

MPHTI 06.77.65

JEL M 160

**THE LINK BETWEEN HR PRACTICES AND EXPATRIATE  
MANAGEMENT: CASE OF CHINESE MULTINATIONALS IN  
KAZAKHSTAN**

**Gassanova A.A,**

PhD candidate, Narxoz University,  
Almaty, Kazakhstan

---

**ABSTRACT**

In face of the rapid globalization, more and more emerging market Multinational companies (EMNCs) are assigning expatriates to establish and manage overseas tasks in order to gain the competitive advantages in global markets. Consequently, the issue of expatriate management within the context of emerging country MNEs has become an important concern in the field of International Human Recourse Management (IHRM). The purpose of this study is to contribute with an understanding of problem expatriates encounter during their expatriation period and how the expatriation process can be improved with the help of HR practices. A qualitative study with in-depth interviews has been conducted with four Chinese expatriates working in 4 different Chinese MNCs' divisions.

The empirical findings show that the pre-departure training expatriates receive are focused on work related issues, hence cultural awareness training are often neglected. This leads to problems for the expatriates, like for example integration problems, adjustment problems for the expatriate and his/her family members, and not being able to communicate in the local language. Also the support received from the home country company are many times insufficient, and the home country companies rarely provide the expatriates with any form of repatriation program to ease their re-adjustment process.

This study shows that many organizations need to improve the different parts of their expatriation process. The organizations should especially focus on developing their pre-departure training to include cultural training for both the expatriate and the spouse, and develop a sufficient repatriation program.

*Keywords:* IHRM, Expatriate Management, Emerging MNCs, China, Institutional Factors, Expatriate Effectiveness.

**INTRODUCTION**

With growing global competition, organization should create and support their competitive advantage. This can be achieved with the help of different instruments via using globalization strategy. One of the ways to create a local existence in the international markets is to occupy employees from the parent company to the subsidiaries all around the world [1]. Therefore, managing expatriates and increasing number of international assignees has been a vital problem that has significant impact on the successful implementation of international strategies.

One of the main aspects of IHRM is recruitment policy of employees from parent company (expatriates) to a managerial position in foreign subsidiaries. Expatriation term is used to explain the procedure of international transfers of managers working in foreign subsidiaries for a pre-defined period, usually from two to five years. In other words, multinational organizations always try to forward their most skilled employees on international assignments with the aim to implement organizational culture change, knowledge sharing and manage systems overseas [2]. When expats arrive to the host country of their assignment, they meet with the substantial number of professional and personal challenges, which increase level of uncertainty and stress in today's fast changeable career environment [3]. Result show that the largest trends in global expatriate management are such traditional problem as: retention, localization and repatriation.

**Relevance of the study:** Developing countries become highly attractive and important markets, and one of the challenges all these companies are facing is providing expatriate packages that are appropriate and consistent with local market global policy [4]. Expatriation is very efficient tool in understanding international operation but it also the most expensive staffing strategy. Moreover, expatriation is the way to develop global proficiency which relates to the organizational strategic plan.

Wilkinson and Shah (2012) proposed that for next decade the key research subject will be related with re-examining global staffing strategies and IHRM approaches of EMNCs. Employee performance is better in host country when effective HR management practices are applied for those who accepted international assignments adjust. The higher the HR practice the better will be experience of expat. Helping employees before and during an expat assignment is one of the effective strategies for adaptation in new country (Kathy Gurchiek, 2016). In the scope of this particular problem, we contest that its important research that must be considered. Moreover, IHRM in EMNCs must be advanced by conceptual, theoretical and empirical studies.

**Novelty of the study:** While there is a significant amount of research evidence regarding the relationship between method of managing expats and firm performance, almost all of them focused only on firm in a single-country context and there is lack of research in the scope of MNCs. In addition, many empirical studies concentrated on expats' adjustments, but there are many questions regarding expats the well-being and subsidiaries' social performance. The expatriation process includes many professional aspects; however other personal, cultural and social item, which often motivates expatriates select to return to their country ahead of time, should be taken into account as well [5]. This study basically focuses on these aspects, and shed a light on the problem faced by expats during the assignment process.

**Problem statement:** People – are the most strategic asset which leads to successful operation of MNCs. In order to be successful organization must manage their diverse workforce be IHRM in a global area. There are a lot of researches and findings about IHRM in MNECs in developed countries, but few researches interested about global workforce managing of EMNCs especially in developing countries.

Both, empirical findings and theoretical insights in the scope of EMNEs are rare. Taking into account existing theories in relation of EMNEs, it understandable that some good theories like agency theory, are used to explain expatriate management in DMCs but they don't explain management practice in EMNCs. Moreover, study about how EMNCs cope with local rule and create talent pools in host country by using expats is a great contribution both theoretical and practical terms [3].

Consequently, the **purpose** of this study is to identify the problems faced by expats during the expatriation period.

Following **research questions** are formulated:

1. How do foreign workers being mentored during their assignments in host countries?
2. What kind of resources do expatriates use to maintain their professional development and quick adaptation to life in another culture?
3. What type of problems expatriates face during the process of expatriation?

## LITERATURE REVIEW

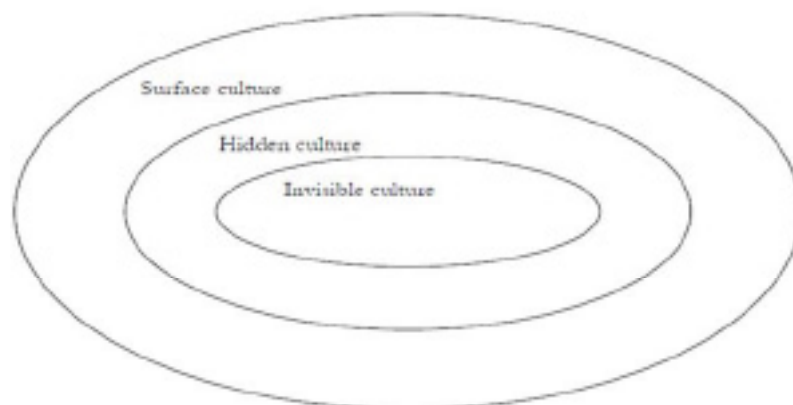
To provide more detailed analysis of existing literature it was decided to divide the background into three different sections: a) Theoretical background – provides information about main theories used un Expatriate Management field, b) Conceptual background - describes the basic concepts and description of possible variables , c) Contextual background - provides explanations about relationships between the dependent and independent variables.

### ▪ Theoretical Background:

Based on the practical and theoretical experience, different MNC's operating in different countries' based on cultural characteristics are considerably different from each other. Many people who work abroad generally experience responsiveness to cultural distinction, which in turn leads to error during interpersonal and intrapersonal communication [5]. This could be described by Hofstede's cultural dimensions such: uncertainty

avoidance, power distance, individualism versus collectivism, femininity versus masculinity and short-term orientation versus long-term orientation (Hofstede, 2001).

The cultural problem makes the cooperation with people from other cultures to a challenge for those who working abroad. In addition, there are three layers of culture model which are surface culture, hidden culture and invisible culture [6]. Surface layer explains visible part of the culture such as dress, language, traditions and so on. Hidden culture consists of ideologies and philosophies about right and wrong. And last, but not list layer refers invisible culture, refers to more deep issues which are hard noticed for not local ones.



Picture 1- Three layer of culture

Source: Briscoe & Schuler, 2004, pp.118.

▪ **Contextual Background:**

Expatriation strategy is considered as one of the most effective methods for attracting and accumulating international staff. Successful organizations use international assignments as an important asset to improve financial indicators and develop organizational performance [7]. Preparing and holding individuals for universal assignments are a vital viewpoint of worldwide operational efficiency.

Taking into account all the existing literature in field of expatriate management, this study mainly based on the several empirical works. The four articles we have chosen are well-grounded in theory, exact in research design, and have stable practical adaptability.

Table 1. List of key Literature

№	Authors	Title	Findings
11	(Meyer & Xin, 2018)	“Managing Talent in Emerging Economy Multinationals: Integrating Strategic Management and Human Resource Management” 2016 year	EMNCs need to fill leadership roles with international responsibility based abroad and at home, and they need to develop talent for future international leadership roles. Key challenge for catch-up strategies is to attract, develop and retain talents who can lead international operations. Therefore integration of strategic management and human resource management is necessary.
22	(Taoa et al., 2018)	“Expatriates, Subsidiary Autonomy and the Overseas Subsidiary Performance of MNEs from an Emerging Economy” 2017 year	Assigning more expatriates enables the parent company to have tighter control on subsidiaries and reduce their autonomy, which in turn leads to a decrease in subsidiary performance. Institutional quality of host countries reinforces the negative impact of expatriates on subsidiary autonomy, but reduces the importance of the latter on subsidiary performance.

33	(Jackson & Horwitz, 2017)	“Expatriation in Chinese MNEs in Africa: An Agenda for Research” 2017 year	EMNCs’ expatriation policies and practices should be viewed in a different light to those of Western firms. Some potential synergies between Chinese and African cultural values are moderated by a low importance placed on the knowledge transfer role of Chinese expatriates and by the impact of the relational nature of career development including expatriate selection and an apparent low emphasis on pre-departure training.
44	Shuming Zhao, Yan Liu & Lulu Zhou (Zhao et al., 2016)	“Does a boundary less mindset enhance expatriate job performance? An investigation of Chinese multinational corporations” 2016 year	Boundary less mindset has a positive influence on expatriate task and contextual performance through the mediating role of proactive resource acquisition tactics. Furthermore, behavioral cultural intelligence enhances the effects of proactive resource acquisition tactics on task performance and contextual performance

Source: Provided by author based on the Literature review

Empirical studies states that there are several dimensions of expatriate management such as: selection, culture, training, adjustment and repatriation [6]. Moreover, Barsoux et al. (2002) argues that expatriation process could be divided into four main sessions: recruitment and selection, training and development, on assignment and repatriation. In our study, after reviewing many empirical works of different authors, we decided to divide expatriation process into three different phases such as: retention, localisation, repatriation. With another words, the expatriate issue is very difficult process and important for multinational organizations. Therefore it’s necessary to drill down into main concept within this field.

- **Conceptual Background:**
- **Retention:**

Retention- refers to the organizational ‘ability to select and retain high skilled workers over a long period of time. Successful companies need to foster a good working environment so that employee retention remains at a high level [8]. One of the key components of retentions is selection of right workers to the position.

The process of selecting expat for international employment is critical from a cost-profit analysis as for the organization and so well for the individual. Employer has to take into account technical competence of the candidates, skills in handling relationships with people from other cultures, the cross-cultural strength of the candidates and etc. Other, not least important criteria comprise the maturity of the candidate, ability to handle the foreign language and personal characteristics [9]. The next step after selecting expat is to organize predeparture training with the aim of adjusting employee to living and working in another country with different environment.

- **Localization:**

Localization is the second phase in the expatriation process. Simply to say localization refers to the ability of people to quickly adapt to the new things. Particularly in current study localization refers to expat abilities to quickly learnt cultural issues in the new workplace in the host country. The most important component of this phase is national culture. Cultural differences are key in the business environment, because it influences people, their work and the way they doing business. According to the Hofstede (1984) culture is “collective programming of the mind which distinguishes the members of one human group from another”. In addition, Medich (1995) argued that culture is a crucial variable in international business and therefore, must be included in international management practices.

- **Repatriation**

Repatriation generally refers to a person who has either forcibly or voluntarily left his own country or his own workplace and now is returning. Many expatriates experience difficulties in adjusting to the work environment at home when they return due to greater job autonomy whilst working abroad [10]. Generally there are several factors forcing employee live the host workplace. The most common factors are: High level of responsibility at host work place, low prestige, difficulties in adapting to host environment.

## METHODOLOGY AND DATA ANALYSIS

This Chapter aims to review and select a rational research methodology and methods. The qualitative method analysis was chosen to answer all the research questions. In addition, the following issues are discussed: data collection processes, sampling and data analysis.

### Qualitative approach:

According to the empirical studies, the qualitative approach is highly interpretive and one of the most frequently used methods of obtaining information in the Management field. Unstructured interview is a commonly used technique within qualitative research. In an unstructured interview the respondent's feeling, experiences and emotions are taken into account. The interviews conducted are like guided conversations between the researcher and the respondent. Therefore it was decided to build research design based on quantitative approach by using interview since this type of analysis mainly requires primary data that are specific to a particular object of the study.

Table 2 – Pros and Sons of Expatriation process face by Chinese Expats in Kazakhstan.

Phase	Problems	Positive sides
Retention	Selection process: -Expat is chosen by company -Without Family	Selection process: -Candidate can Reject -Salaries are 3 times Higher than in China
	Pre-trainings: -Adoption by yourself	Pre-trainings: -Only short language related trainings
Localization	Cultural issues: -Language problems (Kz/Rus) -The way of doing business -Other	Cultural issues:] -Learning new languages -Experience
	Legal-Political Issues: -Regular supervision of different authorities -Obeying of law, compliance, requirements	Legal-Political Issues: -Learning law basis of Kazakhstan -Improving ability of decision making
	Employment issues: -Small number of qualified staff in Kazakhstan -Outsourcing is hard to implement (1/9 regulation) -Required staff need many trainings which lead to High Costs -Trainings are same for all staff	Employment issues: -Young generation is flexible and easy to learn -Train the trainer policy implementation
	Reward system: -Mainly staff is motivated by material issues	Reward system: -Enhancing salaries every year -PES are same for all employees (360 degree system)
Repatriation	-Cultural intelligence. -Family situation -Flexibility and adaptability -Job knowledge and motivation -Relational skills -Extra cultural openness	-

Source: Provided by author based on the data taken from the interview.

### Data Collection

The interview questions were developed in accordance with the ethics rules taking into account the confidentiality issues. The interviews with each of the expatriates and the employees from the personnel departments were recorded. Overall four types of the questions were asked (See Appendix 1):

Essential questions- concern the topic of the study. In our case questions relate to the expatriate's problems and the expatriation process. Extra questions - are roughly equivalent to the essential questions but asked in different words. These types of questions are used to measure the reliability of the answers. Throw-away questions- are usually used in the beginning of the interview but they also appear frequently during the interview. These kinds of questions are used to develop a dialog between the researcher and the respondent. Probing questions- are used to collect more detailed information from the respondents.

### **Interview structure**

To avoid confusion, we designed our questions concerning expatriate problems in that way that it is simple to understand for the respondents and one question will only cover one important issue. We tried to avoid long complex questions and kept the questions short and easy to understand for the respondents in order to gather as much relevant data as possible. The interview consists of three phases: Opening - consisting respondents' background information. Main part- more detailed information regarding problems expats are facing. Closing phase- ended by thanking the respondents for their participation.

### **Sampling**

Due to the limited time and sources, convenient sampling method was used. Four interviews were conducted with different interviewees from different Chinese multinational companies.

### **Data Analysis**

Based on the data collected from the interview and all the information from the respondents the table 3 with main pros and cons of the expatriate process provided below (see table 3). Due to not big amount of data to be studied, all the data were sorted and carefully analyzed by author herself.

## **RESEARCH RESULTS:**

### **• Findings:**

Results indicates that in general there are 3 main motives why expats decides to move to the host country: Promotion issues- feeling more prestige positions, higher salaries, international experience refers to development of expats' future managerial positions. Organization development consists of socialization of both expatriate and local managers into the corporate culture and creation of an information network between subsidiaries and the headquarter. Therefore, cross-cultural adjustment is found to be the most significant factor determining the success of international assignments.

In addition, training facilitates effective cross-cultural interactions and it is an effective tool for reducing uncertainty and increasing expats self-efficacy. The main reasons of why employees rejected the expatriation are family reasons or because the repatriation is not planned. To sum up, the expatriation process in multinational companies' that synthesizes that the last part of the process (repatriation) is not well-explained to the expatriates.

### **• Limitations:**

While conducting this research we faced many different difficulties such as: Lack of needed information, absence of financial support, lack of time. It was also difficult to link all the necessary indicators as they were found in completely different informative source. Constantly, we should also take into account the fact that we cannot fully assert the correctness of this work, since based on the sample of 4 respondents; it is unethical to draw conclusions about the whole population. Therefore, additional financial support is needed for more reliable conclusions. Such studies require long periods of information gathering and large-scale work.

### **• Recommendations:**

Author suggests that language training and trainings regarding the overview of cultural differences are necessary to improve expats adaptation process. Right HR practices could be the most efficient way of achieving this goal. Therefore HR department shall provide different HR practices for locals and expats. To sum up, multinational companies, especially which operate in the developing market must pay attention to the three factors; work environment, sociocultural and family, than the retention, localization and repatriation process will be successfully implemented.

## **REFERENCES**

1. Jackson, T., & Horwitz, F. M. (2017). Expatriation in Chinese MNEs in Africa : an agenda for research Expatriation in Chinese MNEs in Africa : an agenda for. *The International Journal of Human Resource Management*, 5192(February), 1–23.
2. Zhao, S., Liu, Y., & Zhou, L. (2016). How does a boundaryless mindset enhance expatriate job performance ? The mediating role of proactive resource acquisition tactics and the moderating role of behavioural cultural intelligence. *The International Journal of Human Resource Management*, 5192(November).

3. Taoa, F., Gaoa, X. L. L., & ASchool. (2018). Institutional Repository Expatriates , subsidiary autonomy and the overseas subsidiary performance of MNEs from an emerging economy Accepted for publication. *The International Journal of Human Resource Management*, 0–48.
4. Rizk, H., & Rizk, H. (2013). Cultural challenges for expatriate managers operating within projects case study : jvc limited , lomé project. *International Business*.
5. Meyer, K. E., & Xin, K. R. (2018). Managing Talent in Emerging Economy Multinationals : Integrating Strategic Management and Human Resource Management Managing Talent in Emerging Economy Multinationals : Integrating Strategic Management and Human Resource Management. *Human Resource Management*, (September 2016).
6. Chang, Y., & Smale, A. (2014). The International Journal of Human Expatriate characteristics and the stickiness of HRM knowledge transfers. *The International Journal of Human Resource Management*, (October 2014), 37–41.
7. Wood, G., & Tarba, S. Y. (2018). Human resource management in Chinese multinationals in the United Kingdom : The interplay of institutions , culture , and strategic choice. *Human Resource Management*, 1–15.
8. Chew, J. (2004). RESEARCH AND PRACTICE Managing MNC Expatriates through Crises : A Challenge for International Human Resource Management. *International Human Resource Management*, 12.
9. Fee, A., & Mcgrath-champ, S. (2016). The role of human resources in protecting expatriates : insights from the international aid and development sector. *The International Journal of Human Resource Management*, 5192(March).
10. Aycan, Z. (2007). The International Journal of Human Resource The interplay between cultural and institutional / structural contingencies in human resource management practices The interplay between cultural and institutional / structural contingencies in human resource ma. *The International Journal of Human Resource Management*, (March 2015), 37–41.
11. Chung, Y., & Ho, C. (2012). The Oversea Expatriates of Human Resource Management Practices In Taiwan - Vietnam Cross Country Enterprises. *International Conference on Asia Pacific Business Innovation and Technology Management The*, 57, 432–439.
12. Jackson, T., Jackson, T., & Horwitz, F. M. (2017). Expatriation in Chinese MNEs in Africa : an agenda for research The International Journal of Human Resource Expatriation in Chinese MNEs in Africa : an agenda for research. *The International Journal of Human Resource Management*, (February), 1–23.

## ТҮЙІНДЕМЕ

Көпұлтты компаниялар әлемдік нарықтарда бәсекелестік артықшылықтарды алу мақсатында шетелдік міндеттерді құру және басқару үшін экспаттарды тағайындайды. Сондықтан экспаттарды басқару проблемасы адам ресурстарын халықаралық басқару саласындағы маңызды проблемаға айналып отыр. Қытай экспаттармен терең интервью өткізіп, экспаттардың экспатриациясы кезінде кездесетін проблемаларды түсінуге өз үлесін қосу үшін және экспатриация процесі HR тәжірибесінің көмегімен жақсаруы мүмкіндігін табу үшін осы зертеу жұмысы өткәзәлген. Эмпирикалық деректер кетер алдында экспаттарды дайындау жұмысқа байланысты мәселелерге шоғырланғанын көрсетеді, сондықтан мәдениет мәселелері бойынша дайындық жиі елемейді.

## РЕЗЮМЕ

Многонациональные компании назначают экспатов ответственными за управления задачами за рубежом с целью получения конкурентных преимуществ на мировых рынках. Вследствие чего управление экспатами является важной проблемой в области международного управления человеческими ресурсами. Качественное исследование с углубленными интервью с китайскими экспатами было проведено, с целью внести вклад в понимание проблем, с которыми сталкиваются экспаты в период их

эспатриации, и как процесс эспатриации может быть улучшен с помощью HR практик. Эмпирические данные показывают, что подготовка экспатов перед отъездом сосредоточена на вопросах, связанных с работой, в то время как сложность по вопросам культуры часто игнорируется.

### SUMMARY

Multinational companies (EMNCs) are assigning expatriates to establish and manage overseas tasks in order to gain the competitive advantages in global markets. Therefore, the issue of expatriate management becomes an important concern in the field of International Human Resource Management (IHRM). A qualitative study with in-depth interviews with Chinese expatriates were provided in order to contribute with an understanding of problem expatriates encounter during their expatriation period and how the expatriation process can be improved with the help of HR practices. The empirical findings show that the pre-departure training expatriates receive are focused on work related issues, hence cultural awareness training are often neglected.

#### Appendix A- Interview questions

Phase	Questions
Retention	Can you tell us about the expatriation process at your organization?
	Can you tell us which advantages the organization has gained by having expatriates instead of local workforce?
	Can you tell us about the downside of having expatriates instead of using local workforce?
	Can you tell us about your time abroad?
Localisation	Can you tell us about your experiences as an expatriate?
	How did you experience the support you got during your time as an expatriate?
	How do you think the expatriation process can be done differently at your organization?
	Did your company keep the human resource management (HRM) practices in Kazakhstan similar to what you have in your home market?
	How easy was it to shift the home-based HR practices to your host market?
	Did your company face any pressure from the host-country labor union/employees/laws to adopt or standardize your HR practices?
	Did your company adopt HRM practices to overcome criticism in the media and develop legitimacy in your host market?
	Does your company have to create a new HRM department in your host market and hire additional professional HR staff to adjust your HR practices in the host market?
Repatriation	How did you experience the repatriation process?
	If you are going to work as an expatriate again, what would you do differently this time?
	If the expatriate terminates the assignment and returns to the home country prematurely, what will happen?