



REVISTA ELETRÔNICA DE
NEGÓCIOS INTERNACIONAIS

v.9, n.1, p.83-102, jan./abr. 2014

<http://internext.espm.br>

ISSN 1980-4865

Article

FRAMEWORK OF THE EXPATRIATION STRATEGY IN THE SPHERE OF THE INDIVIDUAL, OF THE ORGANISATION AND OF THE INTERNATIONAL ENVIRONMENT

Márcia Zabdiele Moreira¹

Júlia Luz Norões²

Mário Henrique Ogasavara³

Abstract: Expatriated managers play an important role in implementing the strategic objectives of multinational companies. The purpose of this study was to analyse the expatriation strategy in its three frameworks – of the expatriated, of the multinational company and of the international environment. These elements have been approached in the literature in a segregated way. Besides investigating the internal conditions regarding the resources, the multinational companies must also characterise the fundamental components which permeate the individual's questions that will influence the determinant factors of the staff's assignment of the foreign subsidiary. The institutional aspects and cultural distance are external factors; nonetheless they affect the level of the organisation and, consequently, that of the individual. The contribution of the study consisted in the elaboration of a framework and in the proposition of hypotheses which give rise to a new view on the topic which considers the perspectives of the global strategy Peng (2012) proposes, nevertheless he emphasises the people's role in the expatriation process.

Keywords: Expatriation Strategy; Multinational Company; International Environment.

¹ PhD in Administration from UNIFOR – Universidade de Fortaleza [University of Fortaleza]. Professor at the Universidade Estadual do Ceará – UECE [State University of Ceará], Fortaleza, CE, Brazil; e-mail: mzmoreira@yahoo.com.br

² Graduate student in Company Administration at the Universidade de Fortaleza – UNIFOR [University of Fortaleza], Fortaleza, CE, Brazil; e-mail: julialuznoroaes@hotmail.com

³ Post-doctorate at National University of Singapore, NUS, Singapore. Professor and Coordinator of the Programa de Mestrado e Doutorado em Gestão Internacional – PMDGI [Master and PhD Programmes in International Management], São Paulo, SP, Brazil; e-mail: mario.ogasavara@espm.br

Introduction

Human resources are strategic assets which influence the probability of generating and sustaining competitive advantage in multinational companies (MNCs), which can dispose of two types of human resources for positions of top management in their foreign operations which are: the expatriated and the local managers of the host country (TAN; MAHONEY, 2006).

In order to profit better from the expansion and development opportunities on the international market, the multinational companies must be attentive to the whole people's management process in the global context, because each stage has crucial questions to deal with. Its expansion on the international market is related to people's involvement on a strategic level. In the internationalisation process one must determine in which way people's assignment will be carried out to the management functions of the new subsidiaries, which will be established in other countries.

In this sense, the difficulties the companies face in their global movements show that the economic rationality (DUNNING, 2001) and the competition logic (PORTER, 2008) which are inherent in the internationalisation process are sufficient to deal with the complexity of the real world. Thus, the socio-cultural and historical variables set man as a confrontation element of this rationality and force the organisations to adopt alternatives which are more adaptable to the human being (MACHADO; STREHLAU, 2008).

Staff's assignment, based on the nationality of the subsidiary manager, has important strategic proposals such as: to establish and maintain integration and global control, to respond to the conditions of the host market and to mobilise knowledge beyond national borders (HARZING, 2001; KONOPASKE, WERNER; NEUPERT, 2002).

People play a central role in the determination of the expatriation strategy. In this sense, Rahim (1983) indicates that an expatriated must perform different roles in the organisation. He is a representative of the parent company, a manager for the local subsidiary, a resident in the host country, a local citizen with dual citizenship, a specialist and a family member.

Nevertheless different expectations of each one of these roles generate conflicts and increase the adjustment difficulty abroad. Therefore by establishing foreign subsidiaries, the multinational company faces the staff's management decisions and it analyses if it must contract a local manager or assign an expatriated.

According to Widmier, Brouthers and Beamish (2008), the researches on expatriates suffered two limitations: (1) more remote empirical researches on expatriates tended to focus on the individual's level and they failed by deal with expatriation on the corporative level of strategic decisions; (2) the two only empirical studies which deal with expatriation on the strategic level were carried out by Boyacigiller (1990) and Richards (2001), but they failed because they did not approach the strategic theories in order to develop and test expatriation models.

With the intention to overcome these limitations, in this study, we sought to improve the discussion by approaching the topic in a broad way, that is to say, by considering questions which are related to the expatriated individual, to the multinational companies and to the international environment.

This research was guided by the following questioning: **How are the elements, which compose the expatriation strategy on the level of the individual, of the organisation and of the international environment related to each other?**

We wrote a theoretical essay which has the objective to compose a framework of the expatriation strategy which is related to the aspects of the expatriated, to the multinational companies and to the international environment.

We approached these elements in a segregated way and they are not consolidated in the literature. The composition of the framework resulted in the proposition of hypotheses to be tested in future studies.

The justification for undertaking the research is to relate the expatriation decision in all the aspects which are involved in it: the challenges the individual and the organisation experience by inserting themselves into the international environment. The study is relevant because it integrates the parts which compose the expatriation strategy and composes the whole set, thus it provides an all-encompassing view of the topic.

We structured the study in an introductory topic by presenting the central purpose of the study, which is followed by the theoretical framework, that are related to the expatriation strategy; and after we propose the contributions of the study and the final considerations.

1 Expatriation strategies

The employees, who are sent by a multinational company to live and work in a foreign country for a period of at least two years, are colloquially called expatriated (CALIGIURI, 2000). To complement this concept, Grosse and Kujawa (1992) explain that the expatriated is an employee who is assigned to work outside his country of origin with the intention to go back after the execution of his activities.

In spite of the proliferation of the literature on expatriated, there is little empirical evidence to identify how the levels of expatriation management are determined in the subsidiaries of the MNCs, according to Delios and Bjorkman (2000).

Peng's (2012) set of three aspects regarding global strategy was a relevant study for the development of this domain, in which the author presents the components that must be analysed so that it provides a better understanding of the global strategy: institutional, organisational levels and that of the industry. According to the author, the strategies of the MNCs consider these three tendencies.

We still emphasise that the globalisation of the entrepreneurial activities have generated increasing interests not only in the kind of strategy the multinational companies should adopt, but always the way to align the activities of the subsidiaries with the strategic aims of the parent company beyond national borders (GONG, 2003).

To know how to use the best existent administrative practices, to achieve local success and to internationalise businesses require new abilities of the managers and a redirection of the human resource administration in order to adjust its policy to the cultural values of the country into which it inserts itself (MIURA & FOGANHOLE, 2004).

Therefore the way in which the MNCs define the working team of the subsidiaries abroad is one of the most critical strategic decisions when the organisation seeks to expand its global operations (DELIOS; BJORKMAN, 2000; WIDMIER, BROUTHERS; BEAMISH,

2008). With this the expatriation strategy must define the conditions in which the organisation must expatriate its employees in order to achieve its aims, leaving a present situation in order to get into a desired situation (PENG, 2012).

In the following topic we present the questions which are related to the challenges the expatriated experience by coming into contact with different contexts in the international market and to those of the multinational companies when they must adjust their structure, processes, people and strategies in order to deal with the challenges of the international environment.

1.1 The Individual (Expatriated)

Expatriated work in a not well-known, not familiar environment and they interact with other individuals who belong to different cultures. The inability to adjust himself/herself to the new scenario is one of the main reasons for the expatriated's premature return (JENKINS; MOCKAITIS, 2010).

There are classifications which aim to better characterise the types of expatriated. There are the self initiated expatriate, who is the professional who opts to finance his expatriation (HARRISON, SHAFFER; BHASKAR-SRINIVAS, 2004), the expatriated who is transferred by an employer (company expatriates) (BLACK; GREGERSEN, 1991) and the flexpatriate (the frequent flyers of international work) which refers to the manager who travels frequently to other countries and is not transferred to foreign subsidiaries (MAYERHOFER, HARTMANN; HERBERT, 2004). The focus of this study was to analyse the expatriated employee who is connected to a company.

With regard to the locality of origin of the manager of the foreign subsidiary Colakoglu, Tarique and Caligiuri (2009) classify the types of managers into three categories, according to Figure 1: (a) of the multinational's country of origin – parent country national (PCN), (b) of the host country of the foreign subsidiary – host country national (HCN) or (c) of third countries– third country national (TCN).

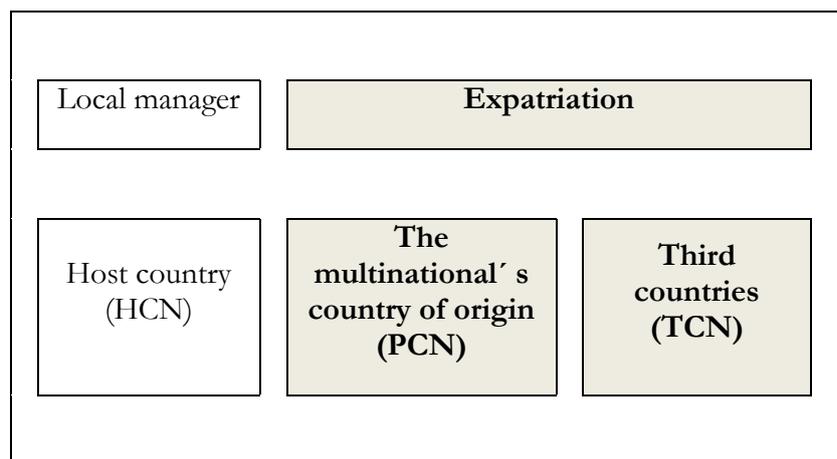


Figure 1: Staff assignment of the foreign subsidiary
Source: Adapted from Colakoglu, Tarique and Caligiuri (2009).

In order to contribute to the decision-making of the multinational companies about the origin of the manager who was going to be assigned to the foreign subsidiary, if PCN, HCN or TCN, some authors relate the advantages and the disadvantages of each one.

For example, Widmier, Brouthers and Beamish (2008) explain that the expatriated' advantages and disadvantages *versus* the local team suggest the importance of the strategic people management of people in the foreign subsidiaries. The advantages are related to the knowledge transfer of the parent company to the subsidiaries, the facility to move to other countries, the control of the subsidiary and the lack of qualified workforce in the host country. Nevertheless the disadvantages are related to the cost of the expatriation, the lack of knowledge about the host country, the dissatisfaction of the work team of the subsidiary and the risk of losing talents, because the expatriated can be interested in working in other companies.

Collings, Scullion and Morley (2007) defend that recent tendencies, such as the increase in the number of dual careers and the reluctance to international assignments, have exacerbated the lack of mobility.

This increasing difficulty in persuading employees to accept international assignments coincides with the rapid growth of the demand for expatriated which is directed by the growth of emerging markets and the increase in the degree of internationalisation of small and medium-sized enterprises (KNIGHT, 2001; LU; BEAMISH, 2001).

Another point consists in the fact that expatriation is composed of diverse stages, in which the attendance and the support of the multinational companies are fundamental, because if the international insertion is carried out without the due attention given to the individual in his totality, it can cause losses for the organisation and for the very expatriated employee.

Tanure, Evans and Pucik (2007) complement the idea by presenting expatriation as a process, and not as an event, which is composed of eight stages: a) identification of the internationalisation strategy, b) clarity in the definition of the objective of expatriation, c) selection of the candidates for the mission, d) preparation and orientation of the candidates, e) adjustment of the role of the future expatriate, f) performance management of the expatriated, g) remuneration and h) repatriation. These are the stages of the expatriation strategy on the level of the individual.

For the company, the cost of an expatriated is three times higher than that of an employee of the host country. Therefore it is fundamental that the process of the expatriated' s international transfer be carried out in a detailed way (LIMA; BORDIGNON, 2009, according to frame 1.

International transfer process	Description
Choice	Moment of evaluation of the whole project – the costs, the benefits and the conditions of the proposal are taken into consideration.
Detachment from the country of origin	It is a stage which depends much on the company. It refers to the immigration process for the acquisition of the visa or the work authorisation, which must be planned with anticipation.
Arrival at the country of	The immigration proceedings go on. It the moment to obtain the local documents for the legal stay in the country. It can be

FRAMEWORK OF THE EXPATRIATION STRATEGY

destination	the most delicate stage of the process. It involves diverse sensations: fear, excitement, apprehension and resistance to the new scenario. It is the moment to care about important practical aspects, such as: seeking a flat, a school for the children, the acquisition of a car, buying furniture.
Adaptation	Once the stage of excitement and apprehension with the new is passed, the transferred employee and his family actually start assimilating the obstacles with which they will have to deal, not only because of the language, but also because of the cultural differences.
End of the expatriation and return to the country of origin	This is also a critical stage, in the same way as the exit of the country of origin. After all the experience and after having created roots in the other country, this is the moment to say good-bye to the place. The experience of living in another country has usually an impact on a person's way of thinking and habits. Therefore to return to the country of origin may not be a simple process.

Frame 1: International transfer process.

Source: Lima and Bordignon (2009).

In addition to this, the difficulties the expatriated faced regarding the emotional aspect, health and social aspects are as fundamental for the employee as the difficulties which are related to the job abroad. Thus, the MNCs must give the necessary support to the expatriated in all the aspects which involve the expatriation process and give support to the individual in his totality and not only in what refers to his job.

A determinant condition at the moment of an international moving, which is motivated by work, resides in the support that is provided to the employee and to his family. An employee, who enjoys this security, will not suffer from traumas in the transfer and he will be disposed to commit himself to the aims he will be assigned to (SEBBEN; DOURADO FILHO, 2005).

We still reinforce that each stage of the expatriation involves specific challenges, abilities and competences. For whom, who never experienced expatriation, the initial moment of choice, of the definition of living conditions, the costs and benefits, can omit to consider some elements. At this moment, the company must warn the employee about all the aspects which are involved and it must not let him discover on his own that his choices do not attend to the real necessities when he is already in another country and when the negotiations between the employee and the company are already concluded (LIMA; BORDIGNON, 2009).

We note that the best candidate is not always the best employee, but the most prepared to face the challenges of a great transformation. Hiltrop and Janssens (1990) consider that the multinational companies must deal in an effective way with the selection process of the expatriated instead of dealing with it in a peripheral way. A well planned selection process increases the probability of finding the best candidate for the international mission.

The Intercultural Training consists in the expatriated's previous preparation so that he can venture into the new job in the international market afterwards. According to Silva (2009),

the intercultural training must go beyond giving tips about the culture of a new country, but its objective must be to prepare the expatriated and his family for a context of differences he will meet in the future.

Whereas Sebben and Dourado Filho (2005) affirm that an appropriate intercultural training can contribute to the education of the executive's sensitivity, provided that some apprenticeship conditions are pre-established and that they are tenaciously followed by all those who wish to dispute positions in the global arena.

One of the most common criticisms of the people management practices in the multinational companies refers to the insufficient commitment to the training and to the improvement of the future expatriated as Tanure, Evans and Pucik (2007) alert. Thus an expatriation mission involves not only the adaptation to a new working environment, but also the adaptation to cultural aspects and to aspects of lifestyle, which are present in the new country.

The Intercultural Adjustment refers to the reduction of uncertainty by learning which behaviours are appropriate in the new culture and which are not appropriate. With this, previous training before the expatriated's departure and the anterior experience in the international market reduce uncertainty and allow a greater cultural adjustment, according to Claus, Lungu and Bhattacharjee (2001).

Caligiuri (2000) still affirms that adjustment is the intensity by means of which individuals feel psychologically comfortable when they live outside their country of origin. There are three facets of the international adjustment, according to Black *et al.* (1991); Haslberger and Brewster (2005), according to Frame 2.

Miura and Gonçalves' work (2003) corroborate this idea by explaining that the intercultural training, before embarking to the foreign country also provides the expatriated with useful information in order to reduce the uncertainty which is associated with the international transfer that is about to happen and in order to form realistic expectations with respect to the life and the job in the foreign country to which he will be assigned.

Types of adjustment	Description
(a) Adjustment at work	It refers to the tasks and exigencies of the function; It consists in the framing in the new function, responsibilities and performance.
b) Adjustment in the interaction with the members of the foreign culture	It refers to socialisation into the foreign culture, to coexistence in daily life in the other country;
(c) Adjustment to the context outside work	It refers to the living conditions in the foreign country, entertainment, support and healthcare, food, cost of living.

Frame 2: Facets of the international adjustment.

Source: Black *et al.* (1991); Haslberger and Brewster (2005).

Thus, as soon as they arrive in the country of destination, the expatriated will implement the strategies of the parent country. The manager's performance will depend not only on his technical capacity, but on the intercultural training he was given by the multinational company and on the level of intercultural adjustment he will achieve.

Taking into consideration the important role the international managers play we could hope that multinational organisations monitor and register the expatriated's performance rigorously (JANSSENS, 1994). Nonetheless the evaluation of the performance is a complex topic because there is no correct current of thought to evaluate somebody's performance who is working far from his country of origin in circumstances the evaluator does not understand in their totality (BREWSTER, 1988).

Janssens (1994) explains that the expatriated's performance has been evaluated on the basis of variables such as sales volume and productivity indicators. And he alerts that if the multinational companies only rely on these given objectives, they can omit to consider relevant questions of the context into which the expatriated will be inserted and which can interfere in his performance.

In terms of repatriation, this does not always happen. The expatriated can want to stay in the country of destination because he is no longer interested in returning to his country of origin. Lima and Bordignon (2009) explain that this moment calls for new adaptation necessities, because the expatriated's culture of origin turns to be compared to the other one he experienced during his stay in another country. He must go through adaptations and adjustments again, the more time the expatriated stays overseas.

Thus the expatriation possibilities are related to the individual's level and the expatriation challenges to the level of the organisation. That is to say that the expatriated has more possibilities, nevertheless the company must better develop its strategies and its policies regarding expatriation /repatriation (SHALIMAR, 2011).

This shows that the organisational challenges in the expatriation process refer to the identification and supply of the expatriated's necessities in all the stages the professional will have to go through. Questions such as: career planning, performance management, preparation and taking care of the family, definition of the expatriated's role and individual, technical and familiar training are incumbent on the organisation and if they are neglected they will compromise the expatriated's activities and performance. In the following topic, we will discuss the aspects of expatriation which are related to the organisation.

1.2 The Organisation (Multinational Company)

On the level of organisation, expatriation initially refers to the decision of the company to expatriate or not. Thus expatriation can be used when they perceive the necessity to control the subsidiary and to guarantee the communication with the parent company MNC (EDSTROM; GALBRAITH, 1977).

But what are the MNCs and their subsidiaries? The MNCs are large-sized companies, which have their headquarters or their main office in a country and a network of subsidiaries and affiliates in other markets (CAVUSGIL, KNIGHT; RIESENBERGER, 2010). The subsidiaries of the MNCs are agents that facilitate the entry into other markets or technology receptors of the parent companies (BIRKINSHAW; HOOD; JONSSON, 1998).

Thus the main reason for the existence of an MNC is the capacity to transfer and exploit knowledge in a more efficient and efficacious way than by means of market mechanisms (GUPTA; GOVINDARAJAN, 2000).

There are also other motives, which are related to the differences between the environment of the host country and the country of origin which Hymer (1960) calls liability of foreignness that refers the foreigners' disadvantage to run businesses in other countries, which are based on three factors: change risk to operate in a foreign market; discrimination of the local authorities against the companies entering the market; and ignorance of the companies about the foreign market.

Ferdows (1997) developed a typology based on the strategic reason for the location of the subsidiary. According to the author, the subsidiaries act in the sense of making the most advantages of the local resources in which they are established: access to low cost; use of local technological resources; proximity to the market. In his typology, the author separates the subsidiaries into six types: *offshore factory*; *source factory*; *server factory*; *contributor factory*, *outpost factory* and *lead factory*. Each of these types must attend to different necessities of the parent company, with regard to expatriation and to other questions.

Bartlett and Ghoshal (1998) still emphasise the importance of the subsidiaries for the development of the MNCs. In the same line, Uhlenbruck (2002) mentions that global competition occurs in the framework of the subsidiaries which carry out diverse functions within the MNCs and develop their own initiatives. Thus for the decision-making which is related to the assignment of the staff of the foreign subsidiary it is necessary to analyse the determinant factors which can influence the engagement of a local manager or the transfer of an expatriated to the management of the foreign subsidiary.

Researchers have analysed and found some factors of the expatriation decision of the parent company. Beamish and Inkpen (1998), Delios and Bjorkman (2000), Gong (2003), Xu, Pan and Beamish (2004), Tan and Mahoney (2006), Ando (2011), Wilkinson *et al.* (2008) studied the influence of diverse variables on the proportion of expatriated, such as: date of the entry of the subsidiary into the foreign country, industry of the subsidiary, mode of entry into the host country, performance, size of the company, cultural distance, political risk, investment in advertising, acquisition, Joint Venture, uncertainty of the market, institutional aspects, view based on resources and anterior experience of the parent company.

1.3 The environment (International Market)

As far as the international environment is concerned, the organisation and the expatriated are influenced by the institutions and by the political, economic and social conditions of the host country. The cultural distance between the countries can also affect the decisions of the parent company and the expatriated's actuation.

This shows that the effective management of foreign subsidiaries is a central capacity of successful MNCs. Nevertheless we know little about the variations of the environment of the host country and about the effect on the variations in the decisions on the staff's assignment and on the performance of the foreign subsidiary (SCHOTTER; BEAMISH, 2011).

The MNCS are composed of a set of organisations which operate in distinct national environments with only one group of political, social, economic and cultural forces (JANSSENS, 1994). But it is difficult to explain the institutional theory inherently because it uses presumed suppositions in the core of the social actions (ZUCKER, 1987).

MNCS subsidiaries are unique organisations, because they have to deal with a dual institutional framework and they must have conformity and adapt themselves simultaneously to its internal and external frameworks in order to succeed in being competitive in both (KOSTOVA; ZAHEER 1999; HILLMAN; WAN 2005).

In the same logic, Xu, Pan and Beamish (2004) conducted a research on the differences in the institutional dimensions between the countries which are still in a development stage. Nevertheless it is possible to use it as a theoretical construct in order to explain the behaviour of the MNCs and the strategy of the foreign direct investment (FDI).

We note that the national context is defined by specific cultural characteristics, according to Hofstede (1980), as well as by economic and political characteristics (ROHLEN, 1974). These characteristics are being formed during the history of the country (CALORI, LUBATKIN; VERY, 1994).

Thus, by inserting itself into another country the MNC faces the pressures of national receptivity which derives from the political or legal aspects and which is related to the geographical and cultural management (BARTLETT; GHOSHAL, 1989). In addition to this, Xu, Pan and Beamish (2004) explain that the MNCs exist at least in two institutional frameworks: (1) the framework of the country of origin (2) that of the host country and it is under the pressure of these frameworks out of conformity.

Whereas Scott (2005) presented an institution concept that involves three pillars: regulative, normative and cognitive. The regulatory pillar refers to rules and laws which exist in order to guarantee stability and order for society. The normative pillar refers to the values and norms which direct people's behaviour. Finally the cognitive pillar refers to the cognitive rules which constitute the nature of reality and the structures by means of which meaning is constructed.

We still emphasise that, besides the institutional variable, the environment is also composed of cultural distance. Claus and Hand (2009) affirm that cultural difference or the difference between the host and familiar cultures have been used as an explicative factor about the global performance. Therefore it is necessary to understand how cultural distance can affect the expatriated's assignment and their performance and the organisational performance.

The concept of psychic distance was first developed by (1956) in his study on the effect of distance on the business patterns. Johanson and Vahlne (1977) define psychic distance as the sum of factors which hinder the information flow of the foreign market. The differences in language, education, business practices, culture and industrial development are an example of this.

Whereas Kogut and Singh (1988) conceptualise psychic distance as the uncertainty degree of the company with respect to the characteristics of the foreign market. Thus, psychic distance would be influenced by cultural and linguistic differences between the country of origin and the target country.

It is important to emphasise that cultural conflicts are part of the daily work of an increasing number of employees and managers to the extent that the companies augment their exchanges on the global market, not only of products, but also of workforce and knowledge (GERTSEN; SODERBERG, 2010).

A classical research refers to Hofstede's study (1980) which verified that the cultural differences between the countries refer to four dimensions: to avoid uncertainty; individualism; tolerance and distance of power; and masculinity/ femininity. With these dimensions the author created scales which consider the cultural distance between countries.

Kogut and Singh (1988) explain that Hofstede's indices (1980) can be criticised because of a series of motives, mainly as far as the definition of the dimensions and the form of the scale construction are concerned. Nonetheless they have also strong characteristics such as the size of the sample and their emphasis on attitudes which are related to the working environment. Thus the cultural distance of the present research will be oriented by means of the cultural scale Hofstede (1980) presents.

In addition to this, Gertsen and Soderberg (2010) suggest that cultural apprenticeship, understood as cultural intelligence, should be emphasised on the individual level as well as on the organisational level, when the companies train their employees to deal with the cultural complexity of the global market.

On the one hand, the local manager possesses the cultural intelligence of the host country, but he tends not to have so much knowledge about the culture of the country of the parent company. On the other hand, the contrary occurs with the expatriated manager. But the latter has more knowledge about the strategic alignment of the parent company and this provides him with an advantage condition in relation to the local manager, according to Widmier, Brouthers and Beamish (2008).

We note that the non confirmation of the hypotheses and the contradictions the authors found signalise the necessity to carry out more studies so that we can explain with more reliability the determinant factors of the expatriated's assignment. For example, Widmier, Brouthers and Beamish (2008) explain that the smallest the cultural distance between the country of origin and the host country is, the greater is the proportion of the expatriated in new foreign subsidiaries. Nonetheless, Gong (2003) and Boyacigiller (1990) proved the contrary.

Another variable, which has also presented controversies, is political risk. Harzing (2001) affirms that the political risk in the host country can affect the use of expatriated of the parent company's country of origin.

Ando and Kim (2006) analysed the relation between the political risk of the country and expatriation and they identified a positive and significant relation between the variables. Whereas Gong (2003) ascertained that political risk has a reverse and significant relation with the expatriated's assignment.

These divergent results signalise the necessity to carry out more studies on this thematics. The determinant factors are specific of the MNC. Each organisation will dispose of these abilities in a different way. After the analysis of the expatriation conditions the MNC will be able to achieve two results: to contract a local manager or to expatriate a manager. By deciding to expatriate, the MNC must compromise itself to provide the expatriate with conditions of adjustment to the host country.

2 Framework proposal

In this topic we present the framework proposal of the expatriation strategy in the environment of the expatriated individual, of the multinational company and of the international environment. The strategy results in the integration of these elements and the

comprehension of the way in which they relate mutually in order to give conditions to the MNC to perceive that factors must be analysed so that it can decide on the expatriation or not of its employees and achieve its objectives on the international market that way.

The individual's adjustment will depend on the recruiting, the selection and mainly on the expatriated's intercultural training. And consequently it will positively or negatively affect the following stages the individual will go through: implementation of the strategies of the parent company in the host country, the evaluation of the expatriated's performance and repatriation. Thus the intercultural adjustment is the central question which is related to the individual in the international context.

These questions involve the expatriated of the parent company's country of origin as well as the expatriated of the third countries, because in both cases there will be change of country and contact with other cultures and institutions, a situation which is not experienced by the manager coming from the host country, who would have contact with the foreign culture in the daily life of the very multinational company by means of organisational processes.

On the organisational level, the individual's questions complement themselves with the dimensions of the company which are related to selection, intercultural training and preparation, management process of the performance and adjustment to the international context. The company must give support to the employee in these stages.

We note that the appropriate conditions for a good adjustment of the expatriated depend on the individual and on the MNC. By internally selecting the candidate with the best technical abilities the company will have to provide this manager with intercultural training, because the technical knowledge he sought by means of courses, graduations or even short-term travels, will not be sufficient to prepare him for the reality in the new international context he will experience by being expatriated.

Besides these elements of the expatriated's selective process, the organisations are also affected by the determinant factors of staff assignment. Some MNCs assign local managers, others, expatriated of the country of origin and other expatriated of third countries. The difference in actuation of these companies is related to the determinant factors of staff assignment which can be intrinsic or extrinsic to the organisation, such as the organisational control, the age of the subsidiary and cultural distance.

Studies show that the organisational control has had a direct relation with the employees' expatriation, according to Delios and Bjorkman (2000) and Konopaske, Werner and Neupert (2002). Delios and Bjorkman (2000), Delios and Ensign (2000) also related experimental knowledge directed to expatriation.

Tan and Mahoney (2006) studied the resource-based view and the strategic resources which are related to expatriation. Beamish and Inkpen (1998), Delios and Bjorkman (2000) and Delios and Ensign (2000) ascertained that the size of the subsidiary was directly related to the expatriated's assignment. Delios and Bjorkman (2000) conducted a research on technological capacities and on marketing capabilities, which have a direct relation to expatriation.

These factors have demonstrated the aspects related to the expatriation strategy on the level of the organisations. The managerial practices of the MNCs have been analysed with the attempt to understand that elements have given rise to assignment of expatriated. Nevertheless there are still controversies between these results.

The figure 2 considers the framework of the expatriation strategy.

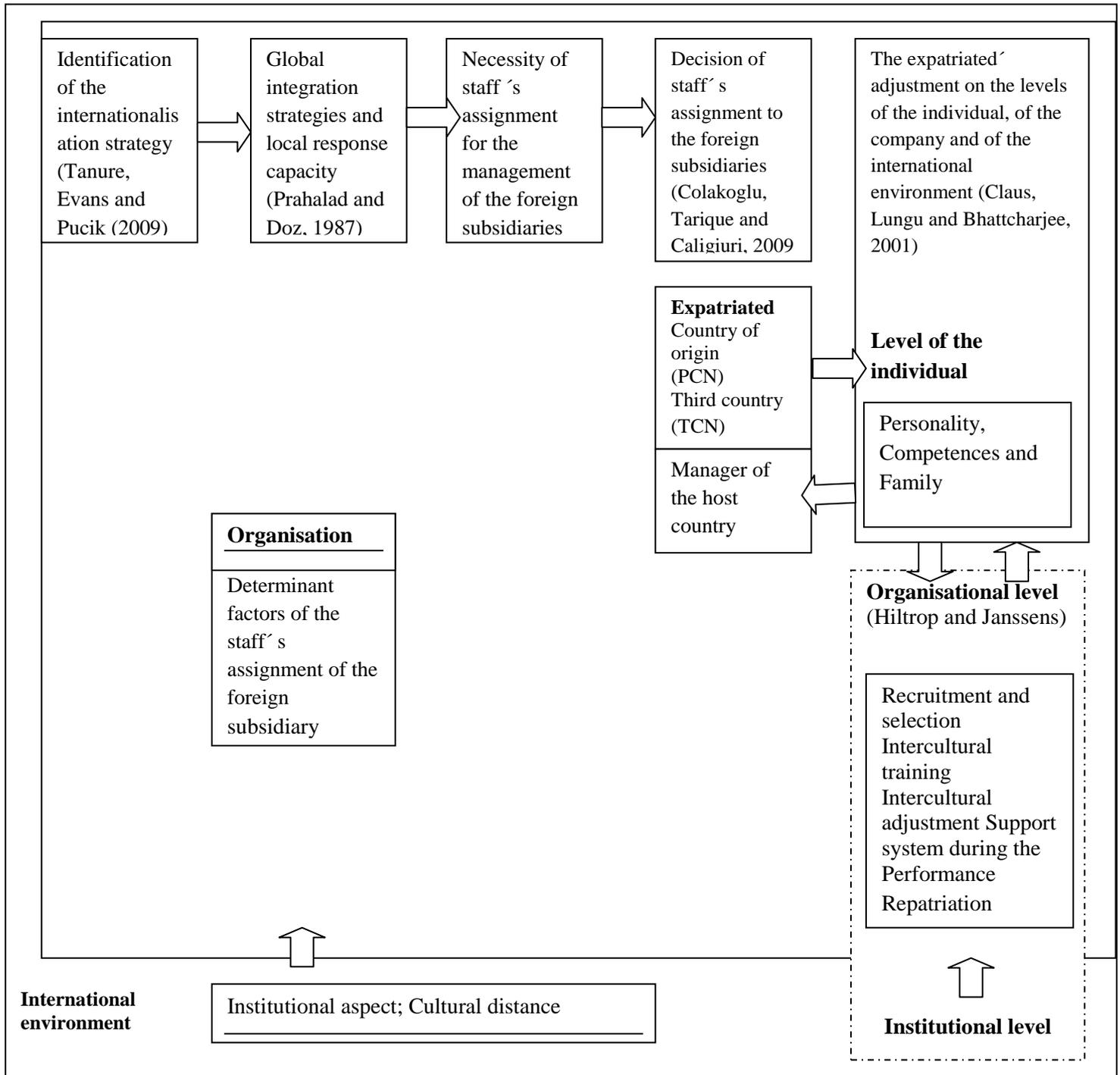


Figure 2: Framework of the expatriation strategy on the level of the individual, of the organisation and of the environment

Source: Elaborated by the authors.

On the level of the international environment the dimensions we analysed refer to cultural and institutional distance, combination country of origin/country of destination, as Claus, Lungu and Bhattacharjee (2001) explain it. Miura and Gonçalves (2003)'s work corroborates this by explaining that the intercultural training before embarking to the foreign country also provides the expatriated with useful information in order to reduce uncertainty associated with the international transfer which is about to happen and to form realistic expectations regarding life and job in the foreign country where he will be assigned to.

The differences between the market environment and their consequences constitute the main obstacles in the internationalisation process. A high level of psychic distance is conceptualised as the main factor which causes uncertainty for the internationalisation of the MNCs and therefore it plays a central role in the theory of the internationalisation process.

According to Widmier, Brouthers and Beamish (2008) the smaller the cultural between the country of origin and the host country is, the greater is the proportion of expatriated in new foreign subsidiaries. Nonetheless the authors present as a disadvantage of the expatriated' assignment the possibility for them to understand little of the market and of the local culture which increases the chances of generating expensive errors. This can justify the inverse relation between cultural distance and the proportion of expatriated the multinational companies use.

Nevertheless Gong (2003) empirically ascertained that cultural distance is positively related to the proportion of Japanese expatriated in foreign subsidiaries and the probability of assigning an expatriated of the parent company' s country of origin as CEO of the subsidiary. According to the author, the greater cultural distance is, the more expatriated the companies will assign, which opposes Widmier, Brouthers and Beamish (2008).

We still reinforce that the differences in the managerial practices and values have been found among the nations as Hofstede (1980) explains it. Cultural distance is also the source of the cultural chock the expatriated experience with regard to the adjustment to the culture of the host country and the reverse cultural at the moment of repatriation (BLACK, GREGERSEN; MENDENHALL, 1992).

To the extent that the subsidiaries are consolidating themselves in the host country, they acquire more knowledge about the habits, the customs, the way of running business in that market (CALANTONE; ZHAO, 2001).

Whereas many researches on transcultural adjustment have focused on different cultures, recent researches have found that it can be as difficult for expatriated to adjust themselves to similar cultures as to different cultures (JENKINS; MOCKAITIS, 2010; SELMER, 2007; O'GRADY; LANE, 1996).

Thus the individuals are those who experience, live the challenges and the difficulties in implementing the organisational strategies in other countries. The company can fail in not providing the individual with conditions to adapt himself to the different cultures and institutions. Changes on the institutional level affect the MNCs and the individuals. Thus the

actuation of the company in the international market will depend on how much people are aligned with the organisational objectives and with the environmental context.

On the basis of discussion on the determinant exportation factors and on the composition of the framework, we elaborated some propositions so that in future studies the framework of the expatriation strategy can be tested and improved. Thus, the propositions P1, P2 and P3 were made available as follows:

P1: the expatriated must be adjusted to the levels of the individual, of the organisation and of international environment in order to have a good performance in his international assignment.

P2: the multinational companies neglect the process of the individual's adjustment in its totality, but they expect an excellent performance from the expatriated.

P3: the dissimilarities of the international environment influence the decision to expatriation of the multinational companies.

The final considerations of the study, with their limitations and suggestions for new researches, were presented in the following part.

Final considerations

The globalisation of the entrepreneurial activities have generated an increasing interest not only in the type of strategy the multinational companies should adopt, but also in the way of aligning the activities of the subsidiaries with the strategic aims of the parent company beyond national borders (GONG, 2003).

The framework we propose in this study was oriented by the institutional and organisational tendencies Peng (2012) mentions with a short presentation of the industrial tendency and the inclusion of the questions which are related to the individual. Thus the model refers to the aspects which are related to the expatriation strategy in the framework of the individual, of the organisation and of the international environment. It is the analysis of the organisations in their internal and external environment by emphasising the determinant factors of the expatriation strategies of the multinational companies.

In this study the individual was represented by the expatriated who are assigned to implement the strategies of the MNCs in other countries. The expatriated's role is fundamental in the organisations that act in the international market; therefore the MNCs must plan each stage which is related to the expatriated in order to provide the individual with appropriate conditions of adjustment. An appropriate recruitment, selection and training will promote an appropriate intercultural adjustment and, consequently, the implementation of the strategies, the performance and the repatriation will occur in an efficient way.

The individual's intercultural adjustment is necessary, because it is related to the individual's contact and that of the very company with the institutions and the culture of the host country. The organisational negligence, by not considering the individual's aspects causes low performance, anticipated repatriation and therefore prejudices for the company and for the expatriated. The expatriated must execute the strategies of the parent company in the country of destination; nevertheless to this respect the MNC must provide him with support in his whole expatriation process.

We still reinforce that the expatriated occupy a central position in the composition of the expatriation strategy, because they will have to use the resources and capacities of the

multinational company in order to face the challenges the industry, the institutions and culture provide. Besides this they will have their own confrontations which are related to the social, psychological, cognitive and professional questions.

On the other hand, the MNCs besides thinking about the question of the individual, must also verify the internal conditions regarding the resources, because they will influence the determinant factors of the assignment of the staff of the foreign subsidiary. Among these factors they emphasise the experience in the host country, shareholder control, the size of the subsidiary.

The institutional aspect and cultural distance are external factors which affect the level of the organisation and, consequently, the level of the individual. Thus the expatriation strategy is related to these three levels and in order to be better understood, it must be analysed in the components and in the whole.

We note that the study has as a limitation the access to the theoretical framework which relates the levels of the individual, of the organisation and of the environment as a whole. Therefore, for future studies, we suggest the conduct of researches which deepen the theoretical analysis of the expatriation strategy in an encompassing way by treating the three levels as we propose it in this study.

Other studies could also be carried out by testing the three hypotheses we propose in this research. New hypotheses could also be proposed and the framework of the expatriation strategy could be incremented at each result which will be obtained with the hypothesis tests, thus providing the evolution of the topic.

References

- ANDO, N. Isomorphism and foreign subsidiary staffing policies. **Cross Cultural Management: An International Journal**, v. 18, n. 2, p. 131-143, 2011. DOI: <http://dx.doi.org/10.1108/13527601111125987>.
- ANDO, N.; KIM, Y. J. Expatriate Staffing Policy for Foreign Affiliates: The Moderating Effects of Host Country and International Experiences. **Management Review: An International Journal**, v. 1, n. 1, p. 45-69, 2006.
- BARLETT, C.; GHOSHAL, S. **Managing across Borders: The Transnational Solution**. Harvard Business School Press: Boston, 1989.
- BEAMISH, P. W.; INKPEN, A. C. Japanese firms and the decline of the Japanese expatriate. **Journal of World Business**, v.33, n.1, p. 35–50, 1998. DOI: [http://dx.doi.org/10.1016/S1090-9516\(98\)80003-5](http://dx.doi.org/10.1016/S1090-9516(98)80003-5).
- BECKERMAN, W. Distance and the Pattern of Intra-European Trade. **The Review of Economics and Statistics**, v. 38, n. 1, p. 31–40, 1956.
- BIRKINSHAW, J; HOOD, N.; JONSSON, S. Building Firm-Specific Advantages in Multinational Corporations: The Role of Subsidiary Initiative. **Strategic Management Journal**, v.19, n. 3, p. 221-241, 1998. DOI: 10.1002/(SICI)1097-0266(199803)19:3<221::AID-SMJ948>3.0.CO;2-P.
- BLACK, S. J., GREGERSEN, H. B.; MENDENHALL, M. E. Toward a theoretical framework of repatriation adjustment. **Journal of International Business Studies**. v. 23, n. 4, p. 737-760, 1992. DOI: 10.1057/palgrave.jibs.8490286.
- BOYACIGILLER, N. The role of expatriates in the management of interdependence, complexity and risk in multinational corporations. **Journal of International Business Studies**, v. 21, n. 3, p. 357–381, 1990. DOI: 10.1057/palgrave.jibs.8490825.
- BREWSTER, C. **The Management of Expatriates**. Human Resources Research Centre, Bedford: Cranfield School of Management, 1988.
- CALANTONE, R.J., ZHAO, Y.-S. Joint ventures in China: a comparative study of Japanese, Korean, and U.S. partners. **Journal of International Marketing**, v. 9, n. 1, p.1–23, 2001. DOI: <http://dx.doi.org/10.1509/jimk.9.1.1.19834>.

- CALIGIURI, P. M. The Big Five personality characteristics as predictors of expatriate's desire to terminate the assignment and supervisor-rated performance. **Personnel Psychology**, v. 53, n. 1, p. 67-88, 2000. DOI: 10.1111/j.1744-6570.2000.tb00194.x.
- CALORI, R.; LUBATKIN, M.; VERY, P. Control mechanisms in cross-border acquisitions: an international comparison. **Organization Studies**, v. 15, n. 3, p. 361-379, 1994. DOI: 10.1177/017084069401500303.
- CAVUSGIL, S. T.; KNIGHT, G. A.; RIESENBERGER, J. R. **Negócios internacionais: estratégia, gestão e novas realidades**. São Paulo: Pearson, 2010.
- CLAUS, L.; HAND, M. Customization decisions regarding performance management systems of multinational companies: An empirical view of Eastern European firms. **International Journal of Cross Cultural Management**, v. 9, n. 2, p. 237-258, 2009. DOI: 10.1177/1470595809335726.
- CLAUS, L.; LUNGU, A. P.; BHATTACHARJEE, S. The effects of individual, organizational and societal variables on the job performance of expatriate managers. **International Journal of Management**, v. 28, n. 1, p. 249-271. 2011.
- COLAKOGLU, S.; TARIQUE, I.; CALIGIURI, P. Towards a conceptual framework for the relationship between subsidiary staffing strategy and subsidiary performance. **The International Journal of Human Resource Management**, v. 20, n. 6, p. 1291-1308, 2009. DOI: 10.1080/09585190902909822.
- COLLINGS, D.G., SCULLION, H.; MORLEY, M. J. Changing patterns of global staffing in the multinational enterprise: challenges to the conventional expatriate assignment and emerging alternatives. **Journal of World Business**, v. 42, n. 2, p. 198-213, 2007. DOI: <http://dx.doi.org/10.1016/j.jwb.2007.02.005>.
- DELIOS, A.; BJORKMAN, I. Expatriate staffing in foreign subsidiaries of Japanese multinational corporations in the PRC and the United States. **International Journal of Human Resource Management**, v.11, n. 2, p.278-293, 2000. DOI: 10.1080/095851900339873.
- DELIOS, A.; ENSIGN, P. C. A subnational analysis of Japanese direct investment in Canada. **Canadian Journal of Administrative Sciences/ Revue canadienne des sciences de l'administration**, v. 11, n. 1, p. 38-51, 2000. DOI: 10.1111/j.1936-4490.2000.tb00205.x.
- DUNNING, J. H. The eclectic (OLI) paradigm of international production: past, present and future. **International Journal of the Economics of Business**, v. 8, n. 2, p. 173-190, 2001. DOI: 10.1080/13571510110051441.
- EDSTROM, A.; LORANGE, P. Matching strategy and human resources in multinational corporations. **Journal of International Business Studies**, v. 15, n. 2, p. 125-137, 1984. DOI: 10.1057/palgrave.jibs.8490486.
- FERDOWS, K. Making the most of your foreign factories. **Harvard Business Review**, v.75, n. 2, p. 73-88, 1997.
- GERTSEN, M. C.; SODERBERG, A.-M. Expatriate stories about cultural encounters: A narrative approach to cultural learning processes in multinational companies. **Scandinavian Journal of Management**, v. 26, n. 3, p. 248-257, 2010. DOI: <http://dx.doi.org/10.1016/j.scaman.2010.06.003>.
- GONG, Y. Subsidiary staffing in multinational enterprises: agency, resources, and performance. **Academy of Management Journal**, v. 46, n. 6, p.728-739, 2003. DOI: 10.2307/30040664
- GROSSE, R.; KUJAWA, D. **International Business** (2nd ed.), Boston, MA: Irwin, 1992.
- GUPTA, A.; GOVINDARAJAN, V. Knowledge flows within multinational corporation, **Strategic Management Journal**, v. 21, n. 4, p. 473-496, 2000. DOI: 10.1002/(SICI)1097-0266(200004)21:4<473::AID-SMJ84>3.0.CO;2-I.
- HARZING, A.W. Who's in charge? An empirical study of executive staffing practices in foreign subsidiaries. **Human Resource Management**, v. 40, n. 2, p. 139-158, 2001. DOI: 10.1002/hrm.1004.
- HILLMAN, A.J.; WAN, P.W. The determinants of EMN subsidiaries' political strategies: evidence of institutional duality. **Journal of International Business Studies**, v. 36, n. 3, p. 322-340, 2005. DOI: 10.1057/palgrave.jibs.8400137.
- HOFSTEDE, G. **Culture's consequences: international differences in work-related values**. Beverly Hills: Sage, 1980.
- INKPEN, A.; DINUR, A. Knowledge management processes and international joint ventures. **Organization Science**, v. 9, n. 4, p. 454-468, 1998. DOI: <http://dx.doi.org/10.1287/orsc.9.4.454>.
- JANSSENS, M. Evaluating international managers' performance: parent company standards as control mechanism. **The International Journal of Human Resource Management**, v. 5, n. 4, p. 853-873, 1994. DOI: 10.1080/09585199400000069.
- JENKINS, E. M.; MOCKAITIS, A. I. You're from where? The influence of distance factors on New Zealand expatriates' cross-cultural adjustment. **The International Journal of Human Resource Management**, v. 21, n. 15, p. 2694-2715, 2010. DOI: 10.1080/09585192.2010.528653.
- JOHANSON, J.; VAHLNE, J.-E. The internationalization process of the firm: a model of knowledge development and increasing foreign market commitments. **Journal of International**

- Business Studies**, v. 8, n. 1, p. 23-32, 1977. DOI: 10.1057/palgrave.jibs.8490676.
- KNIGHT, G. Entrepreneurship and strategy in the international SME. **Journal of International Management**, v. 7, n. 3, p. 155-171, 2001. DOI: [http://dx.doi.org/10.1016/S1075-4253\(01\)00042-4](http://dx.doi.org/10.1016/S1075-4253(01)00042-4).
 - KOGUT, B.; U. ZANDER. Knowledge of the firm and the evolutionary theory of the multinational corporation. **Journal of International Business Studies**, v.24, n.4, p. 625-645, 1993. DOI: 10.1057/palgrave.jibs.8490248.
 - KONOPASKE, R.; WERNER, S.; NEUPERT, K. E. Entry mode strategy and performance: the role of FDI staffing. **Journal of Business Research**, v. 55, n. 9, p.759-770, 2002. DOI: [http://dx.doi.org/10.1016/S0148-2963\(00\)00185-5](http://dx.doi.org/10.1016/S0148-2963(00)00185-5).
 - KOSTOVA, T.; ZAHEER, S. Organizational legitimacy under conditions of complexity: the case of the multinational enterprise, **Academy of Management Review**, v. 24, n. 1, p. 64-81, 1999. DOI: 10.5465/AMR.1999.1580441.
 - LIMA, D.; BORDIGNON, R. **Transferências Internacionais**. In: SEBEN, A. (Org.). *Expatriados.com. Um novo desafio para os RH's interculturais*. São Paulo: Artes e Ofícios, 2009.
 - LU, J. W.; BEAMISH, P.W. The internationalization and performance of SMEs, **Strategic Management Journal**, v. 22, n. 6/7, p. 565-586, 2001. DOI: 10.1002/smj.184.
 - MACHADO, D. D. P. N.; STREHLAU, S. Interculturalidade: expatriação como um envolvimento econômico ou social? **Revista Eletrônica de Administração (FACEF)**, v. 11, Edição 12, Janeiro-Julho, 2008.
 - MAKINO, S., BEAMISH, P. W.; ZHAO, N. B. The characteristics and performance of Japanese FDI in less developed and developed countries. **Journal of World Business**, v. 39, n. 4, p.377-392, 2004. DOI: <http://dx.doi.org/10.1016/j.jwb.2004.08.009>.
 - MIURA, I. K.; FOGANHOLE, F. **Gestão Intercultural**. Universidade de São Paulo. Faculdade de Economia, Administração e Contabilidade de Ribeirão Preto. Série Texto para discussão, 2004.
 - O'GRADY, S.; LANE, H. W. The psychic distance paradox. **Journal of International Business Studies**, v. 27, n. 2, p. 309-333, 1996. DOI: 10.1057/palgrave.jibs.8490137.
 - PENG, G. Z. FDI legitimacy and MNC subsidiary control: from legitimation to competition. **Journal of International Management**, v. 18, n. 2, p.115-131, 2012. DOI: <http://dx.doi.org/10.1016/j.intman.2011.12.001>.
 - PORTER, M. E. The five competitive forces that shape strategy. **Harvard Business Review**, v. 6, p. 609-620, 2008.
 - RAHIM, A. A model for developing key expatriate executive. **Personnel Journal**, v.62, n. 4, p. 313-318, 1983.
 - RICHARDS, M. US multinational staffing practices and implications for subsidiary performance in the UK and Thailand. **Thunderbird International Business Review**, v. 43, n. 2, p. 225-242, 2001. DOI: 10.1002/tie.3.
 - ROHLEN, T. P. **For harmony and strength: Japanese white collar organization in anthropological perspective**. Berkeley: University of California Press, 1974.
 - SCOTT, W. R. **Institutions and Organizations**. Thousand Oaks, CA: Sage, 1995.
 - SCHOTTER, A.; BEAMISH, P. W. General manager staffing and performance in transitional economy subsidiaries: a subnational analysis. **International Studies of Management & Organization**, v. 41, n. 2, p. 55-87, 2011. DOI: 10.2753/IMO0020-8825410203.
 - SEBEN, A.; DOURADO-FILHO, F. **Os nortes da Bússola**. Manual para conviver e negociar com culturas estrangeiras. São Paulo: Artes e Ofícios, 2005.
 - SELMER, J. Which is easier, adjusting to a similar or dissimilar culture? American business expatriates in Canada and Germany. **International Journal of Cross Cultural Management**, v. 7, n. 2, p. 185-201, 2007. DOI: 10.1177/1470595807079385.
 - SILVA, J. V. **Quais são os desafios de RH na internacionalização das empresas?** In: SEBEN, A. (Org.). *Expatriados.com. Um novo desafio para os RH's interculturais*. São Paulo: Artes e Ofícios, 2009.
 - TAN, D.; MAHONEY, J. T. Why a multinational firm chooses expatriates: integrating resource-based, agency and transaction costs perspectives. **Journal of Management Studies**, v. 43, n.3, p. 457-484, 2006. DOI: 10.1111/j.1467-6486.2006.00598.x.
 - TANURE, B.; EVANS, P.; PUCIK, V. **A Gestão de Pessoas no Brasil: virtudes e pecados**. Rio de Janeiro: Campus, 2006.
 - UHLENBRUCK, K. Developing acquired foreign subsidiaries: the experience of EMNs in transition economies. **Journal of International Business Studies**. v. 35, n. 2, p. 109-123, 2004. DOI: 10.1057/palgrave.jibs.8400070.
 - WIDMIER, S.; BROUHERS, L. E.; BEAMISH, P. W. Expatriate or local? Predicting Japanese subsidiary expatriate staffing strategies. **The International Journal of Human Resource Management**, v. 19, n. 9, p.1607-1621, 2008. DOI: 10.1080/09585190802294986.
 - WILKINSON, T. J.; PENG, G. Z.; BROUHERS, L.E.; BEAMISH, P.W. The diminishing effect of cultural distance on subsidiary control. **Journal of International Management**, v. 14, n. 2, p.93-107,

2008. DOI:
<http://dx.doi.org/10.1016/j.intman.2007.08.003>.

- XU, D.; PAN, Y.; BEAMISH, P. W. The effect of regulative and normative distances on EMN ownership and expatriate strategies. **Management International Review**, v. 44, n. 3, p. 285-307, 2004.
- ZUCKER, L. G. Institutional theories of organization. **Annual Review of Sociology**. v. 13, p. 443-64, 1987.

FRAMEWORK DA ESTRATÉGIA DE EXPATRIAÇÃO NO ÂMBITO DO INDIVÍDUO, DA ORGANIZAÇÃO E DO AMBIENTE INTERNACIONAL

Resumo: Gestores expatriados têm papel importante ao implementarem os objetivos estratégicos das empresas multinacionais. Nesse estudo, teve-se como objetivo analisar a estratégia de expatriação nos seus três âmbitos - do expatriado, da empresa multinacional e do ambiente internacional. Esses elementos têm sido abordados de forma segregada na literatura. As empresas multinacionais, além de averiguarem as condições internas referentes aos recursos, também precisam caracterizar os componentes fundamentais que permeiam as questões do indivíduo que influenciarão os fatores determinantes da designação de pessoal da subsidiária estrangeira. Os aspectos institucionais e a distância cultural são fatores externos, contudo, afetam o nível da organização e, conseqüentemente, do indivíduo. A contribuição do estudo consistiu na elaboração de um *framework* e na proposição de hipóteses que suscitou uma nova visão sobre o tema que contempla as perspectivas da estratégia global propostas por Peng (2012), entretanto, destacando o papel das pessoas no processo de expatriação.

Palavras-chave: Estratégia de Expatriação; Empresa Multinacional; Ambiente Internacional.

Submetido em 17/11/2013

Aceito para publicação em 27/03/2014