



## **Analysis of company strategies in training and developing expatriate workforce**

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### **INFO ARTIKEL**

### **Abstract**

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*Multinational Companies, Expatriates, Training and Development..*

*Multinational companies (usually abbreviated to MNC) are organizations or companies that have operations or subsidiaries in several countries around the world. The Examples of multinational companies include large companies such as Apple, Microsoft, Toyota, Samsung and Nestle etc. About the Expatriates are an element of the workforce that has an important role in multinational companies. Therefore, companies are obliged to provide proper training for expatriates which is very important for multinational companies. The purpose of this writing is to gain an understanding of the strategies that we can be used by multinational companies to meet the needs of expatriates. By understanding these needs, multinational companies that have just opened their companies globally and can understand and also implement the strategies needed to train and develop expatriates in the countries where they work in order to improve the performance of these expatriates, so that they can increase profits for the company.*

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## **INTRODUCTION**

In this era of globalization, company mobility is increasing, many companies carry out their business operations outside their home country. Production, distribution, sales and other matters related to business processes are often carried out in countries outside the country where the company was founded. The development of a company can be seen from the company's ability to carry out operations abroad. The company is looking for partners in working and opening job vacancies in new countries where the company will operate as well as maximizing networks and relationships in new locations of operations in order to reduce the risk of failure.

A strong company can be built with good human resources and the ability to continue to develop. To compete successfully in the global marketplace, more

companies are focusing on the role of human resources as an important part of their core competencies and a source of competitive advantage. Because the image of a company can be seen from the company's development into a multinational with quality resources. We often hear about training and human resource development in the world of work in companies, organizations, institutions, or even in educational institutions. It can be assumed that training and development of human resources is very important for workers to work more masterfully and better at the jobs they hold or will hold in the future.

To produce quality and competitive human resources, management within the company must continue to strive to train and develop these human resources. As a company grows larger, it will require increasingly complex human resources to meet the needs of companies in different countries. Therefore, companies must implement global or international human resource management (MSDMI) to obtain quality human resources and be able to provide the best service where the company operates. Human resources who work abroad are referred to as expatriates. Ex - patriates are playing an increasingly important role in international business strategy and global manager development, requiring effective training for expatriates in determining strategies that are critical to overall success in MNCs.

In general, companies offer cross-cultural training programs for preparation. Many programs emphasize area and language orientation descriptions but do very little in providing cross-cultural skills training (Downing et al, a994; Hiltrop and Janssens, 1990; Mendenhal et al, 1987). Also, the duration of cross-cultural training programs is relatively short considering the amount of experience and skills required to be successful in international assignments-most programs take 1 week or less (Baliga and Baker, 1985; Brewster, 1991).

Managing human resources globally or internationally requires more complex handling when compared to domestic human resources. Each country has different characteristics so global human resource management must be able to balance these different characteristics.

## **RESEARCH METHODS**

The method used in this analysis is literature study, namely by collecting library data, reading, taking notes and processing research materials. In this case, the literature study was carried out after the researcher determined the topic to be discussed, namely "Company Strategy in Training and Development of Expatriate Workers." which discusses how companies provide the most effective training and development for expatriates, so that they have quality resources, especially expatriates, and achieve company goals. The data collected comes from textbooks, journals, scientific articles, and literature reviews containing the topics studied. From the data that has been collected, it is known that the workforce element that has an important role in multinational companies, namely expatriates, in order to become quality and competitive human resources, management in the company must continue to strive to train and develop these human resources. As a company grows larger, it will require increasingly complex human resources to meet the needs of companies in different countries. So it is necessary to pay attention to strategies in training and development.

## **RESULT**

According to Dowling and Schuler (1994) International Human Resource Management is the use of international resources to achieve organizational goals regardless of geographical boundaries. The field of international HRM is

characterized by three approaches, namely: 1.) International HRM emphasizes cross-cultural management, namely looking at human behavior in organizations from an international perspective. 2.) Developed from comparative industrial relations and HRM literature and seeks to describe, compare and analyze HR systems in several countries. 3.) Try to focus on HRM aspects in multinational companies. Dowling (1994) also divides HRM functions into four activities, namely:

1. Acquisition functions: planning, recall, and familiarization
2. Development function: training, development, and coaching
3. Maintenance function: health, safety and labor relations
4. Motivational functions: discipline, evaluation, reward, and compensation

Meanwhile, according to Morgan (1986), Global HR Management is an influence (interplay) between the three dimensions of HR activities, types of employees, and countries of operation. He describes Global HRM in 3 dimensions which include:

1. Broad HR activities include labor procurement, allocation and utilization (these three broad activities can easily be expanded into six HR activities).
2. Categories of countries or nations involved in International HRM activities: Host country where a branch may be located, home country where the company has its head office, other countries that may be sources of labor capital work.
3. Three categories of employees in multinational companies: Host-country nationals (HCNs), home-country employees (PCNs), and third-country nationals (TCNs)

Types of Global Human Resources Types of global human resources (Morgan, 1986) which are the result of global human resource management, namely:

1. Expatriate: an employee who is not from the country where the company is located, but the employee is a citizen who comes from the country where the company's head office is located.
2. Host Citizen: an employee working for a company is from the country where the operations are, but the company's headquarters are in another country. The goal is because the organization wants to clearly demonstrate that the organization is making a commitment to the host country and not just opening an overseas operation.
3. Citizen of a Third Country: an employee is a citizen of one country who works in a second country, and is employed by an organization whose head office is in a third country.

## **INTERNATIONAL HRM STRATEGIC MANAGEMENT**

Understanding Strategic Management and International HRM Strategy Before defining strategic management, it is necessary to define the word strategy. The word strategy comes from the ancient Greek word strategos. In military circles the word strategy is meant as a way to win a battle. Mathis (2000) defines strategy as the process of identifying organizational objectives and the actions needed to achieve those objectives. Strategic management is a process or approach related to competitive challenges and opportunities that must be faced by a company. In other

words, strategic management is a number of decisions and actions or efforts that lead to the preparation of an effective strategy to help achieve company goals.

Strategic management is basically a collection of forms of strategy, a process for analyzing a company's competitive situation in developing company strategic goals and thinking about an action plan and allocation of tangible resources that can increase the possibility of achieving organizational goals (Suteja, 2001). is a response to substantial questions about competition, namely how companies will compete to achieve their goals and missions. Decisions in this choice are often related to fundamental problems, for example where to compete, how to compete and in what way to compete. In practice, decision makers pay little or no attention to the problem of "in what way to compete". This decision had a far-reaching impact on the company. Failure to anticipate the problems above can result in companies not knowing how they can compete with their competitors, both within their own country where the parent company operates and in other countries where the branch company operates. International HRM Strategy is a link between international human resource management and strategic goals and objectives which are intended to improve business performance and develop company culture, so that it can encourage and help to be creative, innovate more flexibly.

International HRM Strategy can also be interpreted as a planned pattern of human resource deployment and an action intended to ensure and improve that the company can achieve its goals.

According to Schuler (1994), the presence of prospective foreign workers, in this case expatriates, must be managed well by large companies that have international networks (MNCs = Multinational Corporations) if these companies want their workers to be successful in their overseas assignments. These companies must be aware that high performers in their own country can easily become low performers in other countries. To anticipate this possibility, the company must have a plan and choose what strategy is appropriate to use for the company's goals and to equip its workers to carry out their work in other countries where the situation and conditions are different from the parent company or the company's home country. Strategy in implementing International HRM is carried out through various activities, one of which is training and development.

## **TRAINING AND DEVELOPMENT**

Training is defined as a planned effort to provide job learning facilities related to the knowledge, skills and behavior of workers/employees. Meanwhile, development is concerned with how to acquire skills and behavioral patterns that can improve and increase their abilities so they can overcome the challenges of the work they are facing now or work in the future. In general, changes in company strategy often require changes in behavior patterns, types, levels and mix of skills through recruitment, selection, training and development of workers/employees, so that companies are able to explain what strategies are appropriate to implement for change. (Schuler 1994).

According to Simamora (2006) Training is a learning process that involves acquiring skills, concepts, rules or attitudes to improve workforce performance. The term training and development refers to the total structure and programs inside and outside of an employee's job that a company utilizes to develop skills and knowledge, primarily for job performance and career promotion. Usually training refers to developing vocational skills that can be used immediately. (Sjafri :2003:135).

According to Simamora (2003) Training has an important role in determining the effectiveness, efficiency of the company and employee performance. stated the benefits of training, namely:

1. creating an attitude of loyalty and cooperation that is more profitable, increasing the quantity and quality of productivity.
2. reducing the learning time required for employees to achieve acceptable performance standards
3. assists in improving and personal development of employees
4. meet human resource planning needs.

Cross cultural training (CCT) (Littrell et al., 2006) is an educational process used to improve integrated learning through developing cognitive, functional and behavioral competencies needed to interact in various cultures which include:

1. Attribution training (Befus, 1988): development of skills so that expatriates can explain host national behavior from the perspective of the host culture
2. Cross-cultural awareness training (Befus, 1988): educating individuals about their own culture, so that individuals can be aware of the differences between their own culture and the host culture - Cognitive behavioral training (Bhawuk and Brislin, 2000): training that helps expatriates to develop preferred habitual behaviors in the host culture
3. Interactive training (Brewster, 1996): training undertaken by expatriate newcomers.

Littrell and Salas (2005) suggest several guidelines for companies to implement more cross-cultural training in different aspects, namely:

1. Design aspect: first, training must be tailored to meet individual needs. Second, CCT, competitive compensation and other measures should be considered to improve expatriate performance, a skills-based approach should be adopted in CCT design, and not just building cultural awareness for home and host cultures. Fourth, training in the form of scenarios should be adopted because it can better present how the theory works and how to overcome it in real situations.
2. Delivery aspects: there are various media that can be used to deliver CCT as different approaches may suit better types of CCT. To evaluate whether training is effective or not, companies must establish evaluation criteria other than initial reimbursement, such as adjustment to difficulty, delayed productivity and damaged relationships.

Apart from CCT, there is also coaching. Coaching (Geoffrey N. Abbot, et al. 2006) is a training method used to improve performance by means of a more intensive approach between coach and trainee. The skills gained from coaching are improving strategic planning, penetration ability, stress management, team building, and leadership development. The focus lies on consultation between both parties related to increasing values and motivation, as well as thinking friends in solving problems.

## **EXPRATIATE**

According to Morgan (1986) an expatriate is an employee who does not come from the country where the company is located, but the employee is a citizen who comes from the country where the company's head office is located.

The main cause of expatriate failure (Haslberger, 2005) in carrying out their duties is caused by two main factors, namely internal factors and external factors.

Internal factors in expatriate failure are:

1. Family factors: being away from family is one of the factors that causes expatriates to not be able to work optimally. A wife or husband who refuses to move to a new workplace where the expatriate is transferred causes a decline in the expatriate's performance at work.
2. Emotional factors: must be mentally strong and resilient and homesickness is a challenge faced by expatriates. On average, expatriates are middle class managers who have to deal with top managers in the country where the subsidiary is located.
3. Physical factors: expatriates usually work five to ten times harder than working at the parent company. This is due to a combination of family factors and emotional factors which make stress the potential to make expatriates fall ill and reduce their performance.

External factors that cause expatriates to fail in carrying out their duties include:

1. Cultural shock and chaos: cultural differences between the country where expatriates are placed and their country of origin. This is because expatriates are required to be able to communicate and know everything about local culture with the aim of creating harmony.
2. Support from the parent company: the parent company has a big role in the success of expatriates when carrying out their duties. According to Brynningsen (2009), there are three stages that must be organized and carried out well by the company, namely: before the assignment includes selection and training, during the assignment includes adjustment and integration with local culture, and after the assignment includes appreciation for the work results of the expatriate.

According to Albana (2014), his research revealed that there were cases of expatriate failure, especially cases of premature return to foreign companies in Albania which were mainly caused by the inability of managers and their families to adapt to the Albanian environment. Adjustment to the Albanian language and the difficulty of finding work for manager partners are the main challenges. In contrast, pre-departure training provided to managers reportedly focused more on technical aspects than cultural issues.

## **DISCUSSION**

The literature on expatriate failure is quite scarce in terms of empirical evidence, it is old and mostly covers the American business environment. According to him, even the reliability of the latest literature is questionable because its arguments are largely based on research conducted by Tung in 1982. Providing a systematic definition of expatriate failure has also been a matter of debate among researchers. The majority of them define expatriate failure as "the premature return of expatriates from international assignments" and this is especially true in the case of early research on this topic (Briscoe & Schuler, 2004).

However, many authors doubt the accuracy of this definition. They believe that returning home early from an international assignment cannot be the only way to determine expatriate failure (Andreason, 2003; Briscoe & Schuler, 2004; Hung-Wen, 2007; Kraimer et al., 2012). A PCN who completes his or her overseas assignment on time but performs poorly cannot be considered successful (Hung-Wen, 2007), just as others who leave the company immediately after repatriation (Briscoe & Schuler, 2004; Kraimer et al., 2012).

Christensen & Harzing (2004), in their article about Career Development International, "Failure of expatriates, is it time to abandon the concept?" provides an interesting classification of the various definitions of expatriate failure offered by researchers over time. The first category includes definitions that view expatriate failure as a premature return from an international assignment. The second is similar to the first with the difference that in this case the reasons are given to justify the early return. In the third category, poor expatriate performance is considered a failure even in terms of fulfilling overseas assignment contracts. The final category relates to the issue of repatriation or resignation of expatriates rights after repatriation.

Based on the discussion of these definitions and various points of view, the author concludes that expatriates need training and development. To reduce expatriates returning prematurely from international assignments, or poor expatriate performance. Many authors emphasize that expatriates may need to receive some kind of pre-departure training, or more specifically some kind of cross-cultural training, that will prepare them for the new environment.

According to Tung (1981), cross-cultural training is defined as "any intervention aimed at improving an individual's ability to cope and work in a foreign environment". It can take various forms, such as cultural assimilation programs (Bhawuk & Brislin, 2000; Czinkota et al., 2005, Wild&Wild, 2012), self-reference criteria programs, American contrast methods (Bhawuk & Brislin, 2000), role-playing or simulations (Bhawuk & Brislin, 2000). Bhawuk & Brislin, 2000; Treven, 2001; Czinkota et al., 2005; Cullen & Parboteeah, 2010), language training (Wild & Wild, 2012), field experience (Bhawuk & Brislin, 2000; Treven, 2001; Czinkota et al., 2005; Cullen & Parboteeah, 2010) etc. Various training programs differ from each other based on the staff involved, their duration and their respective costs. Field experience is rated as the most effective program, but at the same time, it is the most expensive program in achieving expatriate adjustment goals (Czinkota et al., 2005).

However, Puck et al. (2008), who studied approximately 340 expatriates from 20 German multinational companies, came to the conclusion that the impact of pre-departure cross-cultural training on each component of expatriate adjustment (ie general, work-related, interactional) was small, if any . . . On the contrary, they found a strong positive impact of foreign language competence on these components. This underlies the authors recommending multinational companies first select expatriate candidates based on personal traits that increase their likelihood of success abroad, and then, provide them with tailored cross-cultural training. In particular, attention should be paid to individuals who excel in their skills and knowledge of foreign languages. They also recommend sequential implementation of cross-cultural training, especially emphasizing in-country training, which is considered more efficient due to its rapid feedback.

Difficulty for a manager's family or partner to adjust can also have a negative impact on his or her job performance (Crowne & Goeke, 2012) or be a cause of premature returns (Tungli et al., 2009). Therefore, considering managers' family involvement when establishing and implementing selection and training procedures is critical to ensuring expatriate success. According to Czinkota et al.

(2005) some companies tend to use managers' moves within the country as an estimate of their family's likely reaction to the possibility of relocating abroad.

The first case study is PT. Semen Indonesia Tbk. PT. Semen Indonesia Tbk is a holding company that oversees several Indonesian state-owned cement companies, namely: PT. Semen Gresik, PT. Semen Tonasa, and PT. Semen Padang. In 2012 bought 70% shares of Thang Long Cement. This is a way for state-owned companies engaged in cement production to demonstrate their ability to compete and expand the market in the Southeast Asia region. And in 2014 it plans to build a cement factory in Myanmar. For human resource management regarding control and supervision of subsidiaries in Vietnam and Myanmar is still unknown to the author. Secondary data regarding PT expatriates. Semen Indonesia has also not been found, in terms of company development it requires workers from expatriates who are able to carry out the objectives of the parent company in the country where it is assigned. . PT. Semen Indonesia must be careful in seeing opportunities, especially for developing human resources, because it has just started its multinationalism. To face the challenges that occur to expatriates, PT. Semen Indonesia is choosing the right employees and then training them so that the subsidiary can survive and not suffer losses. What can be done by PT. After selecting suitable employees, Semen Indonesia provides CCT, because this training lasts from before departure until returning to the expatriate's country of origin. The goal is that expatriates can adapt to their surrounding environment and reduce the uncertainty they face while on duty. Another way that can be done is coaching. The combination of CCT and coaching is the most relevant solution in increasing and minimizing the risk of expatriate failure. CCT is a form of technical training for expatriates in carrying out their duties, while coaching is carried out to ensure that expatriates' emotional factors can be controlled properly by the company.

The second case study is the ZTE Corporation company. ZTE Corporation is a Chinese multinational telecommunications company with its headquarters in Shenzhen, China. The company has three business units: network operators, terminals and telecommunications. ZTE is also one of the 10 largest smartphone manufacturers in the world and one of the top 5 in China. It has several international subsidiaries, the Belgian branch being one of them. In the last year, ZTE has contributed to the launch of a 4G network for Base companies in Belgium (ZTE, 2014). The composition of employees is non-Chinese engineers, Chinese employees sent from China and Chinese employees hired locally. Among them, employees sent from China account for about 30% and the duration varies from 3 months to 2 years or even longer. Most of them have been sent to Belgium for technical support. What ZTE Corporation does before sending expatriates to international assignments is English language training. According to ZTE online university, there are three types of English training, namely: Survival English, Business English & customized English.

Littrell et al. (2006) say that language training is very important in facilitating intercultural adjustment. However, in this case (the main spoken languages are Flemish and French) it is very difficult to train employees to speak these two languages because teachers for these languages are hard to find in China and the motivation for expatriates to learn two new things is very difficult. At ZTE's Belgian branch, the main software system is a combination of English and Chinese. The language of communication between Chinese employees and Belgian partners is English, so most of the time just using English is fine. Since many 4G network sites are in the Flemish part, most of the documents for building the network are in Flemish and usually these documents go directly to native engineers.



## CONCLUSION

From the results of research conducted by previous researchers regarding the failure of expatriates and the need for training so that expatriates become quality human resources. So in managing human resources, especially expatriates, companies need to invest in training and developing the performance of expatriates within the company. In addition to indispensable basic training procedures such as language training and environmental briefings, every expatriate training strategy contains pre-departure training and supportive training required by expatriates and is designed to handle a variety of situations.

Training and development that can be carried out by multinational companies is CCT. Because CCT training covers all expatriate training from before departure until the expatriate returns to his home country. However, CCT training must also be tailored to the needs of each expatriate, not only global training (providing English language training), but also regional languages and local community habits in the country where the expatriate is placed. So that the expatriate does not feel stressed when he does not understand the language or customs of the people in the country where he works

When companies send expatriate workers, they must also know the government regulations and life in that country, so that expatriates do not get confused or have trouble when they move to the country where they are placed to work. So it is important for companies to provide briefings or training regarding local government regulations

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