

MANAGING PEOPLE IN GLOBAL ECONOMY: RECRUITMENT & SELECTION

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ABSTRACT

As international assignments are an important vehicle for staffing, it is critical that they are managed effectively, and the expatriates are supported so that performance outcomes are achieved. The focus of this research is on recruitment and selection activities in an international context. We will explore the key issues surrounding international recruitment and selection, with a focus on selection criteria. The myth of the global manager, the debate surrounding expatriate failure; factors moderating intent to stay or leave the international assignment; selection criteria for international assignments; Dual career couples and are female expatriates different?

INTRODUCTION

Hiring and then deploying people to positions where they can perform effectively, is a goal of most organizations, whether domestic or international. Recruitment is defined as searching for and obtaining potential job candidates in sufficient numbers and quality so that the organization can select the most appropriate people to fill its job needs. Selection is the process of gathering information for the purposes of evaluating and deciding who should be employed in particular jobs. The major differences between domestic and international staffing are the firm's predisposition towards who should hold key positions in headquarters and subsidiaries, the constraints imposed by host governments and the firm's ability to attract the right candidates. Further, as most expatriates are recruited internally rather than externally, persuading managers to release their best employees for international assignments is emerging as a key role for corporate. In this research, we will explore the key issues surrounding international recruitment and selection, with a focus on selection criteria. Implicit in much of the discussion and research about selecting staff for international assignments is that there are common attributes shared by persons who have succeeded in operating in other cultural work environments that is, the so-called global manager. Our discussion on this topic centers around four myths. We then consider various factors such as expatriate failure, selection criteria, dual-career couples and gender that impact on the multinational's ability to recruit and select high-caliber staff for deployment internationally.

Myth of Global Manager in Staff Selection

Multinationals depend on being able to develop a pool of international operators from which they can draw as required. Such individuals have been variously labeled 'international managers' or 'global managers'. The global manager appears to be based on myths or assumptions. According to myth there is a universal approach to management. This myth persists despite evidence from cross-cultural studies to the contrary, supported by reports of how many multinationals have blundered when trying to introduce home-based work practices into their foreign operations. The persistence of a belief in universal management may be evidence of a lingering ethnocentric attitude. According to Myth, People can acquire multicultural adaptability and behaviors. Some people can adopt culturally appropriate behaviors but that does not apply all the time in all cultural settings. Some individuals have good effectiveness and coping skills. Those who are able to function adequately in other cultural settings may be regarded as having good effectiveness and coping skills. There are common characteristics shared by successful international managers. The body of literature on expatriate selection tends to reflect this approach. It is possible to identify predictors of success, in that a person who has certain characteristics, traits and experience is more likely to perform effectively in foreign environments than a person who does not share this profile. However, this has to be countered by other factors involved not just in the selection process, but also in the way the person responds to the foreign location. It is also unclear how the identified predictors of success should be measured. There are no impediments to mobility. We have mentioned that particularly large multinationals are endeavoring to develop and exploit an internal labor market from which expatriates international managers can be drawn. Compounding the above myths is the way in which the term 'global manager' is sometimes used to describe a person who has a global 'mindset', although often international experience is a prerequisite for building the global perspective required. Baruch⁵ argues that there is no consistent way to characterize a global manager. He suggests that the basic qualities commonly listed intelligence, motivation, adaptability and entrepreneurship are the same requirements for any successful manager today.

Complex Task of Expatriate's Selection: a Critical Aspect

The magnitude of the phenomenon and the costs associated with failure. We need to treat these separately before examining the reasons attributed to expatriate failure and the link to selection criteria. The term expatriate failure has been defined as the premature return of an expatriate. In such a case, an expatriate failure represents a selection error, often compounded by ineffective expatriate management policies. An expatriate may be ineffective and poorly adjusted yet, if not recalled, the person will not be considered a failure. Because of an inability either to handle the new responsibilities effectively or to adjust to the country of assignment, performance levels may be diminished. These results will not be immediately apparent but can have long-term negative consequences in terms of subsidiary performance. However, as the expatriate remains for the duration of the assignment, to all intents and purposes, the assignment will have been considered a success. Thus, the premature return rate is not a perfect measure of success or failure, and may underestimate the problem. The costs of failure can be both direct and indirect. Failure also, of course, has an effect on the expatriate concerned, who may lose self-esteem, self-confidence and prestige among peers. Future performance may be marked by decreased

motivation, lack of promotional opportunities or even increased productivity to compensate for the failure. Finally, the expatriate's family relationships may be threatened. These are additional costs to organizations that are often overlooked. Naturally, the debate about the degree to which expatriate failure occurs has been accompanied by investigation and speculation about why failure occurs. Expatriates tend to have a higher profile, so reducing the rate of incidence is of some strategic importance as multinationals continue to rely on expatriates and therefore wish to encourage mobility. Consequently, there has been considerable research that has attempted to identify factors that may moderate performance and affect the decision to stay or leave the international assignment. The primary intention has been to link reasons for early recall to predictors of success and thereby generate selection criteria that may assist multinationals in staffing decisions.

Inability to adjust to the foreign culture has been a consistent reason given for expatriate failure, and has been the subject of considerable interest in the past 10 years at least. Although there is limited evidence regarding expatriate experiences from other Asian countries, accounts indicate that expatriates from these countries may face adjustment problems. The dilemma is that adjustment to a foreign culture is multifaceted and individuals vary in terms of their reaction and coping behaviors. The concept of an adjustment cycle or curve is helpful in demonstrating the typical phases that may be encountered during cultural adjustment. The curve, sometimes referred to as the U-Curve is based on psychological reactions to the assignment and comprises certain phases.

Cross-cultural & Language in Selection

We now have a fuller understanding of the phenomenon called expatriate failure and the multifaceted nature of international assignments and why developing appropriate selection criteria has become a critical IHRM issue. The locating suitable candidates are the top relocation challenge facing companies. It should be noted that selection is a two-way process between the individual and the organization. A prospective candidate may reject the expatriate assignment, either for individual reasons, such as family considerations, or for situational factors, such as the perceived toughness of a particular culture. It is a challenge for those responsible for selecting staff for international assignments to determine appropriate selection criteria. Naturally, the person's ability to perform the required tasks is an important consideration. Technical and managerial skills are therefore an essential criterion. Indeed, research findings consistently indicate that multinationals place heavy reliance on relevant technical skills during the expatriate selection process. Reinforcing the emphasis on technical skills is the relative ease with which the multinational may assess the potential candidate's potential, as technical and managerial competence can be determined on the basis of past performance. Since expatriates are predominantly internal recruits, personnel evaluation records can be examined and checked with the candidate's past and present superiors. The dilemma, though, is that past performance may have little or no bearing on one's ability to achieve a task in a foreign cultural environment. One should note here that technical ability does not emerge as a critical precursor to 'failure'. However, job-related aspects may be a component in the expatriate's intention to stay in the foreign location, or with the firm upon return home after successful completion of the assignment. The nature of the job itself may counter the individual's technical ability to do the job, or interact with other factors to cause under-performance, even early recall. Given the role of

expatriates in competence transfer, technical skills are critical, but success depends on how the individual handles the situation.

As we have already discussed, the cultural environment in which expatriates operate is an important factor in determining successful performance. Apart from the obvious technical ability and managerial skills, expatriates require cross-cultural abilities that enable the person to operate in a new environment. There appears to be consensus that desirable attributes should include cultural empathy, adaptability, diplomacy, language ability, positive attitude, emotional stability and maturity. The research literature refers to 'the big five' personality characteristics; extroversion, agreeableness, conscientiousness, emotional stability and openness or intellect. In practice, although inter-cultural competence is recognized is important, it is difficult to precisely define what this comprises, let alone assess a candidate's suitability in this regard. One has to take into consideration aspects such as the individual's personality, attitude to foreigners and ability to relate to people from another cultural group. Multinationals may indicate that, for example, relational abilities are an important expatriate selection criterion, but few will assess a candidate's relational ability through a formal procedure such as judgment by senior managers or psychological tests. The contribution that the family, particularly the spouse, makes to the success of the overseas assignment is now well documented, as we mentioned above in relation to the impact of the accompanying spouse/partner on early return. It should be pointed out that the spouse carries a heavy burden. Upon arrival in the country of assignment, the responsibility for settling the family into its new home falls on the spouse, who may have left behind a career, along with friends and social support networks. Employment of servants may be expected an experience for which Westerners from developed countries are seldom prepared. It is often not possible for the spouse/partner to work in the country of assignment. The well-being and education of the children also concern the spouse. Although the majority of spouses are female, accompanying male spouses/partners face similar problems of adjustment. In fact, when one adds cultural adjustment problems to such a situation, it is perhaps not so surprising to find that some couples seek to return home prematurely. Despite studies that emphasize the link between the favorable opinion of the spouse to the international assignment and expatriate adjustment, companies appear reluctant to include the spouse/partner in the selection process, treating it in a peripheral way.

International firms are usually required to demonstrate that the multinational may wish to use an expatriate and has selected a candidate for the international assignment, only to find the transfer blocked by the host government. Some countries, such as the USA, are changing their legislation to facilitate employment-related immigration, which will make international transfers somewhat easier. An important, related point is that generally a work permit is granted to the expatriate only. The accompanying spouse or partner may not be permitted to work in the host country. Increasingly, multinationals are finding that the inability of the spouse to work in the host country may cause the selected candidate to reject the offer of an international assignment. If the international assignment is accepted, the lack of a work permit for the accompanying spouse or partner may cause difficulties in adjustment and even contribute to failure. For these reasons, as reported above, some multinationals provide assistance in this regard. Further, the host country may be an important determinant. Some regions and countries are considered 'hardship postings': remote areas away from major cities or modern facilities, or war-torn regions with high physical risk. Accompanying family

members may be an additional responsibility that the multinational does not want to bear. There may be a reluctance to select females for certain Middle East or South East Asian regions. Indeed, some countries will not issue a work permit for a female. These aspects may result in the selection of HCNs rather than expatriates. To overcome this problem, a group of more than 20 large multinationals has established an organization called 'Permits Foundation' in an attempt to promote the improvement of work permit regulations for spouses of expatriates. It also aims to raise government awareness of the connection between work permits and employee mobility. The ability to speak the local language is an aspect often linked with cross-cultural ability. However, we have chosen to stress language as situation-determined in terms of its importance as a factor in the selection decision. Language skills may be regarded as of critical importance for some expatriate positions, but lesser in others, although some would argue that knowledge of the host country's language is an important aspect of expatriate performance, regardless of the level of position. Differences in language are recognized as a major barrier to effective cross-cultural communication. Another component to language as a situation factor in the selection decision is the role of the common corporate language.

A Critical Aspect of Selection Tests

Although there is a consensus among scholars and practitioners that personal characteristics (or traits) are important, there is considerable debate about how such personal characteristics can be reliably and accurately measured. Personality and psychological tests have been used in the selection process, but the effectiveness of such tests as predictors of cultural adjustment is questioned. Another constraint is that in some countries there is controversy about the use of psychological tests. There is also a different pattern of usage across countries the use of such tests is very low in Germany. The difficulty of predicting success, then, seems to be related to the lack of valid and reliable screening devices to identify, with certainty, managers who will succeed in a foreign assignment. The crucial variables affecting the adjustment of the individual and family are not only difficult to identify or measure, but the complex relationship between personality factors and ability to adjust to another culture is not well understood. Another drawback of expatriate selection based on traits or characteristics is the subjective nature of the scoring of abilities, especially those classified as personal and environmental characteristics. Nevertheless, models derived from this approach have value in that they provide some guidelines that can be applied during the selection process, rather than mere reliance on the potential manager's domestic record as a predictor.

Equal Employment Opportunity & Dual Career Couples

In the recruitment and selection process, multinationals must address the issue of equal employment opportunity (EEO) for employees in all employment locations. This involves taking into consideration the increasingly conflicting national laws on employment. Determining which law applies where, and which has precedence, is a problem without a specific solution. Equal employment opportunity laws are expressions of social values with regard to employment and reflect the values of a society or country. In parts of the Middle East, Africa, Asia and Latin America, women have tended to have a lower social status and are not universally employed. On the other hand, with the increasing rate of female entry into the workforce, many Western countries have introduced legislation to cover sex discrimination. Multinationals must be aware of legislation and ensure subsidiary

compliance where appropriate in selecting expatriates. As we indicated at the beginning of the section on selection criteria, most multinationals admit that technical and/or managerial skills are the dominant, sometimes only, criteria used. We have suggested that reliance on technical skills is mainly due to the fact that most international assignments are filling a position. So far, we have focused on selecting suitable candidates for international assignments. We will now consider an emerging constraint the dual-career couples on the available pool of candidates, thus hindering the recruitment and selection process. As an HR manager is quoted as saying. Getting employees to move when their spouse has a job is a critical problem. It does restrict a lot of companies because you have so many more two-income families today. The rise in dual-career couples, along with the aging population and other family-related situations, combine to make more people immobile. Employees are prepared to state the grounds for refusal as 'family concerns'. This has become more acceptable as a reason reflects a significant shift in thinking about the role of non-work aspects impinging on work-related matters.

The increase in the number of dual-career couples is a worldwide trend, one that is posing a dilemma for both companies and employees alike. This is not surprising given that accepting a traditional international assignment will impact upon the career of the potential candidate's spouse or partner. A major finding was that spousal or dual-career issues were the most common reasons for rejecting international assignments reported by North American and European firms, but were rarely cited by Asian firms. Rather, concern for children and aging parents were barriers to assignment acceptance for this group. Multinationals are being forced to select from a diminishing pool of candidates who may be less qualified. Some multinationals are endeavoring to come up with solutions to the dual-career challenge. These can be divided into two categories finding alternative arrangements and making the assignments more 'family friendly'.

Inter-Company Networking Support: Family-Friendly Policies

In Inter-company networking, the multinational attempts to place the accompanying spouse or partner in a suitable job with another multinational, sometimes in a reciprocal arrangement. In Job-hunting assistance, the multinational provides spouse/partner assistance with the employment search in the host country. This may be through employment agency fees, career counseling or simply work permit assistance. Some may provide a fact-finding trip to the host location before the actual assignment. Intra-company employment is perhaps a logical but often a somewhat difficult solution. It means sending the couple to the same foreign facility, perhaps the same department. Not all multinationals are comfortable with the idea of having a husband and wife team in the neither same work location, nor do all couples wishes it either. While talking of On-assignment career support, Motorola is an example of how a multinational may assist spouses to maintain and even improve career skills through what Motorola calls its Dual-Career Policy. This consists of a lump-sum payment for education expenses, professional association fees, seminar attendance, language training to upgrade work-related skills and employment agency fees. There are conditions attached, such as the spouse must have been employed before the assignment. Thus, if the spouse is unable to find suitable employment, the time can be spent on career development activities.

Issue of Gender for Selection: Are Female Expatriates Different?

Our final issue in terms of selection for international assignments is related to gender. Recent studies challenge some of the attitudes regarding the suitability of females for international assignments. What emerges as common across the various studies on female expatriates is that assignment location, level of organization support, spouse/partner satisfaction and inter-cultural experiences are important in terms of performance. The list of moderators is similar to those we discussed in general terms earlier in this research. What does appear to differentiate female and male expatriates is the degree to which these moderators affect individual performance and the value placed on cultural awareness training prior to the international assignment. The dual-career issue may prove to be a greater barrier for female mobility as males are more reluctant to accompany their spouse/partner.

SUMMARY

This research has addressed key issues affecting recruitment and selection for international assignments. We have covered four myths related to the concept of a global manager that there is a universal approach to management; that people can acquire multicultural adaptability and behaviors; that there are common characteristics successful international managers share; and that there are no impediments to mobility. The debate surrounding the magnitude of expatriate failure; Cultural adjustment and other moderating factors affecting expatriate intent to stay and performance; These included duration of the assignment, willingness to move, work-related factors and the employment relationship. Evaluation of the common criteria used revealed the difficulty of selecting the right candidate for an international assignment and the importance of including family considerations in the selection process; Dual-career couples as a barrier to staff mobility, and the techniques that multinationals are utilizing to overcome this constraint, Female expatriates and whether they face different issues to their male counterparts.

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