

International Human Resource Management: The case of expatriates

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Executive Summary

This report is meant to highlight the HR issues that an expatriate manager who will be joining the workforce in a coal mine in Queensland, Australia is likely to face. The manager, hailing from South Africa and transferred from UK, will be encountering a new environment to which he has to adept himself to be able to perform as desired.

Expats and migrant workers forms a significant chunk of Australia's workforce with estimates indicating that almost one-fourth of the nation's working population comprises of people who do not hail from the country. Australia has been historically dependent on expat and migrant workforce yet expatriation is today a bone of contention. Many feel that expatriation is restricting the chances of locals getting employment in the mining sector and is also providing the government with an easy way out which is diluting their focus on skill enhancement trainings. Hence they blame expatriates for loss of job opportunities and also slack on the part of the government in helping people become employable. Culture shock, arising from moving into a new geography, will also have its impact on the incumbent.

Cumulatively these factors will pose major challenges for the new manager in the new place and role. Without proper guidance provided, it can impact the manager's performance and the entire expatriation process can turn futile.

Hence the need of the hour is to provide adequate support to the new manager to ensure a smooth acclimatization in the new environment. Personality traits, of the incumbent, should be mapped and measured against qualities which make expats successful and areas of deficit should be addressed through training and guidance programs. Local employees should also be counseled against any hostile mindset for it will restrict their ability to learn new skills from the manager.

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1. Introduction

With the increasing globalization of companies, expatriation is fast becoming a reality for corporates. Such expatriation is emerging as the latest challenge for human resource managers as it is now evident that this trend is here to stay. Expatriation is today a necessity in the lives of companies as expat managers are required for completion of strategic and critical tasks in important markets (Downes & Thomas 1999), to facilitate a company's foray into new markets and to also develop international managerial competence (Bird & Dunbar 1991). Expats are mostly in demand because of their expertise which proves to be of immense value to organizations (Chew 2004).

Yet the process of expatriation is fraught with challenges primarily because of the costs involved in maintaining expat managers. Estimates show that nearly \$1,50,000 to \$2,00,000 are annually spent by companies on expatriate managers depending on the decided host country, salary offered for the new location and also on valuation of perks like accommodation, home leave, company vehicles, air travel charges, relocation expenses and educational expenses of children (Lau et. al. 2001). Hence failure of expatriation attempts can cost the company exchequer heavily resulting in loss of such investment as highlighted above. Therefore it is desirable that a proper process of inducting expatriates into the host country's culture and conditions is formulated so that the uncertainties can be weeded out for greater corporate benefit.

As HR manager of this company and being based in the potential host country of the incumbent, I present this to lay down the challenges that the expat manager is likely to encounter in this country and also suggest some interventions to support the manager during the acclimatization process and help induce potential performance. Challenges that an expat is likely to face is highlighted in the report together with some industry specific challenges.

2. Discussion & Analysis

2.1. The need for expatriation

Expatriate refers to any individual who is assigned to work in a country which is not his or her country of origin (Richardson & McKenna 2002). In this case the manager being transferred from the United Kingdom is the expatriate. His case is interesting for he is already working as an expat in UK, his origin being in South Africa. And the reason he is being assigned a second overseas stint is because of his expertise in the area of coal mining. This is one primary reason behind expatriation. They are expected to share their knowledge with the local workforce and pass on key skills and techniques in the course of daily work so locals become more knowledgeable and efficient in job execution (Shephard 1996). Expats are also coaches for their colleagues by bringing to them insights into the practices and procedures followed in other countries. So the expat in our case is expected to bring to employees in the Australian unit knowledge about operations in UK. Such exchange of knowledge is beneficial for employees as it broadens their operational knowledge (Schuster 2007). Expats are also representatives of the corporate group in a new land. This implies that they help create an image about the company among colleagues in a different country. It is mainly through interaction with expats that workers come to know about global practices of the company and it also helps them decipher the worth, strength and expanse of the organization they work for. Hence effective expat management is important for their presence has profound influence of the existing workforce in a country and therefore the economy as a whole.

2.2. The Australian need

Australia is a nation well versed with migration. Ever since the Second World War, Australian economy has been dependent on migrant workers (Wilshire 2013). Estimates state that early a fourth of the nation's workforce are migrant workers and nearly 97.5% of them arrived in Australia over the last two centuries (DIC 2011). Hence the practice of migration is not new to the country. Yet debate still rages on about the country's dependency on migrant workers to bring the nation prosperity by lending their skills (Wilshire 2013).

Australia's dependency on workforce which is from outside the country is largely because of the lack of skilled workforce in the country (Bahn et. al. 2012). Economic forecasts shows that Australia's resource related industries are posed for significant growth in the years to come. Infrastructure development and international demand is expected to grow the mining and construction industries (Bahn et. al. 2012). But the only impediment is the path to growth is our pool of skilled manpower available within the country and there is an existing mismatch between demand for skilled manpower and its supply internally (Khoo et. al. 2007). The gap is thus being filled by expats and migrant workers. To this we must include the rapidly ageing population of the country. Studies conducted in this area have predicted that between 2010 and 2020 more Australians will move out of the workforce than those joining in (Jockel 2009). This poses serious human resource availability within the country.

2.3. Issues with expatriation

While it can be deduced from the discussion above that expatriation is an emerging corporate necessity in today's era of globalization, and particularly so for Australia whose economic

growth hinges on the quantity and quality of expats and migrant workforce, the process is fraught with challenges which if not effectively handled can mar the entire process of expatriation.

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