range of values (e.g. F12: "approx. 20-25"). For the purposes of this study, the median figure is taken.

Question 5: How certain are you of these figures?

The researcher was concerned that the answer to Q4, which is critical to establishing the expatriate failure rate later on, would in some cases be known with certainty, while in other cases be only an estimate. Q5 therefore asked how certain the respondents were of their figures with a five-point rating scale ranging from 'very uncertain' (1) to 'very certain' (5).

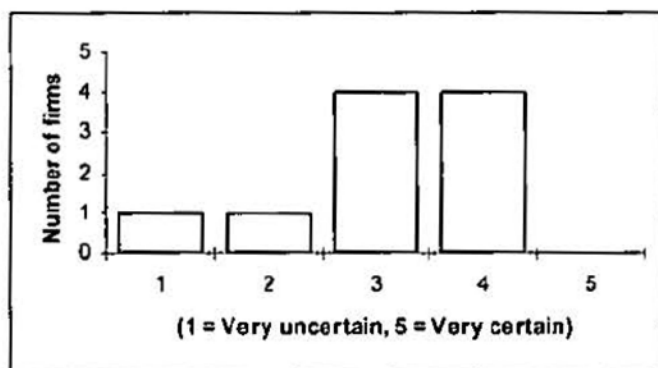


Figure 6.5 – Certainty of figures (expatriates sent out in the last five years)

Ten out of the 12 firms who answered Q4 responded to this question (only F6 and F8 did not). Eight of the 10 firms who responded answered with a rating of '3' or above (80%). It is therefore assumed to be appropriate to consider the validity of the data to be acceptable for the purposes of this study

Question 6: Does your company mainly recruit expatriates internally, externally, or both?

When it comes to recruitment policy, 12 out of 14 firms (86%) recruited expatriates both externally and internally, while the other 2 firms recruited purely externally. Significantly, these two firms were both small niche players with less than 10 employees. No firm recruited purely internally.

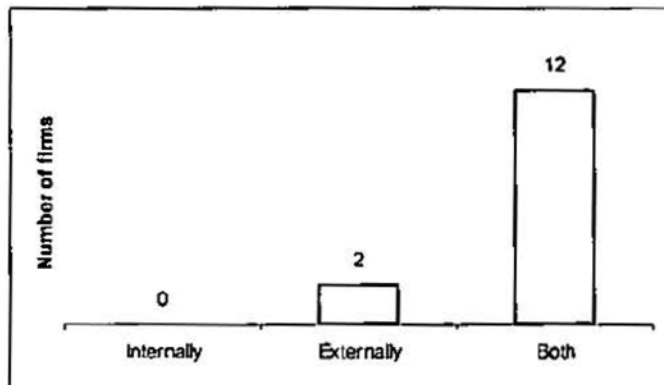


Figure 6.6 – How does the company recruit expats?

Question 7: If you recruit externally, do you usually check the candidates' references?

Almost without exception (only F8 did not), the firms checked the candidate's references when recruiting expatriates.

Question 8: Which methods do you normally use to recruit candidates?

Q8 asked respondents to tick as many boxes as they wanted to indicate what combination of techniques they used to recruit staff. The possible choices were through the use of (i) CVs, (ii) references, (iii) interviews, and/or (iv) personal recommendations.

There was also an 'other (please specify)' box for respondents to add their own comments. One firm (F8) did not tick any boxes, but relied purely on "personal acquaintances" for recruitment. This would explain why they answered 'no' to Q7.

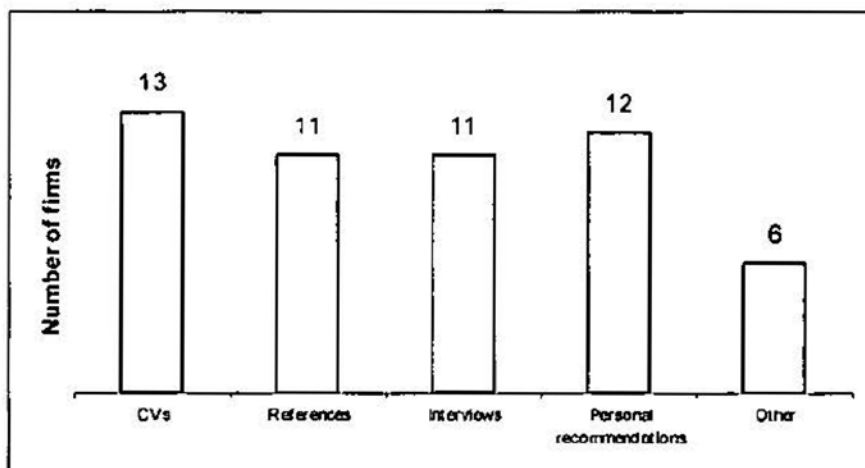


Figure 6.7 – Methods used to recruit expatriates (total)

Most firms used a combination of all four methods of recruitment. Thirteen firms (93%) used CVs, while 11 firms (79%) used references and interviews, and 12 firms (86%) recruited through personal recommendations. Eleven firms (79%) used all four methods, while one firm (F3) used only CVs.

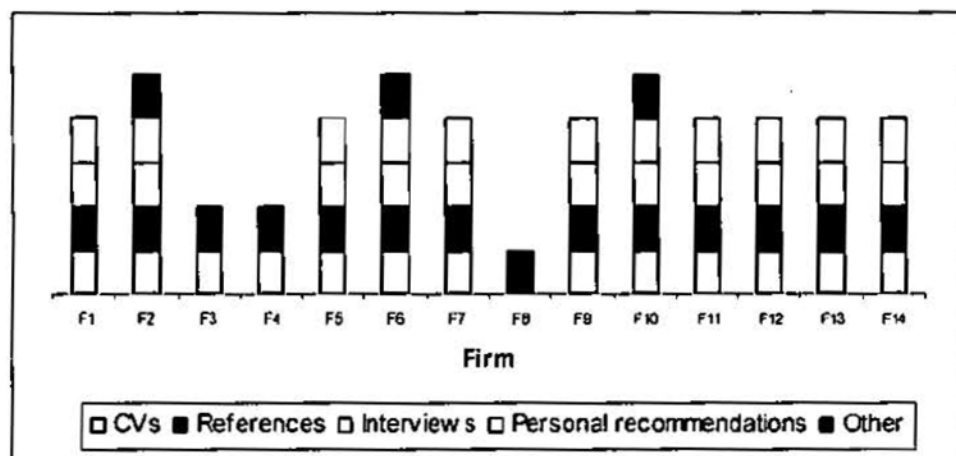


Figure 6.8 – Methods used to recruit expatriates (on a firm-by-firm basis)

However, F3 used a “network of freelance consultants” for most of its staffing requirements – a sentiment echoed by four other firms who stressed in the ‘other’ comments box that they use their extensive contact network for recruitment of expatriates. This mirrors the business model used by many firms as discussed earlier.

Question 9: To what extent does your company engage the expatriate and their family in pre-departure planning?

Surprisingly, only 2 companies (17%) engaged the expatriate and their family in significant pre-departure planning (a rating score of ‘4’ or ‘5’) while 6 companies (50%) had ‘very little’ or ‘quite little’ engagement. Two companies (F11 and F12) did not answer the question and are excluded from the analysis.

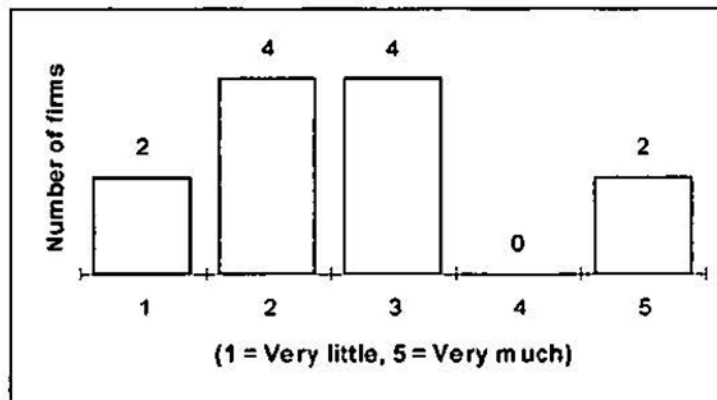


Figure 6.9 – Degree of pre-departure planning used

This is likely to be attributable to the fact that many firms recruit non-resident expatriate managers from outside their core home office of permanent staff. This cadre of self-employed expatriate managers are employed on fixed contracts on a sub-consultancy basis and are often a known quantity to the company. Although it may be a short-sighted view, there is often no budget to fly them and/or their families to Sweden for detailed planning sessions.

Question 10: Does the company have a structured pre-departure training programme for expatriate managers?

When it comes to a structured pre-departure training programme, all firms answered the question. Three firms (21%) used one, while the other eleven companies did not. Again, the reason is likely to be because of the business model adopted by many firms, coupled with the non-resident status of many of the expatriates.

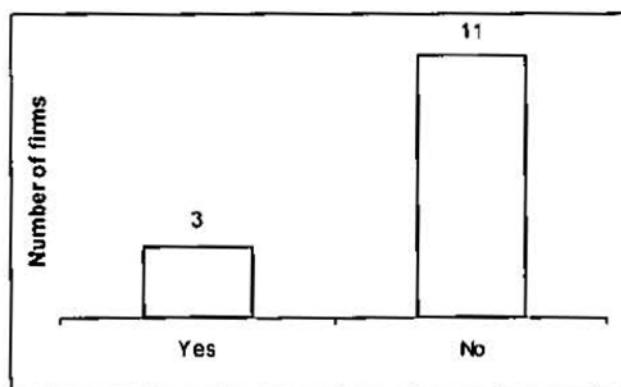


Figure 6.10 – Use of a structured pre-departure training programme

Question 11: To what extent does your company use an effective selection process in selecting expatriates for assignment?

All 14 companies used some form of formalised selection process for selecting expatriates. One company (F6) had a low rating of 2 (almost never), while 3 companies (F2, F4, F11) had the highest rating of 5, indicating that they always followed a formalised selection process. The remaining companies (71%) had ratings of '3' or '4', indicating that they followed some form of *ad hoc* system of selection. No company 'never' used one (rating of '1').

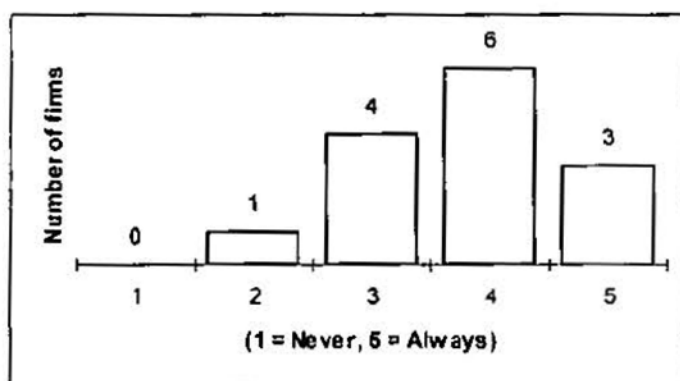


Figure 6.11 – Use of an effective selection process

Question 12: Which attributes do you consider are most important when choosing an expatriate?

There was a wide range of responses as to what attributes the respondents considered most important when choosing an expatriate (Figure 6.12). This question allowed firms to tick as many (or as few) boxes as they wanted, so potentially there may have been leniency bias induced into the measurement by those who were 'easy raters' compared to those who were 'hard raters'.

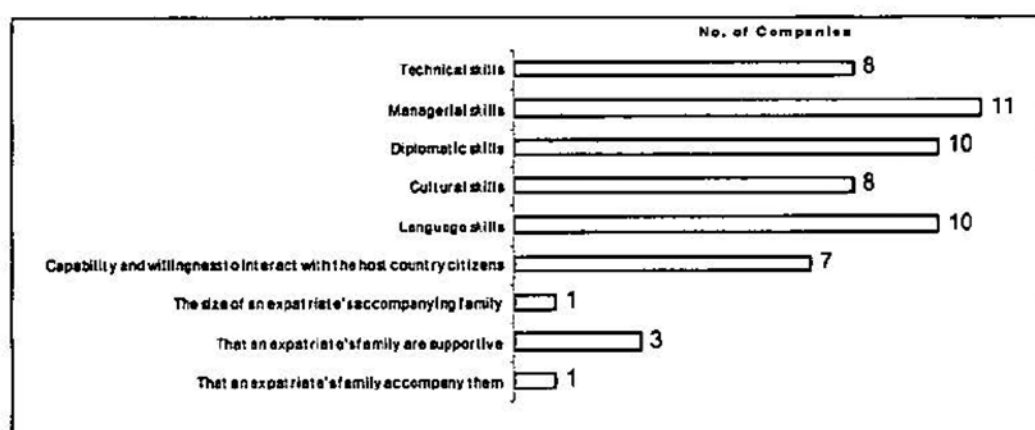


Figure 6.12 – Importance of attributes in expatriate selection (total)

If a company had ticked only one or two boxes it could be considered a 'hard rater', and *vice versa*. However, of the 9 possible choices, all 14 companies ticked between 4 and 6 boxes, indicating that this was not the case.

Two companies (F8 and F9) did not answer the question and are excluded from the analysis. The most important attribute was *managerial skills* (11 votes, 79%), closely followed by *diplomatic skills* and *language skills* (10 votes each, 71%), then *technical skills* and *cultural skills* (8 votes each, 57%). The *capability and willingness of the expatriate to interact with host country citizens* received next

most (7 votes, 50%), while the remaining three categories which concerned the role of the expatriate's family received between 1 and 3 votes each and were considered significantly less important in the opinion of the respondents.

6.3.2 Expatriate Failure Rates

The second part of the questionnaire asked the respondents about the expatriate failure rates in their firms. Expatriate failure was defined in the questionnaire as, "either (i) the premature return by an expatriate to the home country or (ii) the non-productive sitting out of an expatriate contract".

This matches Hawley's (1999) definition of failure as "not only the premature return to the home country, but also in terms of expatriates sitting out their contract non-productively", and mirrors the discussions in Section 4.5 of the literature review. To obtain data from the sample, this definition was split into two questions for the respondents for the purpose of this study.

Question 13: What percentage of expatriates your company have sent out within the last five years on long-term assignments have returned prematurely?

In answer to the first part of the definition, the respondents were asked to tick one of six boxes. The boxes contained a range of percentages for the respondents to tick: 0%, 1-2%, 2-5%, 5-10%, 11-20% and >20%. The results of the survey are shown in Figure 6.13 below. One company (F9) did not tick any box, and is therefore excluded from the analysis.

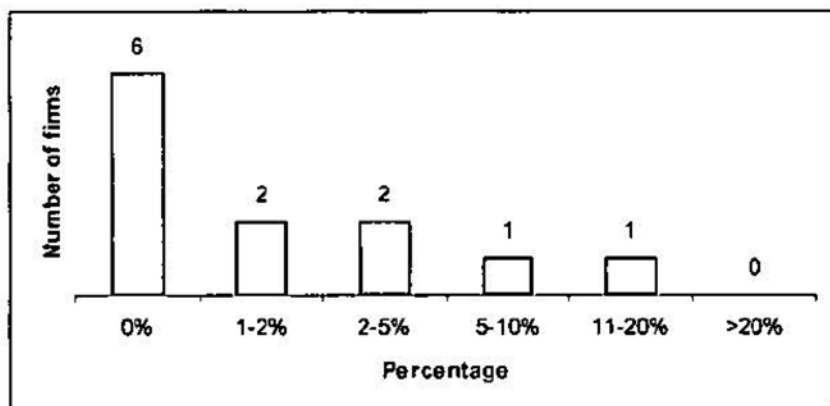


Figure 6.13 – Percentage of expatriates that have returned prematurely

As can be seen, almost half the companies (46%) reported zero incidences of expatriates returning prematurely from overseas assignments over the last 5 years. It is noticeable that the shape of the graph is heavily right-skewed, with most responses being towards zero.

One company (F8) reported greater than 20% of expatriate failure, although personal correspondence with the respondent has indicated that he is disillusioned with the Swedish development cooperation industry and has a different, wider interpretation of 'failure' than inferred in the questionnaire. For the purposes of this study, therefore, the data from F8 has been disregarded. This will be discussed in greater depth in the next chapter.

Question 14: How certain are you of these figures?

Like Q5, the researcher was concerned that the answer to Q13, which is a critical question that determines the whole outcome of the research study, would in some cases be known with certainty, while in other cases be only an estimate. Q14 therefore asked the respondents how certain they were of the figures they had given in Q13, with a five-point rating scale ranging from 'very uncertain' (1) to 'very certain' (5).

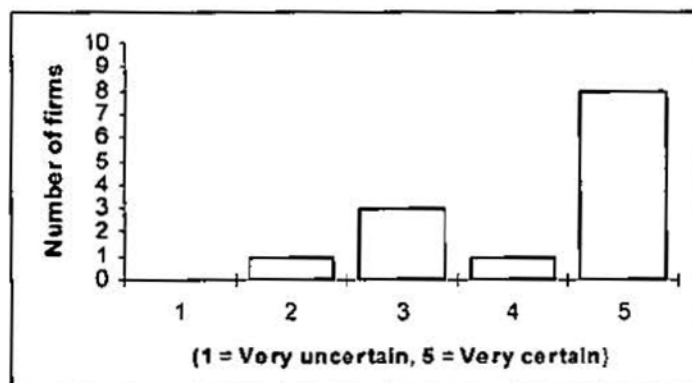


Figure 6.14 – Certainty of figures (return prematurely)

Reassuringly, 8 of the 13 respondents replied with a '5', implying 'very certain', while 3 other firms were 'quite certain' (Figure 6.14). Only one firm (F14) registered a '2', indicating 'quite uncertain' for a figure of 5-10% expatriates. This suggests that 12 out of 13 firms (92%) were fairly certain to very certain that their figures for expatriate failure, defined as expatriates returning prematurely, was correct.

Question 15: What percentage of expatriates your company have sent out within the last five years on long-term assignments (more than 12 months' duration) have been non-productive?

In answer to the second part of the definition for expatriate failure, Q15 again asked the respondents to tick one of six boxes containing the same range of percentages as Q13 (0%, 1-2%, 2-5%, 5-10%, 11-20% and >20%). The results are shown in Figure 6.15. The same company who did not reply to Q13 (F9) did not tick any box, and is therefore again excluded from the analysis.

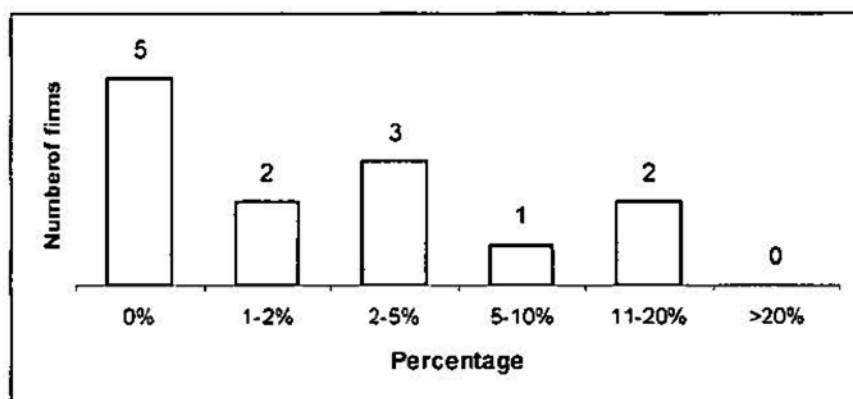


Figure 6.15 – Percentage of expatriates that have been non-productive

Figure 6.15 shows that the spread of responses is very similar to those in reply to Q13, with a definite right skew to the curve, but not as pronounced as Figure 6.13. Just over a third of companies (38%) reported zero incidences of expatriates being non-productive on overseas assignments, while 85% of firms reported less than 10% of expatriates being non-productive. No company reporting greater than 20% incidence this time.

Question 16: How certain are you of these figures?

The researcher again asked the respondents how certain they were of these figures. Almost half (46%) of the 13 respondents replied with a '5', implying 'very certain', while 3 other firms were 'quite certain' (a rating of '4') of their answers (Figure 6.16). Only one firm (F5) registered a '2' indicating 'quite uncertain' for a figure of 5-10% expatriates. No firm indicated a mark below this figure. This, again, indicates that 12 out of 13 firms (92%) were fairly certain to very certain that their figures for expatriate failure (defined as expatriates being non-productive) were correct.

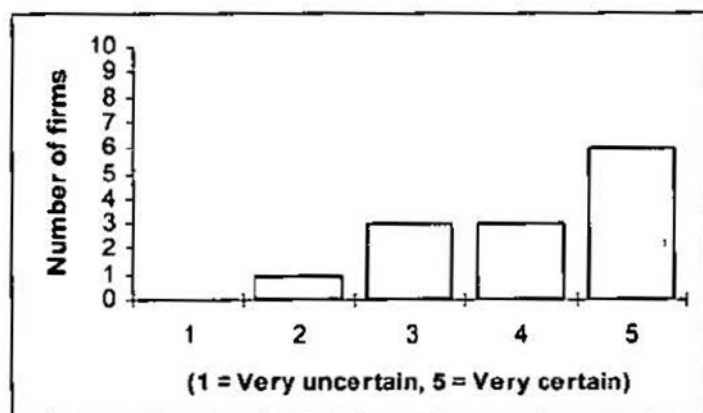


Figure 6.16 – Certainty of figures (non-productive)

It can be assumed from the analysis of the responses to Q14 and Q16 with some degree of confidence, therefore, that the figures for expatriate failure (Q13 and Q15) are valid. It is then possible to calculate the expatriate failure rate for the sample. The expatriate failure rate is calculated as the number of premature returned expatriates (Q13) plus the number of expatriates working at a low level of productivity (Q15), divided by the total number of expatriates sent on assignments over the past five years (Q4).

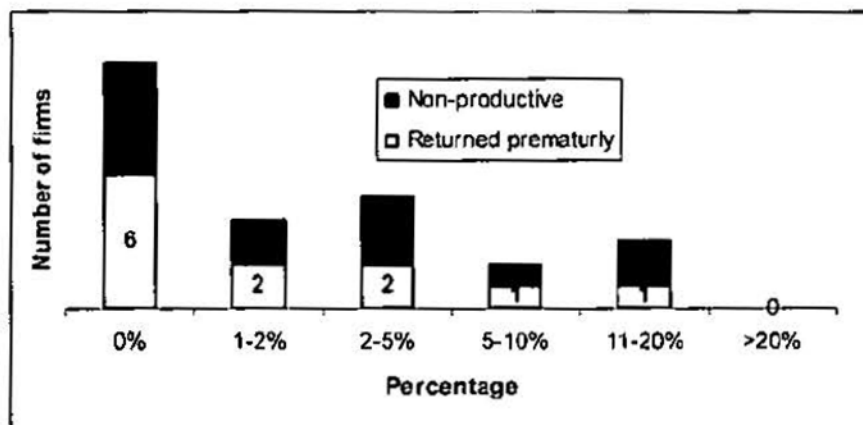


Figure 6.17 – Total percentage of expatriates that have failed

If the median figure is taken for the range of options available (e.g. '1-2%' is coded as '1.5%'), then for each firm it is possible to use the data from Q4 ("How many expatriates has your company sent out within the last five years on long-term assignments?") to calculate the number of expatriates that have failed in the last five years.

For example, F5 has had 50 expatriates posted overseas in the last 5 years (Q4), of which the firm estimates that 3.5% (median of the '2-5%' interval) have returned prematurely. This equates to 1.75 expatriates failing ($50 \times 3.5/100 = 1.75$).

Firm	Total no of expatriates (Q4)	Expatriates who returned home prematurely		Expatriates who are non-productive		Expatriate failure rate	Total number who failed
		% (Q13)	Number	% (Q15)	Number		
F1	5	0%	0	3.5%	0.175	3.5%	0.175
F2*	0	-	-	-	-	-	-
F3	100	1.5%	1.5	3.5%	3.5	5.0%	5.0
F4	15	15%	2.25	15%	2.25	30%	4.5
F5	50	3.5%	1.75	7.5%	3.75	11.0%	5.5
F6	2	0%	0	15%	0.3	15%	0.3
F7	4	0%	0	0%	0	0	0
F8*	3	-	-	-	-	-	-
F9*	-	-	-	-	-	-	-
F10	25	0%	0	3.5%	0.875	3.5%	0.875
F11	5	0%	0	0%	0	0%	0
F12	22	1.5%	0.33	1.5%	0.33	3.0%	0.66
F13	203	3.5%	7.105	1.5%	3.045	5.0%	10.15
F14	80	7.5%	6.0	0%	0	7.5%	6.0
Total	514						33.16

Expatriate failure rate = (33.16 / 514) * 100% = 6.45%

* Note that three firms did not provide enough data to allow their failure rates to be calculated

Table 6.2 – Calculation of the expatriate failure rate (all firms)

This calculation is repeated for all firms in the survey for (i) prematurely returning expatriates and (ii) non-productive expatriates to give the situation as shown in Table 6.2. Summation of the results from (i) and (ii) gives an overall total number

of expatriate failures for each firm, and from this the expatriate failure rate for each firm can be deduced.

The failure rate for each firm can also be calculated by summing the rates for both parts of the definition. For example, F3 has a failure rate of 1.5% for prematurely returning expatriates and 3.5% for non-productive expatriates. Therefore, by adding these two figures together, in total F3 has a failure rate of 5.0%.

Table 6.2 shows that the total number of expatriates sent out by Swedish firms over the last five years on long-term assignments was 514 persons. Of these, the analysis is showing that 33.16 expatriates failed. This equates to a failure rate of 6.45%, calculated by dividing the number who failed by the total number of expatriates: $33.16/514 \cdot 100\% = 6.45\%$.

One firm, F4, indicates that it has an expatriate failure rate of 30%, which compared with the other companies in the sample seems incredibly high, and unsustainable. The researcher has subsequently tried to verify this with the concerned respondent, but during the analysis phase he was replaced as Managing Director. Whether these two issues are connected has not been established.

However, it may be more appropriate to exclude totally the responses from the two firms (F5 and F14) that registered a rating of '2' (quite uncertain) for Q13 and Q15. The reasoning being that a more accurate result is likely to be forthcoming. This produces a lower figure of 5.64% for expatriate failure (Table 6.3).

Similarly, it may be useful to exclude all the smaller firms who have indicated that they had less than 10 expatriates posted overseas in the last five years. This leaves data from seven firms (Table 6.4) and produces a slightly higher expatriate failure rate of 6.60%.

Firm	Total no of expatriates (Q4)	Expatriates who returned home prematurely		Expatriates who are non-productive		Expatriate failure rate	Total number who failed
		% (Q13)	Number	% (Q15)	Number		
F1	5	0%	0	3.5%	0.175	3.5%	0.175
F2*	0	-	-	-	-	-	-
F3	100	1.5%	1.5	3.5%	3.5	5.0%	5.0
F4	15	15%	2.25	15%	2.25	30%	4.5
F5	Excluded						
F6	2	0%	0	15%	0.3	15%	0.3
F7	4	0%	0	0%	0	0	0
F8*	3	-	-	-	-	-	-
F9*	-	-	-	-	-	-	-
F10	25	0%	0	3.5%	0.875	3.5%	0.875
F11	5	0%	0	0%	0	0%	0
F12	22	1.5%	0.33	1.5%	0.33	3.0%	0.66
F13	203	3.5%	7.105	1.5%	3.045	5.0%	10.15
F14	Excluded						
Total	384						21.66
Expatriate failure rate = $(21.66 / 384) * 100\% = 5.64\%$							

* Note that three firms did not provide enough data to allow their failure rates to be calculated

Table 6.3 – Calculation of the expatriate failure rate (certain firms)

Firm	Total no of expatriates (Q4)	Expatriates who returned home prematurely		Expatriates who are non-productive		Expatriate failure rate	Total number who failed
		% (Q13)	Number	% (Q15)	Number		
F3	100	1.5%	1.5	3.5%	3.5	5.0%	5.0
F4	15	15%	2.25	15%	2.25	30%	4.5
F5	50	3.5%	1.75	7.5%	3.75	11.0%	5.5
F10	25	0%	0	3.5%	0.875	3.5%	0.875
F12	22	1.5%	0.33	1.5%	0.33	3.0%	0.66
F13	203	3.5%	7.105	1.5%	3.045	5.0%	10.15
F14	80	7.5%	6.0	0%	0	7.5%	6.0
Total	495						32.685
Expatriate failure rate = $(32.685 / 495) * 100\% = 6.60\%$							

Table 6.4 – Calculation of the expatriate failure rate (large firms)

There is some justification for differentiating between the three sets of data presented in Tables 6.2, 6.3 and 6.4. There are valid reasons to concentrate on the more reliable data set (Table 6.3), just as there are advantages in using the data from the larger firms (Table 6.4). However, in a research study such as this, there is no right or wrong method and any of the answers could be selected as the true picture of the expatriate failure rate within Swedish development cooperation.

The figures calculated for the expatriate failure rate are all slightly different, but the average of the three calculations is approximately 6.2%. Considering the assumptions and approximations used to arrive at this figure, the researcher considers it close enough that the average figure of 6.2% is used as the correct one for the purposes of this study.

Whichever way one presents it, what can be seen is that the expatriate failure rate is way below the rates of up to 40% quoted in the literature. This will be discussed in greater depth in the next chapter.

6.3.3 Reasons for Success and Failure

Determining the expatriate failure rate within the sample is all well and good, but it is important to look deeper into the unique characteristics that contribute (or not) to the failure rate. The final part of the questionnaire, therefore, asked the respondents a series of questions that tried to determine what, in their view, were the overarching reasons behind expatriate success or failure.

Question 17: Bearing in mind the expatriates who have failed, which of the following aspects of an assignment do you think are the most challenging?

Q17 determined the reasons for expatriate failure. It asked the respondents to choose from six options, together with an 'other' comment box. The question

allowed firms to tick as many boxes as they wanted, so potentially there may have been the same leniency bias from easy raters or hard raters as in Q12. However, 11 of the 13 companies (85%) who answered the question ticked between 2 and 4 boxes, indicating that this was generally not the case. One company (F1) did not tick any boxes, nor add any comments in the 'other' box, and so is disregarded from the analysis. No company ticked more than 4 boxes.

One company (F3) ticked only 1 box and may be considered a hard rater, while F8 did not tick any of the 6 options available. Both these companies, though, added text in the commentary box. F3 thought that "social problems like drinking and racism" were major factors likely to affect expatriate success, while F8 believed that "incompetence of the [...] firm" was a major contributor.

The only other company to add a text comment was F2, who stated, "Family situation always affects the performance of the expatriate". This comment, however, can be viewed to be analogous with the 'difficulty with family problems' dimension, and is included there for the purpose of this study.

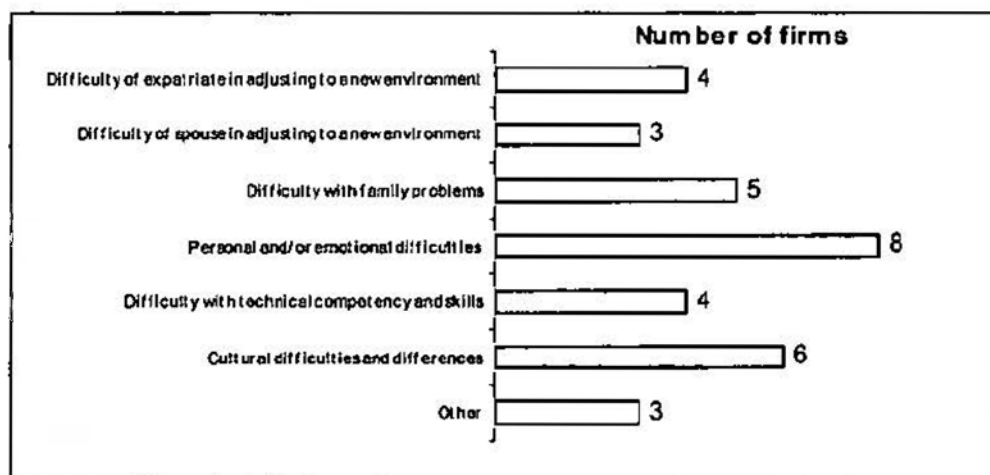


Figure 6.18 – Predictors of expatriate failure

Of the options available, the attribute considered most important (Figure 6.18) by the respondents as a predictor of expatriate failure was *personal and/or emotional difficulties* with 8 of the 13 firms who answered marking this option (62%). This was followed by *cultural difficulties and differences* with 6 votes (46%) and *difficulty with family problems* with 5 votes (38%).

Two options (*difficulty of expatriate in adjusting to a new environment* and *difficulty with technical competency and skills*) attracted equal scores of 31% (4 votes). Bringing up the rear, the respondents indicated that *difficulty of spouse in adjusting to a new environment* was the least challenging aspect of an assignment for expatriates to deal with (23%, 3 votes).

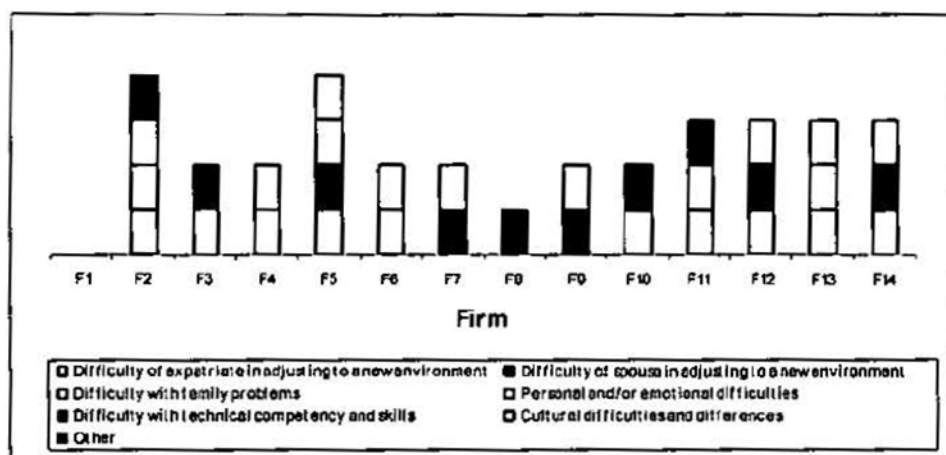


Figure 6.19 – Dimensions leading to expatriate failure (firm-by-firm)

Figure 6.19 shows the options chosen on a firm-by-firm basis. Most firms picked between 2 and 4 dimensions, illustrating that there was no leniency bias.

Question 18: Choose the three aspects you think are most important and rank them 1 to 3 in decreasing order of difficulty

The next question investigated this issue further by asking the respondents to indicate which three of the seven dimensions from Q17 (six fixed options plus the 'other' box) they considered were the most important contributors to expatriate failure and to rank them 1, 2 and 3 in decreasing order of difficulty. Marking an option with '1' indicated that it was the dimension considered the most challenging. This question may perhaps be perceived as duplicating Q17, but it provided additional information regarding which dimensions were most important in the view of the respondents.

This question was not fully understood by all respondents ("Choose the three aspects..."). Three firms (F6, F7, F9) marked all six dimensions (rather than just three of the six dimensions), while three other firms (F4, F10, F13) that had marked only 2 dimensions in Q17 marked 3 dimensions in Q18. This can perhaps be attributed to unclear instructions in the question formulation.

The firms that marked all six options ranked them in different ways as well; one (F6) marked 2 dimensions each with '1', '2', and '3', while F7 marked 2 dimensions with '1' and four dimensions with '2'. This all added to the difficulty in establishing some order from the confusion in the responses.

Interestingly, the non-responsive firm (F1) from Q17 answered this question, and therefore must be considered as part of the survey. It is most probable that F1 felt that Q17 was a duplication of Q18, and by answering Q18 felt they had been responsive to both questions.

Of the options available, the attribute that received the most votes (irrespective of whether it was a '1', a '2' or '3') was again *personal and/or emotional difficulties* with 10 of the 14 firms (71%) marking this box. This was followed by *difficulty with family problems* with 9 votes (64%) and *difficulty of spouse in adjusting to a new environment* with 8 votes (57%).

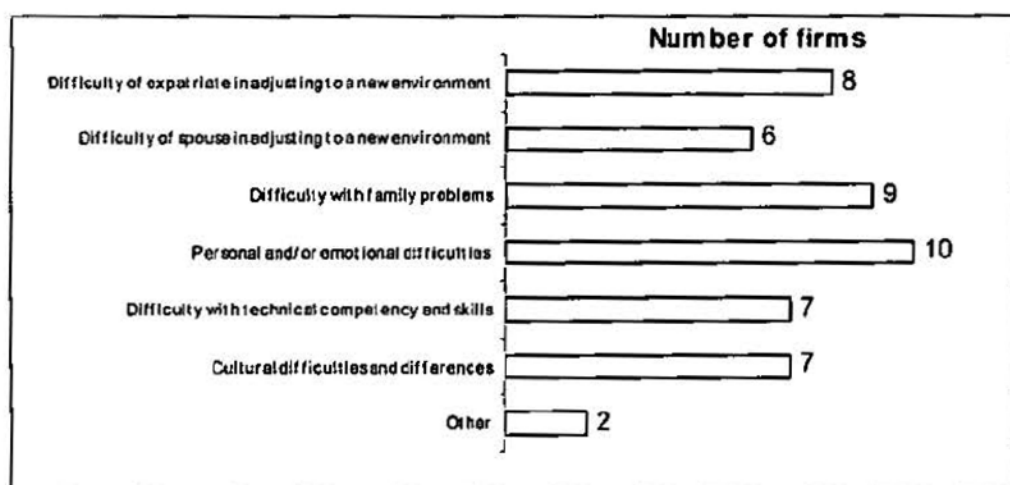


Figure 6.20 – Dimensions leading to expatriate failure (total votes)

Two dimensions (*difficulty with technical competency and skills* and *cultural difficulties and differences*) attracted equal scores of 7 votes (50%). Bringing up the rear of the six fixed options, the respondents indicated that *difficulty of spouse in adjusting to a new environment* was the least challenging aspect of an assignment for expatriates to deal with (6 votes, 43%).

One company (F3), who had marked only one box in Q17, indicated that the text that they had written in the 'other' commentary box in Q17 were the two most important aspects for expatriate failure ("social problems like drinking and racism"). Only one company (F8) did not mark any of the six fixed option boxes, but rather wrote the following text in the commentary box: "difficulty of having an incompetent home office understanding the problems".

The order above is almost identical to the responses in Q17 - with just the second and third most chosen options being reversed - which perhaps should not be surprising. With the difficulty in coding Q18 caused by the failure of some respondents to understand the question, it has been assumed, therefore, that the

ranking of the dimensions from Q17 stands as the correct one for further analysis.

When one analyses which option attracted the most '1's, then there is a fairly even spread. Four options received 3 votes (*difficulty of expatriate in adjusting to a new environment*, *personal and/or emotional difficulties*, *difficulty with technical competency and skills*, and *cultural difficulties and differences*), while one option received 2 votes (*difficulty with family problems*). One option, *difficulty of spouse in adjusting to a new environment*, received a single vote. Note, however, that the coding difficulties highlighted above may give a false result.

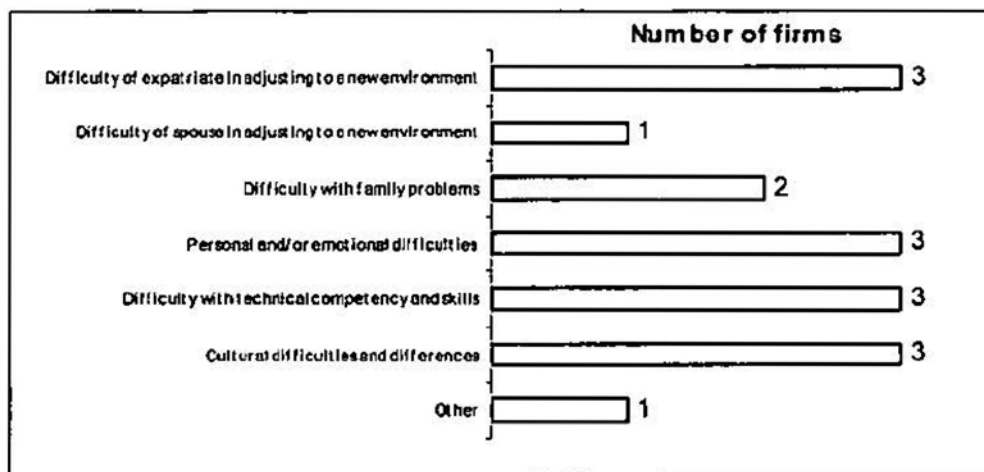


Figure 6.21 – Dimensions leading to expatriate failure (1st or 2nd choice)

It is apparent, therefore, that there is no one outstanding option that is clearly the most important issue that leads to expatriate failure. Each firm has its own opinion of what is most important, with 13 of the 14 firms being in consensus in at least choosing an identical option with one of their colleagues.

It is perhaps surprising that *difficulty of spouse in adjusting to a new environment* was ranked so low, since the literature indicates that this issue is the number one

reason for US expatriate failures (see Table 4.4). However, parallel research in Japanese and European firms indicates that failure of the spouse to adjust is low down in the list of reasons for failure. This will be discussed in more detail in the next chapter.

Question 19: In general, do you think that Swedish consultancy companies working in the development cooperation field exhibit lower expatriate failures than other countries' consultancy companies?

Q19 was a simple 'yes' or 'no' question. Three companies did not reply, while opinion was almost equally split amongst the remaining 11 firms, with 6 indicating 'yes' (43%) and 5 firms saying 'no' (36%). Opinion therefore seemed to be evenly split over whether there was significant difference between Swedish firms and non-Swedish firms.

Question 20: Why do you think this might be?

Q20 investigated this issue in further depth by asking respondents to indicate why they had chosen their answer to Q19. A commentary box was provided for the respondent to answer. Of the three companies that had not answered Q19, one firm (F1) did not answer this question, while F13 said, "Sorry, but I have no figures regarding other consultancy companies and therefore cannot answer question 19" and F14 said, "I don't see the difference or why we should be better or worse than others".

Of the remaining 11 companies, the responses varied from single sentence answers to mini-essays. From the 6 firms who indicated 'yes' to Q19, only 5 replied, and the reasons given for Swedish companies exhibiting lower failure rates than companies from other countries included:

- Swedes in general are more accepted and more likely to be successful in a new surrounding (F2)
- Scandinavians are more "low profile" [and] not so "superior" as some other nationalities (F2)
- We are more likely to pick up difficult aspects or variables with Scandinavian people than others (F2)
- Most Scandinavians [...] have no problems with technical skills (F2)
- More focus on the expat's total competence, and less focus on technical skills and CVs only (F5)
- Swedish companies usually better to identify persons that understand cultural differences (F10)
- A smaller country and the pool of resources are better known among the companies, not so easy to hide potential failures and for problem persons to get new assignments (F10)
- The company's culture and experience with international assignments (F11)
- Our way of looking at our partners (clients) in developing countries and respecting them and treating them as colleagues (F12)

The consensus seems to be that the reason why Swedish companies are successful is that Scandinavians are culturally more adaptable than others. Other nationalities sometimes adopt a 'colonial' attitude which is not appreciated by clients. This is hinted at in the text above, with reference to "more low profile [and] not so superior", and "respecting them and treating them as colleagues".

Also, the important point was made that the resource base in Sweden is small, so poorly-performing individuals are weeded out early in the selection process because they are well-known as poor performers through word of mouth within the development cooperation community.

The inference from one respondent (F2), incidentally, is that the expatriates they use are purely of Scandinavian origin, which should not necessarily be the case.

Most of the core group of larger companies use expatriates from many countries, although Swedish nationals probably form the largest constituent.

Of the 5 firms who indicated 'no' to Q19, only 4 replied. Strangely, one company (F9), answered 'no' to Q19, but then in Q20 said that "preconditions are similar for all companies". This would seem to infer that, like the 3 firms that did not answer Q19, they think that Swedish companies neither do nor do not exhibit lower expatriate failures than companies from other countries.

The reasons given for Swedish companies not exhibiting lower failure rates (in other words, they exhibit higher failure rates) than companies from other countries included:

- Swedish overseas staff has for a long time been socially protected in Swedish-financed projects and have not been able to adjust to the more competitive international situations in projects financed by other donors. [This] means that they do not always manage to take care of their personal situation without heavy support from the company. The attitude among other internationally employed staff is more professional concerning their personal life (F3)
- I think that the percentage of default is the same in Western Europe (but not the UK). We could use expatriates more in Scandinavia (F6)
- Swedish consultancy firms are generally of a much lower quality rating [than competitors] (F8)

The reasons given by F3 in the list above seem to indicate that the respondent is distinguishing between Swedish nationals and non-Swedish nationals. This was certainly not intended. Rather, the question is meant to highlight the differences between Swedish domiciled firms and non-Swedish domiciled firms. To confuse things further, F3 also said that, "Swedish staff work well with other nationalities and their professional output in the projects are normally very good". This would

seem to support the 'yes' camp who advocate that Swedish companies exhibit lower failure rates than companies from other countries.

However, a point worth making is that the 'cradle-to-grave' centralised welfare system traditionally characteristic of Swedish society seems to echo F3's comments. F3 believes a reason for higher failure rates is that Swedish expatriates expect more support from the home office (for example, with relocation, in-country assistance, etc) compared to other nationalities.

F8's comment concerning the perceived low quality of Swedish firms is partly personal tirade (see next chapter) and partly attributable to the protection that domestic firms have enjoyed in Sweden in the past. Personal correspondence with colleagues has suggested that many Swedish firms enjoyed low internal competition coupled with high barriers to entry to foreign firms due to the 'tied' nature of aid in the past.

Being a big fish in a small pond was lucrative, but leads to complacency when the market is opened up to global competition. This maybe means that, today, some Swedish firms are not as developed with regard to their systems, procedures and strategies as leaner competitors. This lack of competitiveness is reflected in F8's comments.

Question 21: Which aspects of an assignment do you think are the most important for an expatriate to be successful?

After looking at expatriate failure, the questionnaire then asked respondents for their views on the reasons for expatriate success. Respondents were offered a choice of 10 options and asked to rank them from 1 to 5 in decreasing order of importance (i.e. 1 = most important).

One company (F8) did not mark any of the options, but instead wrote some comments in the text box in Q22 that followed up this question (see later). Since Q21 and Q22 are linked, we can assume the F8's decision not to mark any options in Q21 was a conscious decision, and therefore it can be further assumed that the respondent answered the question by not marking any of the options.

Like Q18, some companies (F6, F7) misunderstood the question and marked all ten dimensions (rather than just five), while one firm (F10) marked one dimension with a '6'! This can perhaps be attributed to unclear instructions in the question formulation, but it all added to the difficulty in establishing some order from the responses.

Of the options available, the two attributes that received the most votes (irrespective of its ranking) were *technical, managerial and diplomatic skills* and *social and interpersonal skills* with 12 of the 14 firms (86%) marking this box (Figure 6.22). This was followed by *family stability and adaptability* with 11 votes (79%) and *cross-cultural adaptability* (9 votes, 64%).

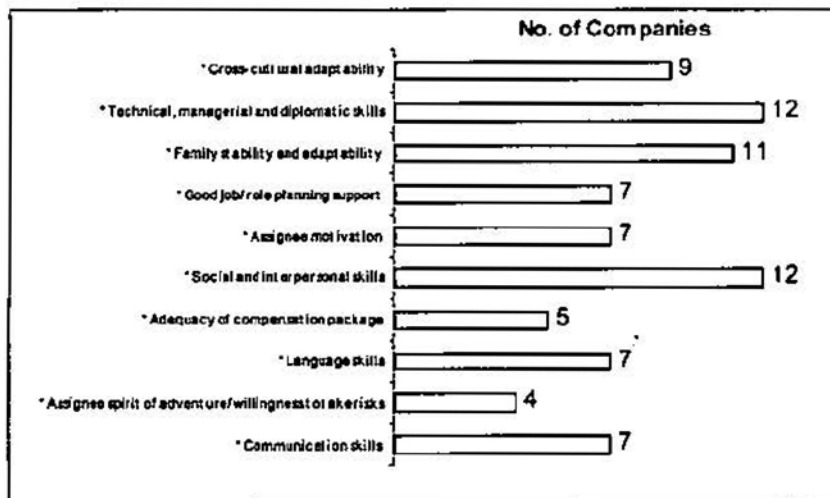


Figure 6.22 – Dimensions leading to expatriate success (total votes)

Four attributes garnered 7 votes each (50%): *language skills*, *good job/role planning support*, *assignee motivation* and *communication skills*. Then there was a definite gap to the final group of attributes. The respondents indicated that *adequacy of compensation package* (5 votes, 36%) and *assignee spirit of adventure/willingness to take risks* (4 votes, 29%) were the least important for an expatriate to be successful.

When one analyses which option attracted the most '1's, the clear winner was *technical, managerial and diplomatic skills* with 5 votes (36%). Two options received 4 votes each (29%); *assignee motivation* and *social and interpersonal skills*. *Cross-cultural adaptability* received 3 votes (21%), while *family stability and adaptability* and *communication skills* received 2 votes each (14%).

Notably, 3 options did not receive the top ranking from any of the respondents; *adequacy of compensation package*, *language skills*, and *assignee spirit of adventure/willingness to take risks*. These attributes were also in the lower quartile when one considers the total number of votes received.

If one considers which options received a mark of '1' or '2', then the order remains almost identical to the earlier analyses. Of note, however, is the surge of the *language skills* dimension, which did not receive any '1's, but was regarded as the second most important attribute by 4 firms.

Question 22: Are there any other important criteria that you think may contribute to an effective expatriate assignment?

The questionnaire's final three questions attempted to coax additional information out of the respondents that they considered were important for identifying the defining characteristics of expatriate success or failure within Swedish

development cooperation. For this reason, they were in the form of commentary questions, requiring the respondents to fill in text boxes.

Q22 probed the factors that lead to success by asking the respondents for their thoughts on other criteria that in their opinion contribute to an effective expatriate assignment. Half the firms responded with a range of insightful answers. Some focused on attributes, traits and characteristics that the individual needs to possess...

- Focus on the assignment (F3)
- Quick to build network in different directions (F6)
- Working experience (F11)
- To take a sincere interest in what you are doing and involve others (F14)
- The expat usually functions better if he/she is part of a team (F10)

...while others highlighted the importance of a good support network from the home office:

- Good home office support and systems or plans to pick up "early warnings" when things are not working out as planned (F2)
- Good support from the company (F6)
- Mentorship (F6)
- Competence of the firm (F8)
- There are [...] vast differences between the countries. Eastern Europe, Asia and Africa are different continents with different customs and different levels of development. The firm must support the expat to understand these differences and select persons accordingly. In general, the selection criteria for each and every project and country must be done with care (F10)

What is immediately apparent is that the word 'support' crops up throughout the answers given above, which is indicative of the importance that the respondents

attach to this issue. Teamworking skills, high motivation, interpersonal skills and the individual's experience were characteristics that the respondents highlighted as important attributes for expatriate managers themselves to possess.

Question 23: When compared to the business sector, what unique characteristics does the international development cooperation field have that may increase the rate of expatriate success or failure?

The penultimate question tried to capture the essential differences between the worlds of development cooperation and business. Ten firms responded, with one firm (F4) not believing there was any difference at all. Most of the responses were in support of the development cooperation industry:

- I think that we are sometimes more motivated and really have a deep feeling for the assignment we are contracted to fulfil. This goes beyond the money factor (F2)
- Better cultural knowledge (F3)
- To work in a different culture. To work as pure advisors. The involvement of a large number of actors of which some are in other countries. The task at hand: poverty alleviation depends on so many factors outside one's control (F5)
- It could be to more often work in team (F6)

However, other replies expressed the unique characteristic of development cooperation; namely that reporting to multiple masters requires a careful balancing act to the continuously maintained:

- Development cooperation usually targets the public sector. The public sectors are managed and driven by different strategies. This must be understood. The public sectors are not as clear cut as the business sectors. The political dimensions must be appreciated (F10)

- That you always serve more than one master. You have at least one financier, at least one beneficiary, and often also partners. You have to navigate between all these interests in order to succeed. In commercial projects you normally only have one client (F14)

As F14 states (and F5, F6 and F10 allude), development cooperation projects usually have multiple stakeholders that need skilful juggling to appease. Usually the firm has a contract with the recipient executing agency, but there are also financiers (in multilaterally-financed projects, a lead organisation together with other supporting donors), government ministries and partners (local as well as international) to bring to the mix. There is of course also the home office to report to. Attending to the agendas of all these parties is a skill that is usually not required in the commercial world.

One respondent (F9) stated that juggling these multiple stakeholders is highly stressful, but this is counterbalanced on the other hand by the admission that development cooperation projects, if they are being implemented well, are less stressful because the pace of work is often rather relaxed compared to the hectic business environment.

Question 24: Is there any other information that you think may be useful to include in my research that is not covered in this questionnaire?

The final question was a catch-all question that asked the respondents if there was any other information that they thought may be useful to include in the study. Several firms responded with some insightful comments:

- When assigned to an overseas assignment, it is important to know who your client is (F3)
- The "barefoot" type of expatriate who wants to change the world is not really successful these days (F3)

- One basic issue is that companies that demonstrate high failure rates will not survive, especially if the companies work primarily with one or a few donors (F10)
- Another complicating factor when dealing with development cooperation is that there are more parties involved (client, consultant, financier) compared to the business sector. All three actors must be satisfied. We have many examples of donor dissatisfaction that may not result in complete failure on the part of the expat, but that has negatively impacted on evaluations and ongoing assessments. Wrong Terms of References may also create problems (F10)
- You have an age problem to consider: most expatriate staff today are around 60. Who is coming after? I hear the same from many other firms. [The...] reasons are, *inter alia*; no job for spouse, less pay if both do not work, better career in your home country, fewer contracts pay for family costs (schools, etc) (F14)

The issue of “survivorship bias” mentioned by F10 is an interesting comment. Just like the fund management industry, from where the term originates, companies that consistently experience high expatriate failure will not survive in the long run. This will inadvertently reduce the failure rates exhibited in studies such as this as poor performers disappear from the population by going out of business, amalgamating, or getting bought out.

Most of the firms targeted by this study work exclusively overseas, and consistently high incidences of expatriate failure will eventually result in a poor reputation, the loss of competent staff, less assignments being won, and result in a downward spiral of reducing turnover combined with rising overhead costs.

As the literature shows, high failure rates are costly. Firms that are consistently poor performers will not be able to compete with competitors who are successful,

which eventually leads to poor financial performance and ultimately their disappearance from the business landscape.

Similarly, the issue of the generation gap touched on by F14 also deserves comment. Within the Swedish resource base, there is growing concern that there is no younger generation of expatriate managers familiar with the unique skills required in development cooperation coming through to replace the older generation who are soon to reach retirement age. F14's comments are a prescient indication of concerns that Swedish firms will have to contend with in the future.

The reasons are multiple and complex, but include (as F14 alludes) financial issues (less total pay if both partners do not work, while fewer contracts nowadays pay for family costs such as schooling) and family issues (difficulty of a working spouse to find employment, better career in your home country). There is less financial reward to be gained in going overseas these days, while families can no longer afford to give up a partner's career and salary for several years. The attraction of moving overseas does not justify the reward.

This is particularly true in the Nordic countries, where traditionally both spouses have careers. These countries have taken appropriate measures to protect the interest of dual income families. The Swedish government, for example, has implemented regulations that protect the job of a spouse for a period of time while the other accepts an international assignment.

Riusala and Suutari (2000) point out that many expatriate managers felt their spouses' reluctance to give up their own career was a major constraint on their international location. This of course makes the problems related to dual-career couples very important in Swedish companies. This will be discussed in greater depth in the next chapter.

6.4 Limitations

Various issues hindered the smooth implementation of this research study. They can be largely considered to be either due to time constraints or poor questionnaire formulation. Below, the key issues are discussed.

- *Accelerated questionnaire distribution.* The distribution of the questionnaire was done with some urgency in early June 2005. It is a long established tradition that the summer holiday period in Sweden is lengthy and uninterrupted. Almost the whole of Sweden takes holiday from late-June until mid-August. This made it imperative to 'go live' with the questionnaire before the summer break to start the process of eliciting responses from the target firms.
- *Poor question formulation.* The fast-tracking of the questionnaire meant that the literature was not reviewed as well as it could have been; which is necessary to develop the questions thoroughly so that the questionnaire captured all the essential data to allow for proper analysis. In effect, the horse was put before the cart when the questionnaire was distributed before the literature was comprehensively reviewed.
- *Difficulty in targeting decision makers.* The summer shutdown made the practicality of getting hold of decision makers before, during and after the vacation period extremely difficult. Although this was realised and highlighted early on in the research process (the Study Leader seconded the researcher's decision to move forward the submission date for the questionnaire earlier than it perhaps would have normally have been planned), nevertheless it caused timing disruptions during the critical data gathering period.
- *Poor timeliness of feedback from respondents.* Many respondents acknowledged receipt of the questionnaire but stated that they were either on

vacation or were too busy to attend to it because they were about to go on vacation. The periods before and after the summer vacation period were hectic for the respondents.

- *Difficulty in identifying decision makers.* Allied to the difficulty associated with communicating with the target firms was the problem of identifying the key decision makers and extracting commitments out of them. This view is supported by Muller (2003), who in his study found that the logistics of distributing questionnaires was more difficult and time consuming than envisaged.

In particular, he found that (i) many companies did not have a dedicated person responsible for managing their expatriates, (ii) it was difficult to establish the identity of the appropriate person in each company who possessed the authority and information for the expatriate group, (iii) even once they were identified, it was difficult to get hold of the correct person because of tight work schedules, and (iv) there was unwillingness from the HR departments of many firms to assist with the research. Muller's frustrations are echoed by the experience of this researcher.

- *Limited sample size.* Despite Sweden being a major donor in percentage terms (see Chapter 3), in real terms the monetary value is not large, and in a country of only nine million people, the Swedish resource base is quite small. Of the 39 companies that formed the sample, in reality there are only a dozen or so that are operating in the big league; that have a track record of implementing long-term development assistance projects overseas, that are competing internationally, and that have the resources to staff them. These were the firms that were really being targeted in this research, and if any of these firms did not complete questionnaires, then this would have left a noticeable gap in the data and thus would impact the analysis.

- *Inferior method of communication.* Given the above, in hindsight it may have been better to have conducted in-depth structured interviews with those dozen firms, rather than rely on emailed questionnaires. However, adverse logistics meant that the researcher was unable to do this because he was posted overseas and had no opportunity to cost-effectively conduct personal interviews without incurring significant travel costs.
- *'Dumbing down' of questionnaire.* There were also limitations associated with the questionnaire itself. One of the key criteria during the formulation of the questionnaire was to make it user-friendly to reduce the non-response rate. This was achieved by making it quick (10-15 minutes) and easy (best guesses, rather than exact statistics) to complete. This however resulted in generalisations and approximations being made by the respondents in some cases.
- *Poor question comprehension.* Some respondents had difficulty fully understanding some of the questions. On several occasions, replies were received that did not match the replies of other respondents, or were not anticipated by the researcher (for example, see earlier commentary on Q18 or Q21). This may have been due to the questionnaire being in English, which is the second language for most of the respondents.
- *Ambiguous wording.* Others found difficulty with understanding the wording of the questionnaire. One email expressed the frustration by asking, "I have a problem by not understanding from your explanatory notes what is meant by an 'expatriate' and 'in the field'. Does it mean a non-Swedish citizen... used for projects abroad? If it only means that, then in reality there is a large difference between non-Swedish persons that work with us on a close basis and non-Swedes that we pick up in the recipient country and who work in our project. The reason for asking the questions is that I want to better understand the group you are looking at, 'expatriate' in a formal sense or

'expatriate' more in terms of persons with little and no connection to Sweden, when we talk about Swedish managed projects or projects that emanate from Swedish development cooperation".

- *Limited scope of the study.* One respondent (F8) queried the scope of the study, intimating that he thought that the idea was good, but needed expanding and reformulating. He asked, "Don't you think you will be provided with an unbalanced set of information if you only send the [questionnaire] to Swedish consulting firms? What about the people who have been stamped failures and left for other jobs in Sweden, changed line of work completely because he or she did not know that it was not their fault, that they did a professional job, but that it was the immediate environment which did not want them to succeed? And what about the donors and the recipient agencies?"

Many of these issues form the basis of recommendations for further research avenues in the next chapter.

6.5 Conclusion

This chapter presented the results revealed by the distributed questionnaires. In conclusion, the key learnings identified from the research were:

1. 86% of firms recruited expatriates both externally and internally, while 93% of firms checked the candidate's references when recruiting expatriates.
2. Most firms used a combination of CVs, references, interviews, and/or personal recommendations to recruit staff. Thirteen firms (93%) used CVs, while 11 firms (79%) used references and interviews, and 12 firms (86%) recruited through personal recommendations. Eleven firms (79%) used all

- four methods. Many firms also used a contact network for recruitment of expatriates.
3. Only 15% of companies engaged the expatriate and their family in significant pre-departure planning.
 4. Only 21% of companies always used a structured pre-departure training programme. All companies used some form of formalised selection process for selecting expatriates, with most following some form of *ad hoc* system of selection.
 5. The most important attribute when choosing an expatriate was *managerial skills* (79%), closely followed by *diplomatic skills* and *language skills* (71%), then *technical skills* and *cultural skills* (57%). The *capability and willingness of the expatriate to interact with host country citizens* received next most (50%), while the remaining three categories (*size of an expatriate's accompanying family*, *that an expatriate's family are supportive*, and *that an expatriate's family accompany them*) were significantly less important in the opinion of the respondents.
 6. Expatriate failure, defined as, "either (i) the premature return by an expatriate to the home country or (ii) the non-productive sitting out of an expatriate contract", was calculated for three different data sets. For (i) the whole sample it was 6.45%; (ii) if two firms that were uncertain about their responses are excluded, it was 5.64%; and (iii) if only the larger firms are included, it was 6.60%. The average of the three, 6.2%, was chosen as the correct figure.
 7. The most important attribute as a predictor of expatriate failure was *personal and/or emotional difficulties* (62%), followed by *cultural difficulties and differences* (46%) and *difficulty with family problems* (38%). Two options (*difficulty of expatriate in adjusting to a new environment* and *difficulty with*

- technical competency and skills*) attracted equal scores of 31%, while *difficulty of spouse in adjusting to a new environment* was the least challenging aspect of an assignment for expatriates to deal with (23%).
8. Opinion was equally split amongst the firms on whether Swedish consultancy companies exhibit lower expatriate failures than other countries' consultancy companies.
 9. The most important attributes as a predictor of expatriate success were *technical, managerial and diplomatic skills* and *social and interpersonal skills* with 86%. This was followed by *family stability and adaptability* with 79% and *cross-cultural adaptability* with 64%. Four attributes garnered 50% each: *language skills, good job/role planning support, assignee motivation* and *communication skills*. The respondents indicated that *adequacy of compensation package* (36%) and *assignee spirit of adventure/willingness to take risks* (29%) were the least important for an expatriate to be successful.
 10. The importance of a good support network from the home office, teamworking skills, high motivation, interpersonal skills and the individual's experience were the factors that contribute to an effective expatriate assignment.

7 Discussion and Analysis of Results

7.1 Introduction

In the previous chapter, which presented the information extracted from the 14 questionnaires received from the sample, a baseline understanding of the failure rate within the Swedish development cooperation industry was established (Research Question 1), and the reasons for both the success and failure of expatriates working in Swedish development cooperation determined (RQ2). Chapter 4, the literature review, identified learnings from accredited research through the identification of best practices (RQ3).

The purpose of this chapter is to synthesize the outcomes of RQ1, RQ2 and RQ3 to determine patterns, relationships and learnings between them (RQ4). The final step is to use these patterns, relationships and learnings to develop an appropriate set of principles for Swedish development cooperation to base a revised expatriate policy upon (RQ5).

7.2 Discussion and Analysis

In this section, the findings from the previous chapter are discussed and analysed to determine relationships, similarities and differences between the survey findings and the learnings identified from the literature review.

7.2.1 The Expatriate Failure Rate

Expatriate failure was defined for the purposes of this research as, "either (i) the premature return by an expatriate to the home country or (ii) the non-productive sitting out of an expatriate contract". The literature shows that the rate of expatriate assignment failures using this definition ranges from as low as 1% to as high as 50%. Table 7.1 below summarises some of the research. As can be

seen, there is little agreement about the incidence of expatriate failure rates among academic researchers. The higher rates are usually linked to assignments in underdeveloped or developing countries, and often by US companies.

Author	Date	Sample	Failure rate
Tung	1982	US multinationals	20-40%
Tung	1982	European multinationals	11-15%
Tung	1982	Japanese multinationals	11-19%
Black, Mendenhall, & Oddou	1991	American expatriates	30-50%
Solomon	1994	-	20-25%
Briscoe	1995	American firms	20-30%
Blum	1996	American expatriates	25-85%
Shay and Tracey	1997	-	up to 70%
Black and Gregersen	1999	US managers	10%-20%

Table 7.1 – Summary of failure rates identified in accredited research

The findings of this study point to an expatriate failure rate for the industry of around 6.2%, although there is enormous variation between firms. This is far less than even the most optimistic estimates quoted in Table 7.1. This could be for a variety of reasons, although applying the principle of Occam's Razor (or KISS principle) it is more than likely to be because both the firms working with development cooperation and the expatriates themselves are more receptive to the demands of working successfully overseas. Whatever the reason, it is a very encouraging result for the profession.

7.2.2 Reasons for Expatriate Failure

Tung's (1982) research on expatriate failure revealed several key reasons for failure in US, European and Japanese multinationals. They are presented in order of importance for US and Japanese companies in Table 7.2. Note,

however, that not all the predictors from the list for US multinationals are present in the list for Japanese multinationals, and *vice versa*. This makes direct comparison difficult.

US multinationals	Japanese multinationals
6. Inability of spouse to adjust	6. Inability to cope with larger overseas responsibility
7. Manager's inability to adjust	7. Difficulties with new environment
8. Other family problems	8. Personal or emotional problems
9. Manager's personal/emotional maturity	9. Lack of technical competence
10. Inability to cope with larger overseas responsibility	10. Inability of spouse to adjust

Table 7.2 - Reasons for expatriate failure (Tung, 1982)

The findings from this study have indicated the most important attributes as a predictor of expatriate failure. These are shown below adjacent to Tung's study (Table 7.3). Missing from this study is the measurement of Tung's *inability to cope with larger overseas responsibility* dimension, which accounts for the fifth most important reason for US failure, and the topmost important reason for Japanese failure.

Predictor of expatriate failure	Study Ranking	Tung's ranking	
		US	Japan
Personal and/or emotional difficulties	1	4	3
Difficulty with technical competency and skills	2	-	4
Difficulty with family problems	3	3	-
Difficulty of expatriate in adjusting to a new environment	4	2	-
Cultural difficulties and differences	5	-	2
Difficulty of spouse to adjust	6	1	5

Table 7.3 – Comparison of reasons for expatriate failure

It is assumed that Tung's *difficulties with new environment* is equivalent to this study's *cultural difficulties and differences*, and Tung's *manager's inability to adjust* is equivalent to *difficulty of expatriate in adjusting to a new environment*. What is interesting from Table 7.3 is that the topmost attribute in this study is ranked low by Tung's study (4th for US expatriates and 3rd for Japanese expatriates).

Another difference is that the literature indicates that expatriate assignments do not usually fail because the person cannot cope with the technical demands of the job. Rather, they fail because of family and personal issues and lack of cultural skills that are not part of the process in preparing the expatriate to go overseas. As Table 7.3 indicates, however, difficulty with technical competency and skills is the second most important indicator of expatriate failure in this study.

This may be because most expatriate appointments require stringent technical requirements to be met. An expatriate's experience and education need to be responsive to the Terms of Reference for the job. However, in addition to the purely technical aspects, there is usually a lot of extra 'baggage' that comes with the position; such as the delicate balancing act required to manage the agendas of multiple stakeholders.

In Tung's research on European MNCs, she found that responses were fairly mixed. Only one reason was consistently mentioned by most firms as being important for explaining failure or poor performance abroad - the inability of the spouse to adjust to a different cultural or physical environment. All the other possible reasons were perceived to have a marginal impact upon the expatriate's performance.

This viewpoint is not supported by the findings of this study. In fact, *inability of the spouse to adjust* is given the lowest rating by the respondents. This may be because of a variety of potential reasons:

- Maybe Tung's research is outdated and times have changed?
- Perhaps the sample is not representative of the population?
- Could it be that firms working in development cooperation really are different to MNCs?
- Is it possible that the age profile of expatriates in development cooperation is different to MNCs in that they are less likely to have trailing spouses?

Whatever the reason, it is very interesting and merits further research.

7.2.3 Factors leading to expatriate failure

Chapter 4 gives a summary list of the factors which, if not heeded, contribute to failure of an expatriate manager on an overseas assignment. The literature does not rank them, but in one way or another they are important factors that if not addressed will increase the likelihood of failure. Table 7.4 shows the results from the study against each factor.

Factor leading to expatriate failure	Question	Finding
Lack of a Pre-departure Training Programme	10	Below average
Poor Cross-cultural Adaptability	12, 17, 18	Good
Inability of Spouse to Adjust	12, 17, 18	Good
The Language Barrier	12, 21	Good
Family-related Problems	12, 17, 18	Good
Inability to deal with Culture Shock	-	-
Flawed Expatriate Selection	7, 8, 11	Above average

Table 7.4 – Comparison of factors leading to expatriate failure

Below are some comments about the individual factors from Table 7.4:

- *Lack of a Pre-departure Training Programme:* Only 21% of Swedish firms used a structured pre-departure training programme, which is likely to be because of the business model adopted by many firms of recruiting from a pool of well-known managers, coupled with the non-resident status of many of the expatriates. Although this can only be rated as *below average* for Swedish firms, there are perhaps justified reasons for it.
- *Poor Cross-cultural Adaptability:* Swedish firms do not rate cultural skills highly when selecting expatriates, nor do they rate the expatriate's capability and willingness to interact with host country nationals highly (Q12). However, neither do they perceive cultural difficulties as a major reason for expatriate failure (Q17, Q18) - it is ranked fifth out of six dimensions. It is assumed that expatriates who work in development cooperation are generally culturally more attuned than their international colleagues who work for MNCs, and therefore this issue is less of a concern. The ability of Swedish firms to minimise the impact of this factor is therefore rated as *good*.
- *Inability of Spouse to Adjust:* Swedish firms rate family issues very low when selecting expatriates (Q12). Family and spouse difficulties are also the least challenging for expatriates according to the respondents (Q17, Q18). This would indicate that the families of expatriates working in development cooperation are well-adjusted to the rigours of living overseas and do not need careful management. The ability of Swedish firms to minimise the impact of this factor is therefore rated as *good*.
- *The Language Barrier:* Language competence was the dimension rated second highest by Swedish firms when choosing an expatriate (Q12). This is supported by the view that language skills are one of the most important

attributes that leads to a successful assignment (Q21). It can be assumed that language competence is a major plus point in the view of the sample, and the ability of Swedish firms to minimise the impact of this factor is therefore rated as *good*.

- *Family-related Problems*: For similar reasons as for the 'inability of spouse to adjust' factor above, the ability of Swedish firms to minimise the impact of this factor is rated as *good*.
- *Inability to deal with Culture Shock*: This factor was not specifically rated by the questionnaire, but it could be argued that the factors discussed above that lead to the assumption that Swedish firms exhibit good cross-cultural adaptability are a good indicator that expatriates would be adaptable to culture shock.
- *Flawed Expatriate Selection*: A mark of 3.8 out of a possible 5 indicates an *above average* response to whether the sample use a suitable selection process (Q11), while the responses to Q7 and Q8 would seem to indicate that Swedish firms use sufficient techniques to select expatriates.

In summary, therefore, most of the factors highlighted in the accredited literature which contribute to failure of an expatriate manager are not an issue for Swedish firms working in development cooperation. If for those factors that are, there are mitigating circumstances of why this may not be an issue.

7.2.4 Factors contributing to expatriate success

Similarly, Chapter 4 summarises the factors which, if heeded, contribute to the successful completion of an overseas assignment. The literature does not rank them, but it seems that most of the factors receive high support from the study's findings (Table 7.5).

Factor contributing to expatriate success	Literature	Study
Technical, managerial and diplomatic skills	✓	86%
Adaptability of family	✓	79%
Cultural empathy	✓	64%
Cultural training	✓	64%
Adaptability to culture shock	✓	-
Language aptitude	✓	50%
Motivation	✓	50%
Be realistic in overseas assignments	✓	-

Table 7.5 – Comparison of factors leading to expatriate success

Two factors, *adaptability to culture shock* and *realism in overseas assignments* were not specifically asked about in the questionnaire. However, it could be argued in the case of the former that high regard for cultural empathy and cultural training by the sample firms are a good indicator that expatriates would be adaptable to culture shock. Similarly, some of the dimensions in the questionnaire were not specifically covered in the literature review. However, some issues - such as social, interpersonal and communication skills – could be said to be covered in the ‘technical, managerial and diplomatic skills’ factor above.

As can be seen, the study’s findings generally support the factors identified in the literature. The conclusion is that Swedish firms are using appropriate best practice in their expatriate management processes and are receptive to the indicators that lead to the success of an expatriate assignment.

7.2.5 Issues arising from informal discussions

Informal discussions with colleagues, HR managers and expatriates themselves led the author to conclude that Swedish firms working in development

cooperation are generally in a good position relative to MNCs with respect to better performance during an overseas assignment.

Because development cooperation embraces 'softer' issues in addition to technical competence, expatriates working in development are more likely to be culturally sensitised to working overseas. Swedish firms working in development cooperation are used to managing a diverse cultural workforce and are generally comfortable with managing people from different cultures, religions, languages and values.

However, one respondent (F8) gave the opposite view, and was scathing of the Swedish resource base. He questioned the capability of Swedish firms to adapt to the impact of globalisation, stating, "In my opinion, the unique characteristics of Swedish development cooperation firms are that they maintain a significantly lower quality as compared to any other organization in Sweden, and [...] I mean ANY other. I have myself worked as consultant, contractor, teacher, development worker, etc and I have so far not yet faced such low quality environments, as compared to Swedish consulting firms".

It is clear that F8 has an extremely low opinion of his Swedish colleagues in development cooperation. F8 also had a wider interpretation of 'failure' than inferred by the narrow definition in the questionnaire. As he said, "What does it mean by "failure"? Does it mean the firm stamps you as a failure, the donor does, or the ministry does? The bottom line to me is that I felt the [questionnaire] did not 'catch' the problem issue, regarding failures and successes". He obviously felt that the questionnaire did not accommodate what he thought were key issues.

As Forster (1997) discusses in depth, should the narrow definition of the expatriate failure rate be expanded to include:

- Every premature return - even if it is beyond the control of the employee (for example, a company pulling out of a foreign operation)?
- Those who return early because the assignment is successfully completed ahead of schedule?
- The failure of companies to ensure equality of opportunity on international assignments for female employees (in terms of the range of countries and positions they are selected for)?
- Those who return home early to a post at home or those who are poached by another company while on an assignment?
- Those who are performing poorly abroad without the knowledge of the home company (of which there is clear evidence in this research)?
- Those who experience problems after repatriation in terms of downward mobility or redundancy?
- Those partners who have had to interrupt (or give up) their careers to accompany an employee on an international assignment?
- Families who have experienced stresses and strains while abroad and are unenthusiastic about assignments in the future?
- Those companies who are coping with the development of international managers in an essentially *ad hoc*, reactive and short-term fashion?

The opinions of F8 can be taken in two ways: either ignored (in measurement terms, treated as an outlier), or as a clarion call for change in the industry – someone to be listened to and heeded. The nature of the correspondence between the researcher and F8 went beyond the realms of this study and it would be remiss to bring in F8's commentary in email exchanges into this study at this stage as it would skew the analysis considerably.

Suffice it to say, detailed structured interviews with F8 could form the basis of an interesting extension to this study and worthy of further research.

7.2.6 Nordic characteristics

One issue touched upon in the last chapter was the problems related to dual-career couples. In the Scandinavian countries, traditionally both spouses have careers. Since Scandinavians probably form the largest source of expatriates, a major constraint, therefore, to successful expatriate recruitment for Swedish firms is the juggling of two careers.

Paik, Segaud and Malinowski (2002) studied the differences between respondents from US and Scandinavian countries. They found some interesting issues that go some way in answering why certain findings from this survey are as they are. These include:

- There exists a greater sense of loyalty between employees and employer, partly attributable to greater job security and opportunity within a company.
- Scandinavian governments provide social welfare benefits via taxation. This provides stability to the expatriate and their family to the extent that they do not have to worry about such things as health coverage and retirement benefits.
- Scandinavian governments have implemented regulations that protect the job of a spouse while the other accepts an international assignment.
- Scandinavians view themselves as having strong family bonding that does not require the intervention of outside parties. Aside from assistance for housing and schooling, they do not think that the company should be responsible for their spouse and children. American expatriates ask for more personal assistance for family members.

- Companies in Scandinavia generally have a flatter organisational structure. Promotions are therefore not as highly sought after among repatriates.

Such differences could explain why failure rates are lower in Scandinavian companies than for US firms.

This is reinforced by Tixier (1996), who indicates that the Swedish management style is characterised by an aversion to conflict and the early resolution of problems, usually through an elaborate consultation process and always with respect for the individual. This system of consensus decision making has created a climate of good information exchange and communication, and particularly in the handling of human resources gives Swedish firms an advantage.

Another key facet is the importance attributed to teamwork and empowering people in Swedish firms (Tixier, 1996). Because responsibility is highly delegated, Swedish managers generally have a good ability to manage human resources and can appreciate the qualities of their personnel. This applies to the expatriate management process also.

7.3 Principles of Expatriate Policy

In the post-Cold War international environment, what seems indisputable is that the amount of financial aid that donor agencies provide is gradually decreasing. This decrease is the result of a number of factors:

- the lessened importance of aid for strategic foreign policy planning
- the fiscal problems reported in OECD countries
- a general growth in private capital flows to developing countries

It is within this environment that donors must ask themselves how development assistance can be most effective at reducing global poverty. The answer is to

target aid to countries with good institutional and policy environments to make their dollars, pounds and kronor more effective.

This is the challenge for Swedish firms working with development cooperation. Their expatriate policies must adapt also. Firms dependent on the flow of donor money must move with the financiers into these new areas and sectors. Below, therefore, are three key principles that this research study indicates will assist in keeping the target firms at the competitive edge in this evermore chaotic business environment:

1. **Good candidate selection:** The selection of expatriates is the most crucial phase faced by firms. Firms with lower failure rates tend to adopt different criteria for selecting candidates. This is a result of their recognition that different jobs involve varying degrees of contact with other cultures and varying durations of stay in a foreign country. Each assignment should be viewed on its merits. In each instance, the selection of the right person to fill the position should be made only after a careful analysis of the task, the country, and the personality characteristics of the candidate.
2. **Provide cross-cultural training:** Firms need to actively support the adjustment process of their expatriate managers. Cross-cultural training should be provided before, during, and after the assignment. In addition, firms should be sensitive to the delicate balance between the interest of the parent and the host firm that executives need to maintain, listening and working with them to define and achieve common goals. Since different jobs call for different degrees of expertise in relating to members of another culture, it would not be appropriate to prescribe the same training programme for all expatriates.
3. **Develop a comprehensive expatriate policy document:** It should include an overview of the company's philosophy towards expatriation and the

administrative background regarding the process and a workable plan for the various phases of the expatriate assignment (pre-departure, relocation, settling-in and repatriation). It should provide a mechanism for continuous support of the expatriate in the field from the head office.

7.4 Conclusion

The international world is dramatically changing, presenting a challenge to organisations to manage that change using the most effective international managers they can produce. Meeting that challenge requires dynamic, creative, well-trained personnel, competent in functional skills but equally competent in managing in the variety of different cultural settings with which they will be expected to operate.

The following conclusions can be made regarding expatriate policies and procedures of Swedish firms working in development cooperation:

- They generally have a *below average* rating for using a structured pre-departure training programme
- They generally have an *above average* rating for their recruitment practices
- They generally have a *good* rating for cross-cultural adaptability
- They generally have a *good* rating for language skills
- They generally have a *good* rating for family and spouse issues
- They generally have an *above average* rating for their expatriate selection procedure

From the above discussion, it can therefore be concluded that Swedish firms are significantly more successful than their US, Japanese and European counterparts. Swedish companies apply average expatriate policies and procedures when compared to international best practices. This dramatic

performance difference can therefore not solely be explained by the policies, procedures and practices applied to Swedish firms.

There are, however, a number of situational factors that could contribute substantially to the fact that Swedish firms are normally more tolerant than American, Japanese and European expatriates of difficult circumstances during their expatriate assignment periods. The reason for the low failure rate of Swedish firms may therefore be explained by:

- The relative good policies and procedures that Swedish firms apply
- The diverse exposure to cross-cultural management that Swedish firms are subjected to in day-to-day management

There are limitations to the conclusions presented here. First, the available research is based primarily on the experiences of US expatriates working abroad. Although many of the conclusions should apply to expatriates regardless of nationality, the unique aspects of every culture should not be ignored. Similarly, most expatriate managers are probably male, and the conclusions presented here are based primarily on male samples. Although not measured in the study, the researcher is sure that the percentage of female expatriates working in development cooperation is significantly higher than the average. This will affect the outcome, and should not be ignored.

Finally, the researcher echoes the conclusion reached by Anne-Wil Harzing, who in a 2001 article stated that "too often expatriate management has been seen as a one size fits all exercise and that closer attention to the functions of international transfers and HRM practices tailored to these functions might make expatriate assignments more successful". This study scratches the surface; more breadth and depth is required to prove or disprove some of the conclusions drawn here.

7.5 Recommendations

Based upon the outcomes of the study, the researcher proposes the following overall recommendations for further research: (i) the problem areas identified in the limitations section of this study (Section 6.5) should be investigated in more detail with a view to redesigning the process to be more receptive to the research questions, and (ii) a more in-depth study is necessary to determine precisely why Swedish firms working in development cooperation exhibit a lower failure rate than their international colleagues.

Expanding upon this a little more, the following research themes in particular merit further attention:

1. Exclude companies below a certain size; perhaps based on turnover or number of employees. By way of example, of the 14 completed questionnaires used in this study, nine can be considered from the core group, while the remaining five were from firms with less than 10 employees. It is probable that the responses from these five firms created a skew bias when given the same weighting as the data from the core group. In hindsight, it may have been better to exclude these non-core small firms from the sample.
2. Conduct in-depth personal interviews with the sample instead of relying on questionnaires. This may give a more responsive answer.
3. Compare the findings of the study with data from Swedish businesses. Many firms operate overseas - for example, Ikea, H&M, Volvo, ABB, and Ericsson – and a comparison with this sector would indicate whether the low failure rates are a purely Swedish phenomenon or wholly due to the nature of development cooperation.

4. Modify or expand the questionnaire to include issues that need addressing when considering the frustrations highlighted in Chapter 6. This may mean the utilisation of more complicated statistical analysis techniques or conducting the survey at a different time of the year to see if there is a different result.
5. Incorporate the opinions of expatriates themselves, in addition to their home office managers, by sending them questionnaires to get a clearer understanding of the mechanisms governing the expatriate management process. This can also be further subdivided into returned expatriates and/or practicing expatriates, for example.
6. Design the study to incorporate other reinforcing sources of information. Some kind of triangulation process could be used, for example, whereby at least three sources of information are investigated. When two or more sources coincide or support one another, then tentative conclusions could be formulated. An anthropological or analytical practical study could be designed, and one or more actual development cooperation projects investigated in which all parties are interviewed. This could be supplemented by a thorough review of project documentation to check what the actual situation was.
7. Expand the target population to include other actors working on the delivery of goods, services or works in Swedish development cooperation apart from consultancy companies. This would include NGOs such as the Swedish branches of the Red Cross and Save the Children, and state agencies such as the Nordic Africa Institute, the National Forestry Board and Statistics Sweden. Another option might be to further broaden the survey to make it pan-European.
8. Look also at short-term inputs to see if there is a difference when compared to the long-term assignments used in this study.

9. Expand the scope of the study to encompass, for example, an analysis of compensation packages or repatriation programmes to see how they affect the findings of the study. One could also investigate what the influence of Swedish regulatory legislation is on expatriate assignments, and whether it contributes to the high tolerance levels that expatriate managers have to endure on difficult assignments. Further analysis could be done on determining how the diverse cultural environment in which Swedish companies operate contributes to the success of their expatriates.

However, note that many of these recommendations are of a breadth or depth that is outside the scope of a research study such as this: rather they are more suitable for postgraduate doctoral research.

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Annexure A Questionnaire

Attached is the 3-page questionnaire used for the study, together with a copy of the Covering Letter and Executive Summary distributed to the population sample.

QUESTIONNAIRE											
Introduction											
Name: <input style="width: 90%;" type="text"/>	Position: <input style="width: 90%;" type="text"/>										
Company: <input style="width: 90%;" type="text"/>	Address: <input style="width: 90%;" type="text"/>										
Tel: <input style="width: 90%;" type="text"/>	Email: <input style="width: 90%;" type="text"/>										
Part 1: General Information											
1 How many employees are working at your company?	<input style="width: 150px; height: 20px;" type="text"/>										
2 How many expatriates does your company currently have in the field?	<input style="width: 150px; height: 20px;" type="text"/>										
3 To which countries/regions do you send most of your expatriates?	<input style="width: 150px; height: 20px;" type="text"/>										
4 How many expatriates has your company sent out within the last five years on long-term assignments (more than 12 months' duration)?	<input style="width: 150px; height: 20px;" type="text"/>										
5 How certain are you of these figures? (1 = Very Uncertain, 5 = Very certain)	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="padding: 2px 5px;">1</td> <td style="padding: 2px 5px;">2</td> <td style="padding: 2px 5px;">3</td> <td style="padding: 2px 5px;">4</td> <td style="padding: 2px 5px;">5</td> </tr> <tr> <td style="text-align: center;"><input type="radio"/></td> <td style="text-align: center;"><input type="radio"/></td> <td style="text-align: center;"><input type="radio"/></td> <td style="text-align: center;"><input type="radio"/></td> <td style="text-align: center;"><input type="radio"/></td> </tr> </table>	1	2	3	4	5	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1	2	3	4	5							
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>							
6 Does your company mainly recruit expatriates internally, externally, or both?	Int. <input type="radio"/> Ext. <input type="radio"/> Both <input type="radio"/>										
7 If you recruit externally, do you usually check the candidates' references?	Yes <input type="radio"/> No <input type="radio"/>										
8 Which of the following do you normally use to recruit candidates?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input style="width: 150px; height: 20px;" type="text"/>										
9 To what extent does your company engage the expatriate and their family in pre-departure planning? (1 = Very little, 5 = Very much)	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="padding: 2px 5px;">1</td> <td style="padding: 2px 5px;">2</td> <td style="padding: 2px 5px;">3</td> <td style="padding: 2px 5px;">4</td> <td style="padding: 2px 5px;">5</td> </tr> <tr> <td style="text-align: center;"><input type="radio"/></td> <td style="text-align: center;"><input type="radio"/></td> <td style="text-align: center;"><input type="radio"/></td> <td style="text-align: center;"><input type="radio"/></td> <td style="text-align: center;"><input type="radio"/></td> </tr> </table>	1	2	3	4	5	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1	2	3	4	5							
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>							
10 Does the company have a structured pre-departure training programme for expatriate managers?	Yes <input type="radio"/> No <input type="radio"/>										
11 To what extent does your company use an effective selection process in selecting expatriates for assignment? (1 = Never, 5 = Always)	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="padding: 2px 5px;">1</td> <td style="padding: 2px 5px;">2</td> <td style="padding: 2px 5px;">3</td> <td style="padding: 2px 5px;">4</td> <td style="padding: 2px 5px;">5</td> </tr> <tr> <td style="text-align: center;"><input type="radio"/></td> <td style="text-align: center;"><input type="radio"/></td> <td style="text-align: center;"><input type="radio"/></td> <td style="text-align: center;"><input type="radio"/></td> <td style="text-align: center;"><input type="radio"/></td> </tr> </table>	1	2	3	4	5	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1	2	3	4	5							
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>							
12 Which of these attributes do you consider are most important when choosing an expatriate?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>										

Part 2: Expatriate Failure

Expatriate failure is defined as either (i) the premature return by an expatriate to the home country or (ii) the non-productive sitting out of an expatriate contract.

13 What percentage of expatriates your company have sent out within the last five years on long-term assignments (more than 12 months' duration) have returned prematurely?

0	1-2%	2-5%	5-10%	11-20%	>20%
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14 How certain are you of these figures? (1 = Very uncertain, 5 = Very certain)

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

15 What percentage of expatriates your company have sent out within the last five years on long-term assignments (more than 12 months' duration) have been non-productive?

0	1-2%	2-5%	5-10%	11-20%	>20%
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

16 How certain are you of these figures? (1 = Very uncertain, 5 = Very certain)

1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Part 3: Success and Failure

17 Bearing in mind the expatriates (if any) who have failed, which of the following aspects of an assignment do you think are the most challenging for expatriates?

- * Difficulty of expatriate in adjusting to a new environment
- * Difficulty of spouse in adjusting to a new environment
- * Difficulty with family problems
- * Personal and/or emotional difficulties
- * Difficulty with technical competency and skills
- * Cultural difficulties and differences
- * Other (please specify)

18 Choose the three aspects you think are most important and rank them 1 to 3 in decreasing order of difficulty (i.e. 1 = most challenging)

- * Difficulty of expatriate in adjusting to a new environment
- * Difficulty of spouse in adjusting to a new environment
- * Difficulty with family problems
- * Personal and/or emotional difficulties
- * Difficulty with technical competency and skills
- * Cultural difficulties and differences
- * Other

19 In general, do you think that Swedish consultancy companies working in the development cooperation field exhibit lower expatriate failures than other countries' consultancy companies?

Yes No

20 Why?

21 Which of the following aspects of an assignment do you think are the most important for an expatriate to be successful? Rank them 1 to 5 in decreasing order of importance (i.e. 1 = most important)

- * Cross-cultural adaptability
- * Technical, managerial and diplomatic skills
- * Family stability and adaptability
- * Good job/site planning support
- * Assignee motivation
- * Social and interpersonal skills
- * Adequacy of compensation package
- * Language skills
- * Assignee spirit of adventure/willingness to take risks
- * Communication skills

<input type="checkbox"/>
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22 Are there any other important criteria that contribute to an effective expatriate assignment?

23 In your opinion, when compared to the business sector, what unique characteristics does the international development cooperation field have that may increase the rate of expatriate success or failure?

24 Is there any other information that you think may be useful to include in my research that is not covered in the questionnaire?

Thank you for your cooperation in completing this questionnaire.

Please save your answers and email it back to me at richard.dewet@hifab.se

Be rest assured that your responses will remain confidential.

To:
Company name
Address



Richard de Wet
Resident Representative
Hifab International
Bangladesh

Tel: +880 (2) 8811955
Fax: +880 (2) 8821097
Mob: +880 (171) 591943
E-mail: richard.dewet@hifab.se

Dear XXX

Research Project on Expatriate Management Practices

I am a final year MBA student at the UNISA Graduate School of Business Leadership, South Africa (www.sblunisa.ac.za). I am currently working for Hifab International in Bangladesh. In order to complete my studies I have to submit a comprehensive piece of research. The research project that I have chosen is entitled: "*A holistic analysis of expatriate failure rates within Swedish development cooperation*".

The global body of knowledge estimates the expatriate management failure rate as high as 40%. Unsurprisingly, this research is based primarily on the performance of American, European and Japanese expatriate managers working for multinational corporations.

The dilemma within the industry is to determine what can be done to reduce expatriate failure rates of staff on long-term Swedish development cooperation assignments to improve efficiency. My study will investigate expatriate success and failure rates within Swedish development cooperation and what learnings can come out of it. An *Executive Summary* of my research proposal and a confidentiality letter from UNISA are attached.

I therefore request that you assist my research by completing the attached questionnaire. It shouldn't take more than 10 minutes of your time to fill in. Please return the completed questionnaire to me at richard.dewet@hifab.se. I will abide by any confidentiality requirements that you may impose.

Thank you sincerely for your kind assistance. Please do not hesitate to contact me in Dhaka or my colleague Mr Lennart Lindström (08-546 6644) in Stockholm should you require further assistance or clarification.

Yours faithfully,

Richard de Wet

Date: 11/06/2005

Ms C Strasheim
Manager: MBL3
CStrasheim@sbleds.ac.za
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Fax: +27 11 6520299

EXECUTIVE SUMMARY

"A holistic analysis of expatriate failure rates within Swedish development cooperation"

The focus of the study is all expatriates posted overseas in the last five years for a period of 12 months or more by Swedish consulting companies on international development cooperation assignments. The sampling frame will comprise the personnel managers (or equivalent) of Swedish companies who have won contracts with bilateral or multilateral aid agencies in the last five years.

Literature reports failure rates of up to 40% for American, Japanese and European expatriate managers. Are the same failure rates valid for Swedish expatriate managers working in development cooperation? To what extent can US, European and Japanese research be applied to this target population?

The research objectives of this study are to:

1. To obtain statistics to establish a baseline understanding of the failure rate within the Swedish development cooperation industry;
2. To determine the reasons for both the success and failure of expatriates working in Swedish development cooperation;
3. To identify learnings from accredited research;
4. To synthesize the outcomes of objectives 1, 2 and 3 above to determine patterns, relationships and learnings between them; and
5. To use these patterns, relationships and learnings to develop an appropriate set of principles for Swedish development cooperation to base a revised expatriate policy upon.

The following steps describe how the objectives will be achieved:

- Present a questionnaire to the Managing Directors or HR Managers of approximately 30 companies for completion to gather information regarding expatriate failure and management practices
- Complete a thorough literature review to determine internationally accepted "best practices" for expatriate assignments
- Compare the findings of the questionnaires with internationally accepted "best practices"
- Propose "best practices" applicable to expatriate assignments for Swedish firms working in development cooperation

Annexure B Company Profiles

To give the reader an indication of the nature of the businesses of the consulting companies used as the sampling frame, brief biographies of the 14 companies that responded positively to the questionnaire are presented below in alphabetical order:

- **Graphium Consult** was founded in 1979 and is now a wholly-owned subsidiary of Ångpanneföreningen (ÅF), one of the major technical consulting companies in Europe. Graphium Consult provides consulting services in printing and publishing. The company also supplies equipment and consumables to printing plants around the world, both in connection with specific projects and as an independent supplier.

Graphium Consult has carried out a large number of assignments for donor organisations, governments, and commercial companies worldwide. Printing technology, newspaper production and educational publishing assignments have involved feasibility studies, technical and economic studies, project plans and project evaluation. The company has managed technical projects at company level as well as national reforms for the supply of textbooks.

Graphium Consult has supplied printing equipment for the VETA (Vocational Education and Training Authority) Graphics School in Tanzania, a project financed by the African Development Bank, for the daily newspaper *Noticias* in Mozambique and for several other companies in Africa. Graphium Consult is also handling the procurement for UNICEF textbook projects in the Middle East.

The main focus has always been on the textbook sector, and has involved governments, educational institutions, and parastatal and private-sector publishers and booksellers. Projects have included the transfer of technical,

pedagogical and commercial expertise, for example concerning textbook development, contracts and copyright, editing, layout and illustration, commercial planning, production, marketing, warehousing and distribution, administration and financing.

Training programmes have taken the form of in-service courses in the country concerned or in Sweden. Projects in printing have been carried out in Cuba, Ethiopia, Guinea-Bissau, Mozambique, Nigeria, Tanzania and the Middle East.

- **Hifab International** is a *Management Consultant in International Development*, with a list of reference projects in over 100 countries from more than 30 years of operations, and with overseas offices in several key project regions. The company has a close relationship with most of the major International Financing Institutions including the World Bank, the Regional Development Banks, UN organisations, European Union lending institutions and donors, as well as a number of bilateral organisations.

The bulk of Hifab International's services are performed as advisory service contracts where management of projects is combined with technical expertise. Services include the implementation of international development projects, project management support, technical support, capacity building and institutional strengthening, training and competence development, and international procurement. Common to all projects is that they include components of institutional capacity building and training, and are gender and environmentally mainstreamed.

The services depicted above are utilised within the following core sectors where Hifab International is particularly active; infrastructure development and rehabilitation, environmental management, water supply and sanitation, and rural and urban development.

- **OPTO International** is a Swedish project management and consulting company whose mission is to provide disadvantaged people in developing countries with a better life. They do this by providing project management services to development cooperation agencies such as Sida, the regional development banks and the World Bank. This is usually done in combination with in-country technical assistance services aimed at sustainable development of natural and cultural resources, poverty alleviation and good governance.

OPTO is a subsidiary of the Australian-based GRM International Group, which is a network of leading resource and development management companies that brings together over 35 years of development experience for government and private clients, and 30 bilateral and multilateral agencies in 125 countries. Its expertise and experience significantly improve the development outcomes of projects across the world.

OPTO is at the forefront of the design and implementation of sustainable development activities, with a special focus on process-orientated development approaches and economic growth, incorporating a genuine gender mainstreaming perspective. The company offers considerable project management experience and expertise that is based on its guiding principles of participation and facilitation, planning, monitoring and evaluation, and social, economic and environmental sustainability.

Relevance and effectiveness are basic aspects for implementation of any development programme. In order to fulfil these aspects, OPTO tries to ensure that poverty alleviation, economic expansion, governance and capacity building, sustainability, community participation and gender mainstreaming are taken into account in all its assignments. OPTO's current project portfolio is concentrated in Albania, Serbia and Montenegro and the

Balkan region. OPTO's current project portfolio is concentrated in Albania, Serbia and Montenegro and the Balkan region.

- **ORGUT Consulting** provides advisory and project management services in rural development and natural resource management. Since its establishment in 1973, ORGUT has carried out over 500 assignments in around 50 countries in Africa, Asia, Europe and Latin America. The company is fully owned and controlled by its employees.

ORGUT has the technical, logistic and administrative capacity to undertake long-term development projects as well as shorter planning, feasibility and evaluation assignments. Among the company's 19 permanent staff members are specialists in agriculture, forestry, ecology, economics, institutional development, land management, sociology and social anthropology. ORGUT also has 100 professionals employed in long-term projects abroad and works closely with a large network of international and local organisations. In addition to its headquarters in Stockholm, ORGUT has representative offices in Ethiopia, Nicaragua, Tanzania and Vietnam.

ORGUT's main area of operations is the natural resources sector, always with a comprehensive overview where economy, ecology and sociology are looked upon as integrated parts of a sustainable entity. Their competence covers long-term strategic and short-term operational planning, human resource development, capacity building as well as income generation, product development, marketing strategies and business management.

- **SALA International Development Agency (SALA IDA)** supports democratic community planning and administration at the local and regional levels, using knowledge and experience from Swedish local and regional government. The company is owned by the Swedish Association of Local Authorities and Regions (SALAR). Since August 2000, SALA IDA has been a joint stock

company, and currently employs 15 persons full time with a turnover in 2004 of about US\$7 million.

SALAR started its involvement in international development in the mid 1980's, with projects supporting decentralisation and democratisation in southern Africa. At the request of Sida, this activity was expanded to cover other parts of the world. The collapse of the Soviet Union in 1991 marked a turning point for the company, which led to a sharp increase in the demand for Swedish support on the local level. Starting out as a small unit run by a number of enthusiasts within SALA, the operation has now developed into a fully-professional consulting firm.

SALA IDA receives all its funding externally, principally through Sida and the EU. But in spite of its financial independence, SALA IDA relies heavily on its links to its parent organisation, thereby gaining access to more than 500 experts working within the associations and more than 800 000 people employed by Swedish municipalities.

SALA IDA contributes to international development cooperation by executing projects in order to strengthen local democracy and local self-governance in developing and transitional countries. The company's foreign counterparts are mainly local, regional and national institutions and Local Government Associations (LGA). Currently, SALA IDA has projects in Central and Eastern Europe including Russia, Africa, Asia, Central and South America.

- **Sapsama** is a small consultancy firm based in Sweden which operates abroad. Since it commenced operations in 1995, turnover has been about US\$2 million. Sapsama has been involved in a wide variety of development challenges in different sectors, in different countries, and on contract by a multitude of different clients.

Sapsama provides consulting services within development cooperation projects. The company has completed rural development, procurement, transport, capacity building, institutional development and education projects in Laos, Indonesia, Bangladesh, Botswana and Vietnam for clients including Sida, Danida, EU, World Bank and ADB.

Generally, depending on the nature of the projects, associations are formed with international or local firms to strengthen capacity and enable successful cooperation. The company encourages engagement of local professionals in order to reduce costs, stimulate local professional employment and to upgrade local capacity.

The company has an extensive contact network with other consultants and organisations, in this way being able to offer knowledge and services as well as a complete database of candidates to fill the requirements of the client. As an independent firm, Sapsama has no permanent links with other suppliers, consultants or contractors, which is considered an important requirement for unbiased performance.

- **Scanagri** works with key issues within the agriculture, rural development, environmental and natural resource management sectors. The company provides project management services and technical assistance to support sustainable social, environmental and economic development.

The Scanagri Group is built on the expertise of a number of individual agricultural consulting companies in Denmark, Finland, Sweden and Poland, some with working experience since 1975. As of 2004, the Scanagri Group is fully owned by the NIRAS Group, one of Denmark's largest firms of consulting engineers and planners with 850 employees. This provides the company with a solid financial foundation and gives clients access to a comprehensive resource base of up-to date expertise within agricultural and forestry

production and processing technologies, rural livelihood development and institutional building.

Since 1975, Scanagri companies have successfully implemented several hundred projects in more than 100 countries. Currently, the Scanagri Group is implementing assignments, through its own companies, representative offices or project offices, in about 40 countries. The company has worked in Eastern Europe since 1990 implementing more than 200 assignments successfully supporting transition, privatisation and structural changes in the rural sector as well as working with sustainable management of natural resources.

In Asia, Scanagri has been engaged in more than 15 countries implementing more than 100 assignments primarily supporting rural development and sustainable natural resource management. The company has operated in more than 35 countries in Africa since its foundation. Services have ranged from assignments related to natural resource management to broader rural development projects and steering of policy-oriented processes.

Scanagri combines in-house technical and administrative knowledge with the practical and business orientated experience from the versatile Scandinavian agricultural and forestry organisations, members and commercial companies. The company's external experts include expertise from Arla Foods, Danish and Swedish meat organisations, and agricultural advisory services. They all play an active role in the implementation of Scanagri projects.

- **SIPU International** is a consultancy and training organisation specialising in public sector development with a turnover in 2003 of €9.0 million. SIPU - the Swedish Institute for Public Administration - has over 20 years experience of providing training and consultancy services to transitional and development countries. They have worked with a range of bilateral and multilateral donors and have experience from working in some 40 countries in Africa, Asia,

Eastern Europe, CIS and Latin America. In all, SIPU has experience of performing some 300 consultancy assignments all over the world.

SIPU was established in 1979 as a Government agency providing training and consultancy services to the Swedish civil service. In 1992 the institute was privatised and is now owned by its senior staff. SIPU employs more than 50 full-time staff based in both Stockholm and project offices abroad. In addition, they have a roster of more than 150 experienced short-term associated consultants and experts of various nationalities in all areas of public management and related fields.

SIPU have performed consultancy assignments for a range of bilateral and multilateral donors including Sida, Danida, Norad, DfID, the World Bank, the Regional Development Banks, the European Union, the Nordic Development Fund, and the UN system.

- **Swedesurvey** is a state-owned company that is internationally recognised for its innovative approach to land management and use of geospatial data. The company provides clients throughout the world with customised solutions. Swedesurvey's full service support is often based on institutional cooperation and they have full access to all the resources of the National Land Survey of Sweden. Operating turnover in 2001 was around \$1.2 million.

Swedesurvey's consultants have long and extensive experience of working with land management, both in Sweden and overseas. They provide customised solutions irrespective of social, judicial, or technical disparities. The company's areas of expertise include land policies, land registration and legislation, cadastral procedures, land redistribution, land use planning, acquisition, property valuation and taxation, and urban and rural development.

Products and services that the company provides include the integration,

distribution, and utilisation of geospatial data, digital orthophoto mapping, digital terrain models, aerial photography based on GPS technology, satellite imagery and remote sensing, surveying, data conversion and GIS applications.

Swedesurvey's key capabilities cover commercialisation and market orientation, financing and cost recovery, strategic planning, public relations, and quality assurance. Training at all levels and for a variety of professional skills is of fundamental importance to support capacity building in land administration and mapping organisations. The company therefore arranges international courses and seminars, support to in-house courses, and on-the-job training.

Around 50% of the company's assignments are financed either by international banks and institutions. The company is mainly active in Europe, particularly countries such as the Commonwealth of Independent States, Russia, the Kyrgyz Republic, Moldova, Belarus, Latvia, Lithuania, Greece and Slovenia.

- **SwedPower**, a subsidiary of the European energy company Vattenfall, is the leading Swedish consultancy company in the energy and power sector. With technical, management and environmental consulting services, the company covers the entire energy sector from fuel, generation, power networks to sales and trading.

SwedPower has approximately 530 employees and a turnover in 2004 of around \$85 million. It has more than 20% of the Swedish market and 15-20% of Sweden's consulting export market in the power sector. The company implements around 1,500 assignments per year.

Over the years, SwedPower has operated in over 90 countries, with assignments in more than 35 countries annually in developing as well as in industrialised nations. The company is particularly active in the Nordic countries, Europe, Africa and the Middle East, Asia and Latin America, and has ten offices in Sweden and representation in eighteen other countries.

Working in close cooperation with customers, the company's consultants develop cost-effective, reliable and sustainable solutions, improving the customers' assets and operations. Its utility background combined with its cooperation with various national authorities, research institutes and independent consultants, enables SwedPower to truly represent the full extent of the Swedish energy sector know-how and expertise.

Being a utility-owned consultant, SwedPower has access to the latest R&D as well as support and experience from the many power installations, transmission and distribution systems, power trade systems, laboratory facilities and training centres operated by its owner in Sweden, Germany and Poland.

- **SweRoad** was established in 1982 as a subsidiary of the Swedish National Road Administration (Vägverket). The company therefore has access to SRA's vast manpower resources, technical information and know-how, and can thereby cover the full range of consultancy services. The company has approximately 50 employees and a turnover in 2004 of around \$10 million.

SweRoad's mission is to provide consultancy services within the road and transport sector to clients outside Sweden by utilising the knowledge available within authorities and organisations dealing with road, traffic and the transport sector. Its main fields of activities are institutional development and management support, maintenance planning and organisation, road safety

programmes and implementation, road and transport training programmes, environmental management and public transport.

Due to its close ties with the Swedish authorities, it is natural for SweRoad to work in close cooperation with road and transport authorities in other countries. SweRoad currently has branch offices in Laos, Saudi Arabia, Sri Lanka, Thailand, Tanzania, Lesotho, Malawi, United Arab Emirates, Serbia and Albania.

- **WSP International** is a management and engineering consultancy company that offers a wide range of services aiming to create conditions and solutions that promotes sustainable development. WSP International Sweden originates from the merging of the international operations of two major Swedish consulting firms, KM (Kjessler & Mannerstråle) and J&W (Jacobson and Widmark). It is part of the WSP Group, headquartered in the UK, with some 5,000 combined employees.

The company's scope of services reflects WSP's multi-disciplinary business providing management and consultancy services to the built and natural environment. Primary markets are Central and Eastern Europe, Africa, Asia, and Latin America, working in close cooperation with all integral parts of WSP Group. WSP International Sweden also assists WSP Europe in developing the WSP's activities in Central and Eastern Europe and the Nordic countries outside Sweden.

The company has a strong presence in each local market that it operates, while its global network of interacting professionals harbours the competencies and resources necessary to achieve optimal solutions. The company is mainly active in the infrastructure, health, education, water supply and sanitation, environmental management, and rural and urban development sectors.

Clients include all the main international, multilateral and bilateral funding agencies such as Sida, European Commission, European Bank for Reconstruction and Development, World Bank, Nordic Development Fund, Asian Development Bank, Inter American Development Bank and African Development Bank. Most assignments are financed by these organisations in the form of grants and loans.

- **ÅF Energi & Miljö Group** employs a total of 2,750 consultants at offices in Sweden and the other Nordic countries, the UK, France, Spain, Germany, Poland, Czech Republic, Guatemala and South Africa. Group annual turnover totals around \$300 million, with assignments outside Sweden accounting for roughly a quarter of all business.

The company's first name translates as the South Sweden Steam Generator Society. The organisation was founded in 1895 to test and inspect boilers and steam generators. AB Ångpanneföreningen was restructured in 1981 and was listed on the Stockholm Stock Exchange in 1986.

Over the past century the company's business activities have changed almost beyond recognition and today the ÅF Group carries out assignments in projects relating to development, plant and technical installations. The company combines cutting-edge expertise in IT and engineering, innovative thinking and state-of-the-art technology with a century of close contact with Swedish industry.

Although the majority of projects are commissioned by Swedish clients, the ÅF Group's international projects funded by development aid are administered via ÅF-International. Clients are typically a national or international organisation such as the Swedish International Development Cooperation Agency (Sida), the World Bank, the United Nations, EU funds, the European Development Bank, etc.