

Review paper

MANAGING THE EXPATRIATION PROCESS

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Abstract. *The present paper stresses the fact that the expatriation process is extremely important for companies that intend to internationalize their operations, as well as for companies that have already internationalized their operations. This is owing to the fact that expatriation is a continuous process, whether viewed in its narrow or broad sense. Furthermore, the most successful approach to expatriation is the holistic approach which entails an active role of the company in the preparation for expatriation, expatriation, and repatriation. This is further confirmed by the presented practices of selected companies.*

Key words: *expatriates, self-initiated expatriates, host country, home country, expatriation, cultural shock*

INTRODUCTION

The labor market always contained mobile individuals, prepared to accept an appropriate position outside their home country. These individuals go under the joint name *expatriates* (EXs). *Joseph Campbell* called their movement "the hero's journey" (Hudson et al., 2006, 307), because they were *heroes* that adventurously embarked into the unknown in order to perfect their trade and acquire broader knowledge. With the onset of multinational companies (MNC), there appeared a need for the employees of the parent company to leave for foreign subsidiaries and spend the required amount of time there in order to complete certain tasks. As they mostly moved from the U.S. overseas, these heroes were named *overseas expatriates* (OEXs). Soon, the term *overseas* became inadequate, as the mobile individuals also started moving within the same continent; consequently, the employees who moved to foreign subsidiaries to perform their tasks were called *foreign expatriates* (FEXs) (Doherty et al., 2013, 101).

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As over time the world became divided into developed, developing, and underdeveloped countries, individuals from underdeveloped and developing countries started making independent decisions to move in order to seek temporary employment outside their home countries: sometimes on their own, sometimes through an appropriate intermediary organization. They are called *self-initiated expatriates* (SIEs) (Doherty et al., 2013, 98). At first, this was unqualified labor force, 'imported' by the developed countries (usually through employment agencies). In the Socialist Federal Republic of Yugoslavia (SFRJ), the period of intensive 'export' of unqualified workers lasted from 1965 to 1975. Later, and especially today, SIEs are highly competent professionals of non-managerial tiers (engineers of electronics, doctors, but also construction workers, hairdressers, etc.). This is why the term *Independent internationally mobile professionals* (IIMPs) was introduced (Doherty et al. 2013, 98).

Volunteer overseas workers (VOWs) are individuals who voluntarily leave for another country through the mediation of an appropriate organization, for the purpose of aiding in the completion of certain humanitarian tasks (Fee, Gray, 2011, 530). Their effort is altruistic; however, they acquire experience and informal knowledge, which can help them become expatriates.

Regardless of the name, it is a fact that globalization is creating a global labor force market, and individuals in that market go under the joint name *globally mobile workers* (Doherty et al., 2013, 100). For a company that is making its business international, or has already made it international, it is important to understand the motives of the globally mobile workers, the space where they will perform their task (the host country), and the time required to complete the task.

The goal of the present paper is to show companies that, in addition to the internal, there is also an external market for recruiting professionals to perform tasks overseas, because the chosen recruitment strategy determines the duration of the expatriation process, expenditure related to expatriation, expatriates' success in competing their tasks, and, finally, return obtained from expatriates (ROI). This is further supported by the provided examples of practices in some companies. The paper includes the following sections: introduction, five sections (structure of internationally mobile workers; structure of the expatriation process; essence and types of cultural shock; expatriates' personal traits; and expatriation practices in some companies), and conclusion.

1. THE STRUCTURE OF INTERNATIONALLY MOBILE WORKERS

Literature discusses several types of *internationally mobile workers*, and these include the following:

- expatriates (EXs),
- self-initiated expatriates (SIEs),
- international volunteers (IVOs), and
- refugees.

Expatriates. Multinational companies (MNCs) represent a typical form of business internationalization, since the parent company establishes subsidiaries in foreign countries. Moreover, parent companies hire the local labor force in their foreign subsidiaries, while the managers are from the parent company's home country. This is why the earliest literature defined the *expatriate* (EXs) as "a male on middle-to senior-level managers from large MNCs

in the developed country (usually the U.S.) sent on assignment or sojourn to another country for a period of 2-3 years” (Brewster et al., 2014, 1922). Since the subsidiaries on other continents (overseas) were established by American companies, these managers were called *overseas expatriates* (OEXs).

Practice showed that in order for assignments in a subsidiary to be completed, in addition to managers other professionals also needed to be sent (e.g. technical staff), so the term *expatriate* also started to include “expensive people employed in key positions” (Brewster et al., 2014, 1921), sent by the company to perform assignments in the host country. Since they are sent to perform specific assignments, they are called *assignments expatriates* (AEXs) (Vaiman et al., 2015, 283). The number of such employees is continually increasing (Fee, Gray, 2011, 68), even during the crisis that started in 2008 (Brewster et al., 2014, 1921). Therefore, *expatriates are the employees sent by the company to the host countries to perform a specific assignment, upon the completion of which they return to the home country.*

The place (the host country) is determined by the company, and it can entail the following: a stay in the host country and the return to home country upon task completion, a continual stay in multiple host countries and the return to home country, and the rotation between subsidiaries in host countries throughout the employment. The greater the number of foreign subsidiaries a company has, the greater the number of such expatriates, and the greater the company’s obligations in managing expatriates.

The time for completing the assignment is also determined by the company, and it can vary (e.g. 6-18 months, 1-5 years), but the stay in the host country is always temporary. Only the expatriates who are rotating between subsidiaries in host countries throughout their employment have permanent residence outside their home country.

Motivations can be viewed from both the perspective of the company and the perspective of expatriates, although contemporary literature also introduces the motives of the family and countries (both home and host countries) (Brewster et al., 2014). *Company motives* can include the transfer of knowledge to subsidiaries in foreign countries and organizational development through expatriates’ acquisition of global competencies. *Expatriates’ motives* can be individual career development, higher salary and career development of family members. With young expatriates the most salient motives are personal and business-related, i.e. the pursuit of adventure, desire to meet new cultures and form new friendships, and career development. Company motives and expatriates’ motives need to be compatible, since that is the only way for the expatriation process to be successful. Compulsory relocation of expatriates and insufficient company support in the adjustment phase leads to failure on both personal and organizational level.

Self-initiated expatriates. Individuals can independently move to foreign countries in pursuit of temporary or permanent employment. That can include unqualified labor force, but also highly competent professionals (doctors, engineers, etc.). They also represent a form of expatriates, and are referenced in various ways in literature: self-initiated expatriates (SIEs), employees with overseas experience (EOEs), or self-selecting expatriates (SSEs) (Cerdin, Selmer, 2014, 1281-1301). The most frequent terms is SIEs – an independent move to a foreign country in pursuit of temporary or permanent employment. This is not a novel phenomenon, since even in medieval times craftsmen from many countries (e.g. France, Germany, etc.) would spend years traveling the world in order to perfect their skills. In 2013, the United Nations Organization recorded 232 million of international migrants, one fifth

of whom were highly skilled. It is believed that tens, even hundreds of thousands of SIEs are residing in the OECD countries (Vaiman et al., 2015, 281).

In recent years the literature is showing a trend for differentiating between *self-initiated expatriates* (SIEs) and *expatriates* (EXs). Relying only on the literature from the previous five years, *J.L.Cerdin* and *J. Selmer* (2014, 1284) provided a comprehensive overview of definitions concerning the essence of SIEs, which includes the following:

- "... SIEs are internationally mobile individuals who move to a foreign country for indeterminate time periods, rather through the mediation of specialized agencies than through an organizationally assigned expatriation" (Arris, 2013, 79);
- "SIEs come from developed countries, and they have the following traits: they have a strategic approach to career development, their knowledge and skills are transferable across countries, they approach the idea of international mobility as desirable (rather than necessary), and they are easily accustomed and integrated into the host country" (Arris, 2012, 237);
- SIEs are "individuals not supported by any organization, so it is less likely that they will accomplish their goal in developing their career during expatriation" (Andersen, Bergdolt, Margenfeld, 2012, 12);
- "An SIE is defined as an employee who migrates voluntarily to a foreign country on his or her own initiative, seeks actively a new employment and is hired by a foreign organization under a local host-country contract" (Andersen, Biemann, 2012, 105);
- SIEs have the following features: individuals make a decision about moving to a foreign country, the decision about their employment is made by the host-country organization, personal and professional goals are the most dominant, individuals are governed by their personal biographies (gender, age, education, career stage, etc.), they finance the move alone, and they arrange the expatriation phase on their own (Andersen, Gutschin, 2012, 185).

Based on the overview of definitions of the essence of SIEs, the same authors (Cerdin and Selmer, 2014, 1290) outline four conceptual criteria that an individual should meet in order to be an SIE, and these are the following: self-initiated international relocation, regular employment, intention of a temporary stay (3-5 years), and skilled/professional qualifications. All four criteria must be met, and failure to meet even one of them does not qualify an individual to be an SIE.

Instead of the term *self-initiated expatriates* (SIEs), *Inkson et al.* (2013, 352) introduced the term *overseas experienced individuals*, and they differ from expatriates in their initiative, goals, financing, and career type.

- An expatriate receives the *initiative* for performing the assignment in the host country from the company, while SIEs leave on their own initiative (through the mediation or without any mediation of an appropriate organization from the home country, in coordination with the employment organization from the host country, or in coordination with the company from the host country). SIEs' stay in the host country is normally legally regulated.
- *The goal* for expatriates' migration is determined by the company and it can include: the performance of a specific assignment, knowledge transfer to the subsidiary in the foreign country, and organizational development of the company. The main goal for SIEs is employment and individual development, and if they are leaving with their families, then they also take into account the goals of their family members.

- *Expatriates' careers* are planned by the company in accordance with its business strategy, while SIEs plan their careers by themselves. Therefore, they can perfect their knowledge and skills, earn money, and come back to their home country where they can start their own business. If they stay in the host country, SIEs can be a good base for recruiting expatriates.

Refugees (RFs). Bearing in mind that SIEs leave their home country voluntarily, *J-L. Cerdin* and *J. Selmer* (2014, 1291) distinguish them from *refugees*, as *refugees* go to a foreign country out of necessity: for political and economic reasons, in a disorganized fashion, without any financial support, with the basic goal to survive and find a country where they could lead a better life. They do not plan the development of their career at all, although there are highly-competent professionals among them.

International volunteers is also a term found in literature on expatriates. International volunteers (IVOs) traditionally refer to individuals going to a foreign country driven by humanitarian reasons, under the auspice of an organization, and their main goal is altruistic satisfaction (Fee, Gray, 2011, 530). They differ from expatriates in that they are mostly engaged in humanitarian activities and they are not permanently employed in the organizations that hire them. However, contemporary practice has shown that, in addition to altruistic satisfaction, IVOs also have other goals, the achievement of which can help them become expatriates. Through volunteering, they acquire valuable global knowledge and skills, like cross-cultural communication skills and knowledge of the global business operations. Additionally, they are in a position to acquire the *Big Five personality characteristics* that are better than those of EXs and SIEs, so they do not require any time for adjustment.

The *Big Five personality characteristics* include the following: extroversion, agreeableness, conscientiousness, emotional stability, and openness, and these are the characteristics that render them a high-quality base for both recruiting expatriates, and becoming serious competitors to expatriates. Owing to the fact that they have already undergone the adjustment, they possess positive affectiveness, which, unlike negative affectiveness, leads to faster work adjustment, better work performance, higher work effectiveness, and higher job satisfaction (Selmer, Lauring, 2013, 569-570).

Expatriates are a very expensive human resource and they are considered cheaper only compared to the company president. Therefore, each company needs to take care of the return from investments in expatriates (ROI), i.e. of the expected task performance with expected costs (McNulty, Tharenoy, 2004, 71). Costs can be determined much easier and with higher accuracy than the benefits provided by expatriates, and they are made up from the sum of direct and indirect costs. The amount of the compensation package alone (pay, bonus, and premiums) revolves in the neighborhood of \$300,000 and \$1,000,000 per year (Toh, Denisi, 2003, 611), while indirect costs (accommodation costs, allowance for the education of children, allowance for unemployed spouses, etc.) are even higher. Additionally, each company fears hidden costs that expatriates can incur, like, for example, damaging the organization's image and disrupting relationships with host country nationals (McNulty, Tharenoy, 2004, 71-72). That is why companies with internationalized operations should familiarize themselves with the structure and characteristics of the internationally mobile workforce. In this way, the classic practice of recruiting expatriates can spread onto the recruitment from the ranks of SIEs and IVOs, thereby facilitating and making the expatriation process cheaper, increasing work performance, and increasing the ROI in the expatriates.

2. STRUCTURE OF THE EXPATRIATION PROCESS

Expatriation can be a short or long process, depending on whether it is viewed in the narrower or broader sense. In the narrow sense, the expatriation process consists of a single phase, which many authors label as the phase of international adjustment (Oberg, 1960; Adler, 1975; Torbiorn, 1982; Selmer, 1999). In the wider sense, the expatriation process is called the expatriation cycle and it includes three phases: the phase of preparation for expatriation, the expatriation phase, and the repatriation phase. The present paper will be dealing with the expatriation process in the narrow sense.

Bearing in mind that expatriation is a complex process, even if viewed in the narrow sense, some authors (Selmer, 1999, 516) discuss expatriation as a process comprised of multiple successive stages (Selmer, 1999, 516).

K. Oberg (Selmer, 1999, 516) refers to expatriation in the narrow sense as the international adjustment process. This process includes four phases, metaphorically labeled:

- honeymoon,
- crisis,
- recovery, and
- adjustment.

Honeymoon is the first phase of the international adjustment process which an expatriate enters with positive expectations and without the assumption that there will be any difficulties in performing the task in the host country. Positive expectations give way to positive affectiveness, which is in turn expected to lead to job satisfaction and satisfactory work performance.

However, an expatriate is soon faced with reality, which often does not match his expectations, so that sooner or later he enters the crisis phase. It is the phase in which positive affectiveness is weakening, and there is a smaller or greater extent of negative affectiveness. First the job satisfaction decreases, followed by a decrease in satisfaction with work and life environment. Consequently, this leads to a reduction in work performance. This is a very critical period for both an expatriate and for the company that sent him to perform the task. An expatriate needs to be aware of the fact that he is working and living in a different environment of the host country, and needs to stay emotionally stable in order to be able to adapt to it. The parent company from the home country also needs to accept his work results, although below average, i.e. it needs to have understanding for his adjustment process, especially if it has not prepared him enough for the expatriation process. The crisis will either pass, or the expatriate will return to the home country. Some data suggests that 10-20% of American expatriates return to the U.S. because they are unable to adjust, while the return rate increases up to 70% if they do not have the support of the headquarter company (Black, Gregersen, 1999). If the crisis is overcome, the expatriate enters the recovery phase.

Recovery shows an improvement in expatriate's affectiveness, in his satisfaction with his job, coworkers, and work performance. The shorter the crisis phase, and the milder the crisis, the quicker and smoother will the recovery phase be. However, an expatriate requires support from the home country and co-workers in the host country during this phase as well. In other words, the company headquarters in the home country must never forget about their expatriates.

It is only the fourth phase in this expatriation process that represents the phase of complete adjustment. An expatriate shows expected performance and he is completely satisfied with both his work and external environment. He establishes good cooperation

with his co-workers, he is happy with his job and work results. Additionally, he has been able to create social networks in his external environment: with other expatriates, with friends living abroad, and with local nationals.

Based on the three dimension of adjustment to the host country, J. Selmer (1999) distinguishes three stages in the adjustment phase:

- adjustment to work,
- adjustment to interacting with the host nationals, and
- adjustment to the general non-work environment.

This structure shows that his classification matches that of the classification of the adjustment phase in Oberg (Selmer, 1999, 516).

Black and Stephens wrote as early as 1989 (Selmer, 1999, 530) about the process (not the phase) of adjustment, which included three types of adjustment:

- general adjustment (food, healthcare in factory of the host country, entertainment, general living conditions, cost of living, shopping, housing conditions),
- work adjustment (performance standards and expectations, supervisory responsibilities and specific job responsibilities), and
- interaction adjustment (interacting with host nationals outside of work, interacting with host country nationals on a day-to-day basis, speaking with host country nationals and socializing with host country nationals).

Torbiorn (Selmer, 1999, 516-517) also discusses the adjustment process and distinguishes it into three phases with the following figurative labels:

- the tourist phase,
- the culture shock phase,
- the conformist phase, and
- the assimilation phase.

The tourist phase is marked by euphoria that appears as soon as an expatriate arrives in the foreign country. He is overwhelmed by the new environment, just like a tourist visiting a foreign country. He notices only elements that are impressive and he is completely unaware of what actually awaits him. In brief, he is superficial about everything: coming to the host country, the house he will be living in, the equipment in the office he will be working in, immediate co-workers, etc. The more the home country company was involved in organizing his move from the home country and his stay in the host country, the longer the tourist phase will last.

The culture shock phase is the phase of facing the real life, both in the subsidiary in the host country and outside the office. An expatriate becomes aware that he is not on holiday, but sent to perform a task under different conditions (work, cultural, social, life, etc.) for a longer period. Therefore, the euphoria phase is followed by the mental stress phase that causes crisis with the expatriate. Support from co-workers to adjust to the new work and local conditions, support from the headquarter company through tolerating lower performance than expected, support of expatriate's friends and family, are extremely important, firstly, for the expatriate to remain in the host country, and secondly, to overcome the cultural shock as soon as possible.

Once the cultural shock has been overcome, an expatriate enters *the conformist phase*. This is the phase of gradual or even progressive recovery. The expatriate realizes that he was sent to perform a professional assignment, that he needs to complete that assignment

with co-workers from a different culture, that his everyday life is linked to novel conditions and that he needs to fulfill the expectations of the headquarter company, as well as the expectations of his family and friends.

The assimilation phase entails that an expatriate has adjusted to both work and life conditions: he is satisfied with his work and co-workers, he is satisfied with his life outside work and he is recording expected performance. He can reach this phase early if he enjoys the support of previously listed entities, but also if he realizes that, no matter the label of the phase, adjustment does not entail only complete assimilation into the host country culture, but also cultural learning. Cultural learning, as a model of cross-cultural exposure, implies that an expatriate's main task is not complete adjustment to the new culture but learning its important characteristics, i.e. selective use of attitudes and values of another culture and incorporating them into his own behavior, just like people learn new languages and add the acquired knowledge to their knowledge of their mother tongue (L. Andersen, according to: Selmer, 1999, 519).

If the mentioned phases of the expatriation process are plotted on a graph, a characteristic 'U' shape emerges, which gave way to the term *U-curve*. U-curve "shows changes over time in the degree of adjustment to the foreign environment" (Selmer, 1999, 517). The bottom of the curve, which shows the state of cultural shock, is considered the most critical phase. It is the culmination of crisis in the expatriation process (for Oberg in the crisis phase; for Torbiorn in the culture shock phase). The creator of this term is the anthropologist K. Oberg, and he defines it as "distress felt by sojourners where they lose all of their family marks and symbols of social interaction" (Selmer, 1999, 517). The majority of researchers, as well as the creator of the term, see the cultural shock as a normal occurrence in the process of adaptation to another culture. Furthermore, when an expatriate returns to the home country he also goes through a cultural shock, because he needs to readjust himself to his own culture. In that case, the culture shock curve includes two connected 'U' shapes, thus becoming a *UU-curve*. This curve is considered when the expatriation process is discussed in the broader sense, so the first U-curve represents expatriation, while the second U-curve represents repatriation. However, the literature does not discuss a continuous U-curve, although this is what it essentially represents, but the *W-curve*.

All expatriation phases are more easily overcome if expatriates socialize with the nationals – at work with their co-workers, and outside of work with the locals (Maurer, Li, 2006; Toh, Denisi, 2003). Empirical research conducted in 2010 (The Expat Explorer Survey) shows that expatriates are unaware of this fact, as 58% of them were more likely to go out with expatriate friends from the home country than with friends who are local nationals (Van Bakel et al., 2014, 2051). This situation is called *the expatriate bubble syndrome* and it needs to be overcome as soon as possible in order to make the expatriation process as 'painless' and as efficient as possible.

3. ESSENCE AND TYPES OF CULTURAL SHOCK

Culture can be defined in various ways, and one of the most comprehensive and most applied definitions is that it represents "the accumulated sum of knowledge, experiences, beliefs, values, relations, opinions, hierarchies, religion, [etc.]" (Milovanović, 2015, 2). All of these elements constitute national culture, and an expatriate needs to temporarily

‘renounce’ the home country culture and ‘embrace’ the host country culture. G. Hofstede grouped all elements of a national culture into five dimensions, a classification widely accepted both in literature and in practice, and it includes the following dimensions (Milovanović, 2015, 17-24):

- power distance (high and low),
- uncertainty avoidance or readiness for uncertainty,
- individualism vs. collectivism,
- feminine vs. masculine values, and
- long-term vs. short-term orientation.

Starting from these dimensions, Hofstede, as well as other authors, ranked some countries based on the character of their national cultures. It is known that the US occupies the first place in individualism, Japan in masculine responsibility, Greece in uncertainty avoidance; Hong Kong is in the second place in long-term orientation, etc. Such lists can help companies to decide on a country where they will move part of their business, in the sense that they can choose a host country whose culture is the most similar to that of the home country. This will, in turn, allow the expatriation process to be quicker, more economical, and more effective. The crisis phase will, in this case, be very short, the cultural shock weak, and the recovery and adjustment phases also shorter than compared to business internationalization to a country where the dimensions of national cultures are completely different.

The cultural shock is very important in the expatriation process, so it is defined from two aspects:

- from the aspect of the form of business and
- from the aspect of factors that condition it.

From the aspect of the form of business, the creator of the term himself, K. Oberg (1960), listed six forms of manifestation of a cultural shock:

1. anxiety, which stems from the effort to achieve the necessary psychological adaptation,
2. the feeling of loss, which stems from the separation from family, friends, colleagues from the home country, status in the home country, and everything that an expatriate owned in the home country – his house, car, etc.,
3. the feeling of being rejected by the co-workers and local nationals in the host country,
4. confusion in relation to expectations, values, emotions, and self-identity,
5. disgust and indignation upon becoming aware of the cultural difference, and
6. the feeling of being unable to fit into the environment of the host country, which poses as the true ‘bottom’ of the U-curve, and sometimes even the end of the expatriation process, since an expatriate in such a position returns to the home country.

K. Juffer analyzed 35 definitions of the cultural shock (Selmer, 1999, 517-518) and established several basic factors leading to the cultural shock. So, according to this author, the cultural shock is caused by:

1. confrontation with the new environment or the new situation,
2. ineffective intercultural or interpersonal communication,
3. dangers posed for the emotional or physical state of an individual,
4. need to modify behavior in the new environment,
5. need to acquire and develop experience.

The introduction of the learning model instead of the assimilation (integration) model (Anderson, 1994; according to Selmer, 1999, 518-519), facilitates the overcoming of the cultural shock “as the main task of an expatriate is not integration into a new culture, but learning its important characteristics” (ibid. 519).

4. EXPATRIATES’ PERSONAL CHARACTERISTICS

Regardless of which expatriation model is adopted, the literature discusses the *Big Five Personality Characteristics* (Caligiuri 2000, 67-75), which every expatriate needs to possess:

- extroversion,
- agreeableness,
- conscientiousness,
- emotional stability, and
- openness or intellect.

Extroversion is a “necessity to learn the work and non-work social culture in the host country” (Caligiuri, 2000, 73), and individuals who possess this characteristic achieve greater performance and preservation. *Agreeableness* is the ability to form reciprocal social networks through extroversion (Caligiuri, 2000, 73). *Conscientiousness* expresses a high degree of dedication to work. *Emotional stability* is an adaptive mechanism enabling humans to live with stress in the environment (Caligiuri, 2000, 74). *Openness or intellect* refers to the fact that “perceiving, attending and acting upon differences in others is crucial for solving problems of survival and reproduction” (Caligiuri, 2000, 74-75).

Van Bakel et al. (2014, 2050-2067) point out that expatriates must possess intercultural competencies, for which also other terms are used, like: cross-cultural competencies, intercultural communication competencies, and cultural intelligence (ibid. 2051). Intercultural competence entails “the knowledge, motivation, and skills to interact effectively and appropriately with members of different cultures” (ibid. 2051). Furthermore, the authors recommend the *Multicultural Personality Questionnaire (MPQ)* as an instrument for assessing intercultural competence. The questionnaire contains the following five characteristics (Van Bakel et al., 2014, 2051-2055):

- open-mindedness,
- cultural empathy,
- social initiative,
- emotional stability, and
- flexibility.

Open-mindedness is defined as openness to others and assuming an open position towards different opinions and cultural norms. *Cultural empathy* or sensitivity represents an ability to be involved in the feelings of individuals from different cultures. *Social initiative* entails the ability to communicate effectively and establish interpersonal relationships. *Emotional stability* is “the ability to reveal little anxious emotions in intercultural communication” (Van Bakel et al., 2014, 2054). *Flexibility* is the ability to adjust to novel circumstances and situations.

L. Andersen (Selmer, 1999, 518) classifies potential expatriates into three groups, depending on their ability to adjust themselves to the host country:

1. "Going Native" are individuals who quickly abandon their former identity, and in every way and every aspect imitate the nationals in the host country.
2. "Fight" are those individuals capable of adjustment even in extremely novel conditions compared to those in the home country.
3. "Flight" are those individuals who are unable to adapt to the conditions in one of the foreign countries.

The afore presented classification shows that the most suitable individuals for recruitment as future expatriates are "Going Natives", followed by "Fights", while "Flights" are the least suitable.

5. EXPATRIATION PRACTICES OF SOME COMPANIES

In practice, phases or stages of the expatriation process are not as clearly defined as literature presents them. Since it is a complex and difficult process, great attention is dedicated to the preparation for expatriation, as this facilitates the process itself. In some companies the expatriation process also includes the repatriation phase. The following examples show different practices utilized by companies.

John Huntsman, Jr., vice president of a large chemical company *The Huntsman Corporation*, developed a simple, informal method over a five-year-period, for evaluating the ability of his employees to work in the subsidiaries in the foreign country, and this method has proven to be very successful. During his business trips abroad he would bring along the employees whose abilities he wished to evaluate. He would then monitor their behavior at the subsidiary, at restaurants, in shops, in the street, i.e. at every place where a future expatriate is expected to find himself. Additionally, he also monitored the behavior of the future expatriate in the company in the home country during the visits of business partners from abroad (Black, Gregersen, 1999, 58). This represents a financially economical method for recruiting expatriates, but a huge "time consumer," as it requires long time periods for monitoring the behavior of potential expatriates. It is suitable for those companies which manage the expatriation process continually.

LG Group, a large Korean conglomerate applies a formal method for recruiting expatriates, and it is suitable for companies that manage expatriates continually. At the beginning of the managerial career, potential subsidiary managers are given a questionnaire containing 100 questions they are required to answer. *LG Group* purchased the questionnaire from an organization that specializes in the recruitment of expatriates, and the questionnaire was obtained at a price of \$500 per person. Based on the obtained responses, it is possible to evaluate employees' cross-cultural skills and their ability to perform tasks in the global environment. Therefore, in addition to cultural intelligence, the ability to think globally is also highly valued. After the questionnaires have been processed, a small number of potential managers expatriates is selected, with whom interviews are conducted regarding their actual plans for performing tasks in the host country. After the interview, a plan for career development of the selected expatriates is prepared and efforts are dedicated to the improvement of some of their skills. Therefore, it is not surprising that 97% of managers expatriates in this company fulfill the expectations of the company headquarters (Black, Gregersen, 1999, 58).

Colgate-Palmolive company sells approximately 70% of their production at foreign markets and aims to increase that share. It uses the so-called *cheap expatriates recruitment strategy*, as it recruits them from the student population in countries where it holds subsidiaries, as well as from the ranks of its younger employees. Graduate students receive scholarships under the condition that they need to stay at the company's subsidiary in the country where they are receiving their education. This way the cultural adjustment phase is avoided, because the students have already adjusted themselves to the host country culture. Younger employees at the company usually do not have families so it is easier for them to accept a stay abroad. They are more economical for the company, as they do not require any allowances necessary for expatriates with families (e.g. higher accommodation costs, child education allowance, unemployed spouse allowance, etc.). They are also not interested solely in their careers, but also in meeting new cultures, making friends abroad, and travel, so it is easier for them to overcome the cultural adjustment phase. Using their affinity towards travel and readiness for frequent changes of the environment, the company recruits them for a stay at individual subsidiaries in the duration from 6 to 18 months, after which they rotate across other subsidiaries in the foreign country (Black, Gregersen, 1999, 60).

Honda of America Manufacturing developed a holistic approach for the recruitment of expatriates, the application of which resulted in the expatriate replacement rate of only 5% (Black, Gregersen, 1999, 63). The approach is labeled holistic because it includes all phases of the expatriate cycle. Managers expatriates are recruited either for the development of a new car model, or for improving the relationships with suppliers. Company top management provides a list of potential candidates for expatriates. The evaluation of their abilities and their selection is entrusted to a specialized organization. It is interesting that this organization also takes care of the repatriation process: e.g. six months prior to the return to the home country expatriates know what their responsibilities will be when they come back, and during the assignment of duties the new competencies that they acquired during their stay in the host country are taken into consideration also.

The most successful expatriation practice is that which includes the preparations for expatriation, expatriation, and repatriation. This entails a holistic approach to expatriation, and to the process of expatriation in the wider sense (the expatriation cycle).

CONCLUSION

Modern conditions require companies to internationalize their business. It is no longer only important for growth and development, but it is important for the very survival. Additionally, internationalization requires professionals of various profiles, not only managers. They can be recruited from either the internal market, or the external market of internationally mobile workers. The internal market is made up from company employees in the home country (potential expatriates – EXs), while the external market is made up from self-initiated expatriates (SIEs) and international volunteers (IVOs).

The notion of the expatriation cycle is introduced, and it consists of multiple phases, as well as expatriation as one of the three phases of the expatriation cycle. An expatriate goes through different substages of the expatriation process, ranging from euphoria, through crisis and recovery, to complete adaptation. These form the so-called U-curve, where the most critical bottom of the U-curve corresponds to the cultural shock. Unless

an expatriate overcomes the cultural shock, the expatriation process ends, and he returns to the home country. This is why it is of paramount importance that companies organize a preparation for expatriation, as well as to provide a continual support to the expatriate during the completion of his assignment in the host country.

However, in addition to applying didactic and experiential methods for preparation, it is necessary to also evaluate the personal characteristics of potential expatriates. These are called the *Big Five Personality Characteristics*, and they include the following: extroversion, agreeableness, conscientiousness, emotional stability, and openness (intellect). They express individuals' cultural intelligence, and those who possess them are considered adequate candidates for expatriates. SIEs and IVOs can acquire the afore mentioned characteristics while working in foreign countries, and, therefore, pose as a more economical base for the recruitment of expatriates. Still, companies should not forget that SIEs and IVOs take time to adjust to the organizational culture of the company.

In conclusion, only the holistic approach to expatriation can give way to successful expatriation, which entails the preparation for expatriation, expatriation, and repatriation, i.e. the continual management of the expatriation cycle. This is further evidenced by the presented practices of selected companies.

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UPRAVLJANJE PROCESOM EKSPATRIJACIJE

U ovom radu se ističe da je proces ekspatrijacije veoma značajan za kompanije koje nameravaju da se internacionalizuju, ali i za one koje su internacionalizovane. Jer, ekspatrijacija je kontinuiran proces, bilo da se posmatra u užem, bilo u širem smislu. Najuspešniji je holistički pristup ekspatrijaciji, a to znači aktivnu ulogu kompanije u pripremi za ekspatrijaciju, ekspatrijaciju i repatrijaciju. Praksa navedenih kompanija to potvrđuje.

Ključne reči: *ekspatrijate, ekspatrijate na svoju inicijativu, strana zemlja, domaća zemlja, ekspatrijacija, kulturološki šok.*