



A different perspective of expatriate management

Carol Yeh-Yun Lin^{*}, Ting-Chun Lu, Hsiao-Wen Lin

Department of Business Administration, National Chengchi University, No. 64, Sec. 2, ZhiNan Rd., Wenshan District, Taipei City 11605, Taiwan

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ABSTRACT

Based on a total of 243 papers and theses published in Taiwan and the West, this study provides a different perspective on expatriation management. The investigation includes selection criteria, staffing, training, the female expatriate, the expatriate spouse, and international adjustment. Research reveals that there are similar core concerns, such as an expatriate's professional knowledge, personality, adaptability, and international adjustment. Context-specific concerns also emerge. Taiwanese companies care more about expatriates' personal skills and willpower compared to the West, where companies care more about an expatriate's past performance, adaptability, and spousal adjustment. As more and more resource conscious SMEs are moving to compete in the international arena, attending to their international management needs becomes a pressing issue. This study provides the form, as well as the essence of Taiwanese expatriation management, especially with FDIs based in Taiwan playing a crucial role in the recent economic development of Asia. Taiwan's past successful international expansion certified the value of its expatriation management, particularly under severe resource constraints. The findings of this study may have policy and practical implications for relevant parties and emerging economies.

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1. Introduction

As business continues to globalize, it has become increasingly common for organizations to assign their employees to extend work assignments overseas (Bolino, 2007). Lazarova and Caligiuri (2001) and Caligiuri (2000) accurately pointed out that multinational corporations (MNCs) today have recognized the critical role that human resources play in global competitiveness. Hence, MNCs often send their managers and executives to other countries in an attempt to closely observe changes in the international economic scene, to develop international management competencies, and to facilitate entry into new markets (Belderbos & Heijltjes, 2005; Kim & Slocum, 2008; Shaffer, Harrison, & Gilley, 1999; Tung, 1998; Van Emmerik & Euwema, 2009). However, 16–40% of the assignments end in failure (Black, 1988; Lazarova & Caligiuri, 2001; Windham International, National Foreign Trade Council, & Management, 1999), and the estimated cost of failure has risen from as much as US\$250,000 a decade ago to US\$ 1 million per failure for U.S. firms today (Kraimer, Shaffer, & Bolino, 2009). In addition to the substantial costs, each failure affects the company immensely with respect to reputation, resources, and employee depression (Black & Mendenhall, 1989). Consequently, effective expatriate assignment management poses a crucial challenge for international human resource managers (Black, 1990; Black & Mendenhall, 1990; Black & Stephens, 1989).

Historically, past literature has primarily highlighted and investigated expatriation issues of MNCs in Western countries; yet in the words of Adler, Doktor, and Redding (1986, p.296), "Paralleling the shift of business from the Atlantic to the Pacific Basin, we move from the field's conceptually Occidental history to an Oriental perspective." In Asia, foreign-directed investment (FDI) based in Taiwan is becoming a major source of economic strength. The aggressive outbound investments of Taiwanese enterprises in Southeast Asia have had a substantial impact on the economic development of the Pacific region (Lee, 1994; Liang, 2004).

^{*} Corresponding author.

E-mail addresses: yehyunln@nccu.edu.tw (C.Y.-Y. Lin), 96355502@nccu.edu.tw (T.-C. Lu), 96355506@nccu.edu.tw (H.-W. Lin).

According to the [Taiwan Ministry of Economic Affairs \(2007\)](#), Taiwan has been the second largest investor in Vietnam from 1995 until the present, and led investment in Malaysia from 1990 to 1996. Aggressive Taiwanese investment in China since the opening of trade between these two societies in 2000 has also been witnessed. The most recent statistics, released by the [Taiwan Ministry of Economic Affairs in April 2010](#), show that Taiwanese companies invested US\$35.8 billion in China from January to April 2010. The investigation of Taiwanese business practices is taking on added significance, not only because of the increasing stature of Taiwanese investment in Asian nations such as China, Vietnam and Malaysia, but also because of the roles played by these nations in the world economy ([Lin & Wei, 2005](#)).

One feature of this research is the focus on expatriation management in Taiwan, considering its increasing FDI in China and Southeast Asian countries. In addition, with the prevalence of Confucian culture in Asia, the findings may serve as a supplement to expatriation management practices in the West. This study also takes a more comprehensive view than do previous international comparative studies which are limited to the following one or two specific issues, such as the expatriate's personality, international adjustment, selection and staffing, compensation, and performance appraisal ([Bhaskar-Shrinivas, Harrison, Shaffer, & Luk, 2005](#); [Bolino & Feldman, 2000](#); [Caligiuri, Phillips, Lazarova, Tarique, & Burgi, 2001](#); [Gregersen, Hite, & Black, 1996](#); [Mendenhall & Oddou, 1985](#); [Peltokorpi, 2008](#); [Ronen, 1990](#); [Shen, 2006](#); [Suutari & Brewster, 2000](#)). Furthermore, the findings of this extensive literature provide future researchers with a basic, yet comprehensive understanding of this field of study. With Taiwanese companies' successful international expansion in spite of constrained resources during the past few decades, our research may shed some light for companies in emerging economies or with resource constraints. Specifically, this study attempts to uncover the concerns over expatriation management through the academic research lens in both Taiwan and the West.

This paper first introduces the purpose of conducting the expatriation management research of Taiwan as a supplement to what has been promoted in the West. Then, it describes the data sources. Afterwards, it presents the research results and derives relative propositions. It delineates the stage development of expatriation management research, and finally, it concludes with implications for further research.

2. The purpose of conducting this study

Globalization and the concomitant need to compete in a rapidly changing environment have challenged organizations worldwide and resulted in the large increase of direct investment in developing countries ([International Monetary Fund, 2009](#)). Such a trend has prompted a plethora of research in international management, among which, expatriation management is a particularly crucial area ([Mezias & Scandura, 2005](#); [Shaffer et al., 1999](#)).

Expatriates, as representatives of the home company, carry the heavy responsibility of excelling in cross-border organizational performance, establishing public relations, and instilling the headquarters' values in local nationals. Extant Western theories assert that a firm engaged in FDI must have strong resources and capabilities ([Cheng & Lin, 2009](#); [Dilova & Witteloostuijn, 2007](#); [Frynas, Mellahi, & Pigman, 2006](#)), which explains the plethora of MNC expatriation management research. Yet, not all firms have such luxuries, especially the recent aggressive small and medium sized enterprises (SMEs) international movers. To date, the expatriation management of SMEs has seldom been addressed. Generally speaking, SMEs tend to engage in start-up FDI in emerging markets to realize ownership advantages over less competitive local firms. As a result, they rely heavily on their expatriates to monitor the relatively uncertain host country environment ([Cheng and Lin, 2009](#)). The current study attempts to enrich this field by looking into the issue from the perspective of Taiwan's SMEs. In addition, Western MNC expatriation management will also be presented for comparison purposes.

From the viewpoint of resource-based theory, the resources SMEs can manipulate when expanding operations across national borders are quite different from those of MNCs. For instance, Taiwanese firms relocate labor-intensive production to other low-cost countries to exploit cheap labor, whereas many Western MNCs target local market share. In addition, Taiwanese SMEs send expatriates to closely monitor economic, social, and political developments in the host country in order to swiftly respond to any turmoil in those relatively uncertain emerging markets ([Cheng & Lin, 2009](#); [Jaw & Liu, 2004](#)). From an agency theory perspective, Western expatriate management may apply a principal-agent relationship. Yet, Taiwanese culture is rooted in Confucianism that emphasizes *guanxi* (i.e., interpersonal connections with the owner), harmony (i.e., a conflict-free system of social relations), and the ordering of relations among social roles ([Adler and Kwon, 2002](#); [Huang, Chi, & Lawler, 2005](#)). The observation that Taiwanese culture puts more emphasis on social networks, interaction, and membership in social clubs encourages us to speculate that expatriation management in Taiwan is different from that in the West.

3. Data sources

Expatriation management research started in the West to improve expatriate performance, as well as subsidiary performance across national borders. Therefore, a thorough understanding of the evolution of this field of study in the West is imperative when tapping into its development in Taiwan. As a result, we first search Western practices in international journals, and then local Taiwanese literature, to get a fuller view of this topic of interest. The reason for choosing papers in the following professional journals is that their contents are considered "certified knowledge," having gone through several rounds of expert review by fellow researchers ([Ramos-Rodríguez & Ruíz-Navarro, 2004](#)).

Social scientific research generally reflects the ongoing concerns of a society. To obtain a representative collection of journal papers on expatriation management over the past four decades (from 1971 through 2009), the following journals were searched and reviewed: *Journal of International Human Resource Management*, *Human Resource Management*, *Journal of International*

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