

ASCRIBED BEHAVIORAL DETERMINANTS OF SUCCESS-FAILURE AMONG U.S. EXPATRIATE MANAGERS*

RICHARD D. HAYS

Myriad factors have important effects on the performance of the multinational corporation. In addition to the normal business issues faced by its domestic counterpart, the multinational firm faces many added opportunities and problems simply *because* it operates in more than one country. Many of these complicating factors which are unique to multinational firms have been examined and researched in great detail. However, one set of factors which is very important to the success of multinational firms has received relatively little attention from researchers: those factors relating to the unique *human and behavioral problems* encountered by a firm operating in several cultural and national environments. One of these behavioral issues which is particularly vital to the multinational firm is the performance of persons of one nationality who are assigned to positions in another cultural environment.

Although both governmental and economic pressures have mounted to encourage multinational firms to reduce the percentage of U.S. nationals in foreign operations, the magnitude of U.S. foreign investment is increasing at such a rate that the absolute number of U.S. managers abroad has probably increased substantially over the last decade. Certainly these pressures have caused American managers who remain overseas to represent increasingly, only the very highest levels of the firm abroad, so that knowledge relating to the factors influencing the success of these individuals is even more crucial than before. In addition to the U.S. expatriate, the "third country national" (the citizen of neither the U.S. nor the country of operation) is becoming an increasingly visible element in multinational firms. These facts point to the importance of knowledge relating to the behavioral problems of moving people across political and cultural boundaries.

At present, approximately 200,000¹ U.S. business expatriates exist, and "it has been estimated that about 30 percent of the people sent overseas

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1. According to the 1960 census, 190,706 Americans of non-government or armed services designation lived abroad in 1960 (Dept. of Commerce, Bureau of the Census, "U.S. Census of the Population: 1960," Volume I, and "Area Measurement Reports," Series GE-20). The Bureau of the Census cautions that this number is probably seriously understated due to the voluntary nature of census reporting outside the U.S.

by American companies are mistakes.”² Certainly some significant and costly failures are occurring in expatriate assignments. This study was designed to investigate some of the basic behavioral forces acting on business expatriates in order to improve the basic for assignment and action by multinational firms.

The Study

Any research study must employ a methodology which reflects the basic objectives of that study. Here the objectives were to improve the basic framework of research into the behavioral aspects of expatriate personnel. To accomplish this objective, specific behavioral issues were explored and evaluated.

Use of a combination of a structured but open-end personal interview (usually lasting from 45 to 60 minutes) and two specific objectives behavioral tests for each interviewee yielded both structural framework suggestions and quantitative behavioral data. The combination of these two types of data was particularly helpful since the interview situation allowed follow-up of unexpected leads of ideas, while the quantitative data lent specific measures.

Two general types of data were collected. First, personal information regarding the interviewee was obtained. This information pertained to his family situation, his job, and his international experience. These data were obtained to provide possible discriminators for explaining interpersonal differences revealed by the other type of data.

The second type of data related to success-failure determinants in expatriate managerial situations. Specific information relating to the expatriate situation was obtained by asking the subject, during the interview, to discuss and rank factors influencing success or failure in a managerial expatriate position. The subject was presented with ten factors which might contribute to success or failure and asked to rank them according to his perception of their relative importance in an expatriate managerial situation. Other personality and attitudinal traits were sampled, using objective behavioral tests to provide additional insight into the success-failure issue.

The Sample

Interviews were conducted with 60 expatriate executives operating in 20 U.S.-affiliated companies in the Mexico City area. Each parent com-

2. E. R. Henry, "What Business Can Learn from Peace Corps Selection and Training," *Personnel*, XLI (July-August, 1965), p. 17.

pany selected (except for two financial institutions) was a member of the "Fortune 500." From this population, 51 usable sets of data were derived and reported in the final results.

The age of the average executive interviewed was 43, and he had lived abroad approximately 10 years, presently being in his second foreign assignment. Information related to the employment position of the executives is summarized in Figure I. Approximately one quarter of the executives were the top officers of their companies, while the typical executive interviewed was a functional area head (director of marketing, manager of finance, etc.). Most executives were classified as general or top management.

Results

Analysis of the personal data of the interviewed executives reveals several interesting points. First, these data in general correspond closely to the more complete biographical information of Negandhi.³ This similarity may justify linking the two sets of data for some limited purposes. Second, each executive was asked how long he had lived outside the U.S. prior to attaining age 20. Results of this query reflect an interesting but until now largely hypothesized trend among U.S. multinational firms. These companies no longer are depending on seasoned "foreign-reared" Americans to fill managerial ranks overseas. Before the 1960's the expatriate recruiting efforts of many companies focused on locating and attracting sons of diplomatic or business expatriates who had considerable experience abroad

FIGURE I

JOB LEVEL AND AREA OF EXECUTIVES INTERVIEWED

1. CURRENT JOB LEVEL

(N=51)			
President or Chief Executive Officer*	Vice President or Other Officer	Functional Area Head	Other
24%	10%	50%	16%

*Top Officer of Mexican operations.

2. FUNCTIONAL AREA OF CURRENT JOB

General or Top Management*	Marketing	Finance/ Accounting	Production/ Engineering	Other
43%	22%	4%	16%	15%

*All "officers" are included in this category regardless of their functional area.

3. For example, average age here was 43 and in the Negandhi study it was 41, (Anat R. Negandhi, "Profile of the American Overseas Executive," *California Management Review*, Winter, 1966, p. 61.

before adulthood. Only 22 percent of the sample in the current study had lived abroad at all prior to age 20, and only seven men had lived abroad during this time for more than five years. Therefore, it seems clear that multinational firms now are shifting toward a focus on exporting current "in-house" managers to staff their international positions which require expatriates, since the supply of these individuals is now quite short.⁴ This conclusion is further supported by the observation that the older executives are the ones most likely to have lived abroad prior to age 20, since the two factors "Year Abroad Prior to Age 20" and "Age" are moderately correlated (+.361).⁵

The individual who spent considerable time living abroad before age 20 however, is indeed different on some dimensions from his U.S.-reared counterpart. The factor "Number of Years Abroad Prior to Age 20" correlates moderately and inversely with "Authoritarianism/Dogmatism" (—.429), implying that being reared abroad tends to foster development of a more open and flexible attitude structure.⁶ However, there is a moderate negative relationship between "Years Abroad Prior to Age 20" and "Ascendancy" (—.388) and "Sociability" (—.239),⁷ indicating that being reared abroad does have an important influence on a person's attitudes and viewpoints regarding the world around him and that the foreign-reared U.S. expatriate executive is quite different in personality and attitude structure from his U.S.-reared colleague. Although this study was not intended to be an investigation of these attitudinal differences between foreign- and U.S.-reared expatriate managers, further research may help define the variables and relationships which seem to have important implications for multinational firms in this area since a definite shift to the latter type of managerial talent is underway.

A third area of interesting results is in the types of factors which can be critical to the success or failure of U.S. executives in expatriate positions.

4. This conclusion is partially supported by Baker and Ivancevich, who find that 60 percent of multinational firms recruit over 80 percent of their expatriate managers from within the firm. (James C. Baker and John M. Ivancevich, "Multinational Management Staffing with American Expatriates," *Economic and Business Bulletin*, Fall, 1970, Vol. 23, No. 1, p. 35.)

5. The numbers in parentheses indicate the correlation coefficient corresponding to the two variables mentioned.

6. Although this correlation is described as of "moderate" strength, it should be noted that attitudinal scales such as "Authoritarianism/Dogmatism" are imprecise measures and therefore even "moderate" strength correlations might be viewed as worthy of note. For an excellent discussion of the subtleties of attitudinal measures, see John P. Robinson and Phillip R. Shaver, *Measures of Social Psychological Attitudes*, 1969, Institute for Social Research, The University of Michigan, Ann Arbor, Michigan.

7. Ascendancy, as used here, is defined as a personality tendency to dominate or strive for controlling positions. Sociability is the tendency to seek interpersonal relationships and contacts and a generalized gregariousness.

Some previous work by others had led to the suspicion that five factors were critical:

1. Technical skill
2. Belief in mission
3. Cultural empathy
4. A sense of politics
5. Organizational ability⁸

In the current study, five other factors were added to this list to yield ten alternatives (distributed in random order on the interview sheet). These additional factors were:

6. A local environment which is sufficiently "civilized"
7. Proper support and orientation by the company (home office)
8. Language ability
9. Ability to work with local nationals
10. An adaptable and supportive family

This list (with a brief explanation of each factor) was presented to the executive, and his rankings of importance and his ancillary comments were solicited. Many executives offered several structural comments oriented toward regrouping data or revising the framework for data analysis as well as the factor ranking. By a process of incorporating these structural suggestions of the interviewed executives after completion of the study, the population of ten alternatives was reorganized and reduced considerably. For example, it became clear that the expatriates tend to think of "Job Ability Factors" as a gross classification rather than such specific individually-listed categories as technical skill and organizational ability. Obviously, some jobs require high technical skill while in others the necessary technical skill is in the form of organizational ability. Therefore, a generalized category of job ability factors emerged. Most executives did not feel that "Ability to Deal with Local National" and "Cultural Empathy" were two separate factors, so they were collapsed into one category, "Relational Abilities."

The most important data relating to determinants of success or failure in expatriate positions are summarized in Figure II. Four general factors clearly are dominant in the opinions of the expatriate executives. In first place is "Job Ability Factors." This factor was described most often as being a *prerequisite for success*. It was viewed as the "given" factor in expatriate selection and assignment. Although this was seen as the most critical factor in the overall determination of success or failure, it was not

8. H. Cleveland, G. J. Mangone, and J. Clarke Adams, *The Overseas Americans* (New York: McGraw-Hill, 1960), p. 24.

indicated as the source of many of the “failures” in expatriate assignment. This was largely because the executives felt that their companies generally had reliable mechanisms for evaluating the job ability of a potential expatriate prior to his assignment abroad. Therefore, normally, little uncertainty is associated with the job ability aspect of the expatriate, and few failures result from this cause.

FIGURE II
EXECUTIVE CONCLUSIONS REGARDING THE DETERMINANTS
OF SUCCESS-FAILURE IN AN EXPATRIATE POSITION

(Data in this table reflect number of responses corresponding to that category as ascribed by 51 expatriate executives.)

	Ascribed 1st Place	Level 2nd Place	of 3rd Place	Importance 4th Place
1. Job Ability Factors (Technical Skill, Organizational Ability, Belief in Mission)	27	8	6	7
2. Relational Abilities (Ability to Deal with Local Nationals, Cultural Empathy)	7	20	16	1
3. Family Situation (An Adaptive and Supportive Family)	12	15	12	3
4. Language Ability	2	6	9	10
Percent of all responses in these four factors:	94%	96%	84%	41%

Two factors vied for second place in importance, “Relational Abilities” and “Family Situations.” Both were felt to be vital (ascribed approximately equal importance), but vital in different ways. Relational Abilities were viewed as important to *achieving success*, while an adaptive and supportive family was seen as a prerequisite for *avoiding failure*. The executives clearly felt that abilities to relate to and deal with local nationals was a very desirable skill in helping achieve a level of success above some normal or expected average level. The importance given this factor varied from executive to executive and was most often related to the degree of contact with the local business community which was required by the executive in his own job position. The family was overwhelmingly seen as the most common cause of failure in expatriate executive assignments. This implies that companies have not been able to be as successful as they would like in predicting and improving acculturation of their executive families to the local environment. Clearly, improvement in this area could probably add to the overall success of expatriate executives more drastically than efforts on other fronts.

A much weaker fourth place in importance was given to "Language Ability," and all other factors essentially dropped out of the running. (Witness the high percentage of responses accounted for by these four factors.)

These varied aspects of the rankings suggest that a simple uni-dimensional factor ranking of determinants of success-failure is insufficient. Some types of factors contribute to improving the probability of achieving success (such as "Relational Abilities" and "Language Ability"), while others seem to reduce the probability of failure (such as "Family Situation"). These are not simply opposites of the same factors, but two very separate categories.

These rankings and interpretations represent a departure from traditional thinking on the factors critical to success or failure in expatriate positions. "Relational Abilities" and "Family Situation" generally have not been given as important a place in the hierarchy as the place ascribed to them by the executives themselves in this study. Since these two factors are very difficult to appraise and evaluate in a potential expatriate, quite naturally there has been greater emphasis on more easily and firmly measured areas such as job and language ability.

Summary

A basic change in hiring patterns of multinational firms is emerging. Firms no longer are seeking solely special Americans who were reared abroad to fill expatriate managerial positions. The emphasis has shifted to technical competence as demonstrated in domestic performance. However, those expatriates who were reared abroad do have significantly different sets of personality traits and attitudes from their domestically-reared counterparts.

Executives tend to ascribe primary influence in success or failure in expatriate managerial positions to four factors: Job Ability, Relational Ability, Family Situation, and Language Ability. The most important factor, Job Ability, is seen as a prerequisite to foreign assignment. The second most important factor, Relational Abilities, is viewed as necessary to achieving success; while the third factor, Family Situation, is viewed as necessary to avoiding failure. The final factor, Language Ability, is seen as a helpful asset which is obtainable after the foreign assignment has been made. Firms should be particularly aware of the tendency to give most important and value to factors which can be most precisely and concretely measured rather than matching the impact of a factor with the actual importance of that factor in determining success or failure.