

International Management - Assignment Question 2

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Why Expatriation is Still So Widely Used in a Globalised Economy

Introduction

According to Johanson and Lundberg (2016), recruiting employees from the company's home country to fill important management positions in overseas operations is a standard practice in multinational corporations. When expatriates return home, they often find that the skills they developed abroad are not remembered. Lazarova and Ipek (2020) contend that businesses must balance the advantages and disadvantages of recruiting locally versus deploying expatriates when expanding into new markets. However, conventional long-term expatriation is only one global staffing option. Short-term assignments, international business travel, commuter arrangements and virtual working can reduce some costs and adjustment problems (Collings, Scullion and Morley 2007). Expatriation is therefore not unavoidable; it is most defensible where the organisation requires trusted leadership, transfer of tacit company knowledge and close coordination between headquarters and a strategically important overseas operation (Harzing 2001). For the Delhi project, the relevant question is whether those benefits outweigh the cost and adjustment risks compared with recruiting an experienced host-country manager or using a hybrid staffing model.

Expatriation is still so widely used in a globalised economy because of the following reasons:

Global Expats Maintain Consistency

There are several reasons why a corporation will send an expat rather than recruit a local employee. Varma et al. (2020) posit that an expatriate employee will carry the local office's culture and procedures to the new one. Most expatriates have worked in one of their company's local offices and are familiar with the operations. This is particularly important when opening a new office. Foreign offices should work together with the domestic ones, and an expatriate will

assist in ensuring that the same culture and procedures are followed in both locations (Varma et al. 2020; Gamble and Hawker 2019).

Global Expats and Talent Shortages

According to Selmer (2020), expatriates may be useful where an organisation has a temporary shortage of employees with firm-specific technical or managerial knowledge. Sending an experienced employee overseas can therefore accelerate a new project's start-up and transfer capabilities that are difficult to obtain immediately through external recruitment (Doherty and Dickmann 2020). However, this argument should not assume that host-country talent is inherently scarce. In Delhi, the HR Director should first assess the available local talent and identify the specific knowledge gap that an expatriate is expected to fill.

Improving Local Market Knowledge

Employees conducting overseas operations from headquarters benefit from working and living in export regions because they gain a greater understanding of business patterns, local market conditions, and cultural factors (Waxin and Brewster 2020). This knowledge and understanding help businesses reduce risk and prevent mistakes that could jeopardise their progress.

Instilling the Culture of the Company

Expatriates often work with international subsidiaries, joint venture partners, agents, and distributors to guarantee that they grasp the parent company's culture, values, and beliefs. They often use gained cultural experience to adjust some of those influences to local business values and practices. By imparting the parent company's culture and traditions in all export territories, expatriates safeguard customers' interests by guaranteeing a consistent standard of products and services received (Waxin and Brewster 2020).

Transferring Knowledge

Expatriates share their knowledge and skills with their foreign partners. For example, when setting up a foreign manufacturing plant, expats can assist partners in enforcing corporate quality standards and working practices or using strategies and technology developed by the parent company (Waxin and Brewster 2020). They may provide product and customer expertise to partners and develop joint ventures to increase market penetration by collaborating with local agents and distributors.

Developing Management Talent

Varma et al. (2020) argue that assigning employees to handle foreign operations benefits companies because it helps them develop and grow their management competencies and skills. By learning to identify and understand the local business dynamics diversity in different geographies and territories, expatriates gain a deeper marketing perspective. They also improve interpersonal skills and leadership, which help them handle and collaborate with multicultural teams. By cultivating management talent, these foreign assignments assist businesses in strengthening the skills they need to thrive in global markets (Varma et al. 2020).

These advantages do not establish that expatriates are universally superior to local managers. Globalisation has expanded access to host-country talent and alternative assignments, while conventional expatriation remains costly and carries adjustment risk (Collings, Scullion and Morley 2007). Its value is strongest where a clear strategic purpose exists, such as control, transfer of tacit knowledge, management development or launch of a new operation. For Delhi, the two-year assignment is justified only if the employee offers capabilities that local recruitment, shorter visits or virtual coordination cannot provide as effectively. Developing local

successors and transferring firm-specific knowledge should therefore be explicit project objectives.

The Causes of Expatriate Failure

A posting that ends prematurely is often described as expatriate failure, but this measure is too narrow. Harzing (1995) challenges widely repeated claims of very high expatriate failure rates and finds that many such figures have a weak empirical foundation. Harzing and Christensen (2004) further argue that an expatriate may complete the full assignment and still fail through poor performance, weak relationships, failure to transfer knowledge or post-assignment turnover. Consequently, the HR Director should define success for the Delhi assignment using several indicators: completion of the two-year term, achievement of project targets, adjustment and wellbeing, effective relationships with host-country employees, knowledge transfer and successful repatriation.

Culture Shock

Culture shock is classified as one of the leading reasons for expatriate failure (Brewster 2020). It transpires when an applicant is unprepared for the new society in which they are required to engage, whether due to unfamiliar norms, communication barriers or changes in everyday routines. Black, Mendenhall and Oddou (1991) distinguish between general adjustment to living conditions, interaction adjustment with host-country nationals and work adjustment. This is more useful than assuming that particular countries automatically cause failure. Individual openness, emotional stability and interpersonal capability also influence expatriate adjustment and performance (Caligiuri 2000), making adaptability an important selection criterion for the Delhi assignment.

Family Stress

Individual international assignments can be challenging enough, but they can be even more so when a family is involved. Moving a family requires spousal assistance and decisions about basic family health care, daycare, schools, and the partner's work. Language barriers and accommodation needs will make the task more challenging, and the task's success is measured by the whole family's ability to adapt to a new environment (Johanson and Lundberg 2016). Participating in a foreign assignment can provide a wealth of resources and experiences, but it is not without danger.

Responsibility Overload

In addition to managing the demands of a new profession, employees must adjust to a new work environment and culture and the challenges that this entails. Managing local workers can be challenging because of cultural differences, and staff teams are often bigger than an applicant is used to (Johanson and Lundberg 2016). An overabundance of obligations may result in physical exhaustion, increased stress, and emotional effects such as frustration, anxiety, and anger.

Poor Candidate Selection

Suutari et al. (2018) point out that frequently, the mission fails due to a poor candidate selection by the organisation. If the assignment is chosen based on headquarters criteria rather than assignment or applicant needs, it is almost certain to fail. On paper, someone may seem to be the best candidate for the position, but their personal needs may make them the worst candidate in the long run (Suutari et al. 2018). When selecting applicants for assignments, a balance must be struck between a candidate's personal needs and their suitability for the job's responsibilities (Lauring and Selmer 2018). Technical competence should therefore be treated as

necessary but insufficient. The HR Director should also assess motivation for international work, openness, emotional stability, interpersonal skills, cultural adaptability and family readiness, because personality characteristics are associated with expatriate performance and intentions to terminate an assignment early (Caligiuri 2000).

Organisational Support and Assignment Design

Failure can also result from assignment design rather than the individual. Unclear authority between headquarters and Delhi, unrealistic objectives, poor cross-cultural preparation, weak headquarters contact and limited host-country support can undermine adjustment and performance. Takeuchi (2010) treats the expatriate, family, organisation and host-country stakeholders as interdependent. The HR Director should therefore provide role clarity, realistic pre-departure information, cross-cultural preparation, a headquarters mentor, a senior local sponsor, and regular performance and wellbeing reviews.

The Implications of Findings

The evidence implies that the HR Director should not begin with the assumption that a senior employee must be sent to Delhi. The first decision is the staffing model that best serves the new project's strategic objectives. The director should compare a parent-country expatriate with an experienced host-country manager and a hybrid arrangement in which the expatriate leads the initial project while a senior local deputy is developed for succession. This makes expatriation a targeted capability-transfer mechanism rather than a default response to international expansion.

Staffing Choice and Candidate Selection

A parent-country expatriate offers knowledge of headquarters' systems, networks and expectations and may improve coordination and organisational control (Harzing 2001). A host-country manager brings local market and institutional knowledge while avoiding many relocation costs and adjustment risks. For Delhi, a hybrid model may offer the best balance: the expatriate can establish systems and transfer firm-specific knowledge while a senior Indian manager provides local knowledge and is prepared to assume greater responsibility. If an expatriate is selected, the decision should be based on cultural and interpersonal capability as well as technical competence and seniority, with family circumstances considered with the candidate's consent.

Pre-departure and In-assignment Support

Before departure, the organisation should provide a realistic preview of the role and living environment in Delhi, clarify authority and project objectives, and provide relevant cross-cultural and leadership preparation. Practical support should cover immigration, tax, housing, healthcare and, where relevant, schooling and partner support. During the assignment, a headquarters mentor and senior local sponsor should maintain regular contact, identify problems early and help the expatriate build effective relationships with host-country employees. Performance reviews should assess project outcomes and process measures such as local team development, knowledge transfer and stakeholder relationships.

These arrangements also reduce responsibility overload. The expatriate should not be expected simultaneously to launch the project, interpret every local issue, recruit the full team and act as the sole link with headquarters. The HR Director should define responsibilities between the expatriate, local management and headquarters before departure, resource the project adequately and establish scheduled wellbeing and adjustment reviews. Technology can

support communication and training, but it should complement rather than replace human mentoring, local relationships and organisational support.

Knowledge Transfer, Repatriation and Risk Management

Because the assignment lasts two years, repatriation should be planned before departure. The employee should know how the experience will contribute to their career on return, while the company should specify how knowledge gained in India will be captured and transferred. Supportive repatriation practices are associated with stronger perceptions of organisational support and greater willingness to remain with the company after return (Lazarova and Caligiuri 2001). The HR Director should therefore identify a likely return role, maintain career contact and schedule post-return knowledge-sharing. In parallel, the organisation should conduct a proportionate Delhi-specific assessment of health, security, travel and business-continuity risks and provide clear emergency procedures (Froese and Peltokorpi 2020).

Conclusion

Expatriation remains relevant in a globalised economy because it can transfer tacit organisational knowledge, strengthen headquarters-subsidiary coordination, develop international management capability and support the start-up of strategically important operations. However, these benefits do not make expatriation automatically preferable to local recruitment or alternative forms of global mobility. For the Delhi project, the strongest HR approach is to test the business case for a two-year expatriate assignment, consider a hybrid expatriate-local leadership structure, select for cultural and interpersonal capability as well as technical competence, support the employee and family before and during the assignment, and plan knowledge transfer and repatriation from the outset. These measures address the main

individual, family and organisational causes of expatriate failure while creating a pathway to sustainable local capability.

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