

EXPATRIATES' DIFFICULTIES AND FAILURE IN FOREIGN COMPANIES OPERATING IN ALBANIA

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Abstract

Expatriation is one of the key staffing policies used by MNCs to fill managerial positions in their foreign operations. But, many times it has been associated with the phenomenon of expatriate failure resulting from the inability of the expatriated manager and his (her) family to adjust to the host country environment. Purpose of this paper was so to provide an overview on the international literature dedicated to expatriate failure and then to look over for possible cases of expatriate failure in foreign companies in Albania. In line with that a case study, the "Hasan Riza Pasha" College case, and a survey analysis was conducted. 30 randomly selected foreign companies operating in the region of Shkodra, situated in the northern part of Albania were included in the survey. The results of this research revealed the presence of expatriate failure cases, particularly of premature return cases in foreign companies in Albania resulting chiefly from the inability of managers and their families to adjust to the Albanian environment. Adjustment to the Albanian language and the difficulty to find an employment for the managers' partners resulted to be the major challenges. In contrast, pre-departure training provided to managers was reported to be more focused on technical aspects than on cultural issues.

Keywords: Multinational companies, expatriate failure, adjustment, foreign companies, Albania

INTRODUCTION

One of the biggest challenges faced today by MNCs is the recruitment and management of the appropriate staff to run their overseas' operations. As they continuously expand globally the need to choose the right individuals who will perform this task becomes critical. Building on the work of Perlmutter (1969), various authors have identified three major sources from where MNCs can recruit the potential managers of their foreign subsidiaries: a) the home country, b) the host country, and/or c) a third country (Czinkota et al., 2005). This is also called *Perlmutter's typology* regarding multinationals' staff management and recruitment policies. When companies employ individuals from the *home country*, the so called *parent country nationals (PCNs)* or *expatriates*, as top level managers of their affiliates abroad, they are actually using an *ethnocentric* staffing policy (Harzing, 2001). On the other hand, when people from the host country, the so called *host country nationals (HCNs)*, or from a *third country (third country nationals, TCNs)*, are assigned to accomplish this function companies follow respectively a *polycentric* or a *geocentric* staffing policy (Wild & Wild, 2012).

Referring to Edström & Gailbraith (1977), Harzing (2001) underlines three major reasons why MNCs transfer expatriates to manage their activities in host countries: a) position filling, b) management development and c) organization development. Through the use of PCNs MNCs can assure an appropriate transfer of technology and knowledge from the headquarters to subsidiaries, especially in cases when qualified employees in the local labor market are missing. Also, the transfer of PCNs offers them an opportunity to expand their international experience and gain a more global view of the company they belong to. In addition, from the company's viewpoint, expatriates help maintain a higher level of control over subsidiaries and guarantee a proper transfer of headquarters culture and business practices, so contributing to a more consistent management over the MNC.

Nevertheless, for several reasons the transfer of expatriates can become problematic for the MNC. First of all, PCNs are not familiar with the host country environment and therefore, as compared to HCNs, they are more prone to make wrong decisions because of this lack of knowledge (Tung, 1982; Kobrin, 1988; Harvey et al., 1999, 2000b; Czinkota et al. 2005; Tharenou & Harvey, 2006). Second, sending out expatriates can be very costly for the company. As Bonache Perez & Pla-Barber (2005) claim, a PCN can cost the company three times the cost of an HCN. Furthermore, in various cases expatriates have difficulties to adjust to the new environment in the host country and because of that fail to exert their functions well, a phenomenon that is often referred to as *expatriate failure* (Tung, 1982; Mendenhall & Oddou, 1985; Harzing, 1995; Florkowski & Fogel, 1999; Harvey et al. 1999, 2000b; Harzing, 2004; Paik & Song, 2004; Czinkota et al, 2005).

The purpose of this paper is so to provide a short overview on the concept and causes of expatriate failure, as well as on the ways it can be prevented. In addition, the paper aims to depict how this phenomenon is represented in the case of foreign companies operating in Albania, with the intent to create an idea about the major difficulties faced by expatriates working in our country and identify possible cases of failure among them.

LITERATURE REVIEW

The Concept and Reasons for Expatriate Failure

The important role of expatriates, their high cost and especially the high costs associated with expatriate failure (Puck et al., 2008), claim for a more accurate and a deeper study of the concept and the causes of the latter. Still, as Hung-Wen (2007) mentions, literature on expatriate failure is quite scarce as far as empirical evidence is concerned, is old and covers mostly a U.S. business environment. According to him even the reliability of the more recent literature is to be questioned because its arguments are largely based on the study carried out by Tung in 1982. Providing a systematic definition of expatriate failure has also been a subject of debate among researchers. The majority of them define expatriate failure as “premature returns of expatriates from international assignments” and this is particularly true in the case of early research on this topic (Briscoe & Schuler, 2004; Cullen & Parboteeah, 2010; Wild & Wild, 2012). But, many authors have doubted the accuracy of this definition. They believe that an early return home from an international assignment cannot be the only way to determine expatriates failure (Andreason, 2003; Briscoe & Schuler, 2004; Hung-Wen, 2007; Kraimer et al., 2012). A PCN who finishes his foreign assignment on time but performs weakly cannot be considered successful (Hung-Wen, 2007), the same as someone else who leaves the company right after repatriation (Briscoe & Schuler, 2004; Kraimer et al., 2012)

Christensen & Harzing (2004), in their article on Career Development International, “Expatriate failure, time to abandon the concept?” provide an interesting classification of the various definitions of expatriate failure offered by researchers over time. The first category includes those definitions seeing expatriate failure as a premature return from international assignments. The second one resembles to the first with the difference that in this case reasons are given for justifying an early return. In the third category the poor performance of expatriates is considered as a failure even in cases of fulfillment of foreign assignment contracts. The last category deals with repatriation problems or resignation of the expatriate right after repatriation. Based on the discussion of these definitions and the diverse viewpoints of the authors providing them, Christensen & Harzing (2004) ended up with the conclusion that researchers should start abandoning the concept of expatriate failure. Instead, they should start seeing as “failed or

unsuccessful expatriates or repatriates” those who do not fulfill MNCs’ expectations as far as performance and commitment to the company is concerned.

Expatriate failure can be very costly for the company as well as for the expatriate himself. Puck et al. (2008), referring to Takeuchi et al. (2002), confirm that this phenomenon can be associated not only with high direct costs but also with indirect ones. Direct costs of expatriate failure include, expatriates’ salary, expenses for their training as well as PCNs’ travel and relocation expenses (Chew, 2004; Dowling & Welch, 2004). It has been estimated that each expatriate failure can cost a company as much as 1 million \$. Also the total cost per year of all American MNC’s can reach up to 2 billion \$ (Cullen & Parboteeah, 2010). Indirect costs can be even more dramatic. MNCs may be faced with loss of opportunities and/or market share along with damaged relationships with clients, suppliers and/or local government officials (Andreason, 2003; Cullen & Parboteeah, 2010). On the other hand, “failed” expatriates may suffer loss of self-esteem and confidence as well as they may find themselves unmotivated to undertake future challenging tasks (Andreason, 2003; Puck et al, 2008). Family relationships may be negatively affected too (Andreason, 2003). Taking into account the amount of these costs it is important to look at the possible causes of expatriate failure.

Many factors should be considered when analyzing the causes of expatriate failure. They can be classified as factors related to the expatriate himself (herself), his (or her) family as well as factors related to the MNC’s policies and actions for expatriates’ management. At first, PCNs may have difficulties to adjust to the host country culture and environment (Briscoe & Schuler, 2004; Tungli & Peiperl, 2009, Cullen & Parboteeah, 2010), which then influences negatively on their ability to make the right decisions and build good relationships with workers, business partners and officials in that country. Sometimes they may not even be motivated to undertake the foreign assignment (Briscoe & Schuler, 2004; Cullen & Parboteeah, 2010) or may not have the necessary technical competence to perform the task. In other cases expatriates lack the required emotional maturity to adequately handle the new responsibilities, the workload and the changes in the social status associated with the foreign assignment (Briscoe & Schuler, 2004; Hill, 2013).

But, the manager’s family can also be an important factor in determining his (or her) possible failure (Briscoe & Schuler, 2004; Czinkota et al., 2005; Collings et. al, 2007; Tungli & Peiperl, 2009; Cullen & Parboteeah, 2010; Hill, 2013). The inability of the family, especially of the expatriate’s spouse (Black & Gregersen, 1991), to adjust to the new environment in the host country may put a lot of pressure on the transferred manager so raising his (or her) chances to fail. The spouse may find it more difficult to adjust than the manager himself (herself). The latter has the advantage of meeting local people and building relationships at work (Briscoe &

Schuler, 2004), while the chances of the spouse to do that are much more limited. The adjustment is even more difficult when the manager's spouse does not speak the host country's language or has little if any knowledge about its culture. Also, in several cases spouses feel neglected by their husbands (or wives) who spend most of the day at work (Collings et al., 2007). Over time this feeling may affect negatively the relationship among the expatriate and his (or her) spouse and may become the cause for a future breakup and family separation. This is the reason why many companies emphasize on the stability of expatriates' marriage and on the strength of their family relationships when selecting them for foreign assignments (Czinkota et. al., 2005). The challenges faced by the manager on its overseas tasks require the family to continuously support him (or her). Besides, the expatriate's wife (husband) may be obligated to leave or sacrifice her (his) own career in order to accompany the respective spouse on his (her) transfer overseas. (Czinkota et. al., 2005; Ravasi et al., 2013). This can be accepted at the beginning, but as time goes by, the morale of the expatriate's partner worsens, and as a consequence that of the expatriate too, so putting into discussion his (or her) ability to succeed during the foreign assignment. Difficulties to provide an appropriate education and welfare for their children can also be an issue of importance for expatriates and therefore a critical factor in determining their success or failure (Tungli & Peiperl, 2009).

MNCs too seem to be a cause of failure for many expatriates. In many cases they make wrong decisions which are then reflected on the ability of the manager and his (her) family to adjust, on his (her) motivation to undertake the foreign assignment, on his efforts and ability to do the job well, and as a result on his (her) performance. According to Briscoe & Schuler (2004) lack or inappropriate cross-cultural training and orientation programs, lack of participation of HR specialists during the selection process, selection of expatriates based mainly on their technical competence, lack or little support provided to expatriates and their families during the assignment overseas etc., are through the major factors bringing to a potential failure of expatriates. Also, these authors mention length of assignment as another influential factor, which in fact distinguishes among American MNCs on one side and Japanese or European MNCs on the other. The latter seem to emphasize more on longer assignments, giving the transferred managers more time to adjust and as a consequence reducing their chances to fail. Moreover, failure of MNCs to provide the right support for repatriated managers is considered to be another critical factor (Briscoe & Schuler, 2004; Czinkota et al., 2005, Collings et al., 2007). A manager returning home from its foreign assignment may find himself (herself) disoriented, this partially because of the lack of an appropriate job position at the headquarters, with similar managerial responsibilities and compensation, and partially because of the removal of some privileges he (she) and his (her) family were used too during the expatriation period. The

dissatisfaction with the new situation may stipulate the manager to leave the company and look for better alternatives, up to his (her) new expectations (Czinkota et al., 2005). In this case the MNC loses the investment made for this manager as well as someone who now has more international experience and as a result is a valuable asset for the company (Wild & Wild, 2012). Cullen & Parboteeah (2010) mention the degree of difficulty of the foreign assignment as another possible cause of failure. When managers are assigned overwhelming tasks or tasks inappropriate for their level of experience and qualifications their probability to fail is higher. The next section will attempt to provide an overview on the actions and remedies to be undertaken by MNCs in order to reduce cases of failure and their underlying effects in the future.

How can MNCs reduce the chances of expatriate failure

Knowledge about the possible causes of expatriate failure is a good starting point for MNCs while attempting to take the right measures for reducing its occurrence and effects. Various authors have offered their contribution on this part too. As mentioned above, technical competence may be an important determinant of the potential expatriate's success or failure (Chew, 2004; Czinkota, 2005). The responsibilities the manager has to face on a foreign assignment are much higher as compared to those of a manager in the same position in a domestic firm. As a consequence he (she) should be more skillful and agile on making everyday decisions. In particular he (she) should possess a higher technical competence than that of a local candidate in order to be selected, otherwise the latter would be more preferable due to his (her) lower cost.

Additionally, inability of expatriates and their families to adjust to the host country environment seems to be through the most discussed causes of expatriate failure. According to Puck et al. (2008), who refer to Black & Mendenhall (1991), Feldman & Tompson (1993), Selmer (2002) etc, expatriate adjustment can be defined as "the degree of psychological adjustment experienced by the individual within a new society or the degree of psychological comfort and familiarity perceived within a new environment". The same group of authors, based on a deep literature review on this topic, describes it as a multidimensional phenomenon, composed of three major elements: 1) adjustment to the general environment, 2) adjustment to the work situation, and 3) adjustment to interacting with host nationals. The first component refers to the expatriate's general psychological comfort with the environment in the host country, while the second to his (her) psychological comfort with the work values and standards applied there. Then, his (her) comfort in building successful communication channels and relationships with people from the host country completes the process of adjustment and raises his (her) chances to succeed. But, how should MNCs act in order to improve the ability of their managers

to adjust? Several authors highlight that everything should start with the selection process. In line with Chew (2004), who refers to Tung (1987) and Ronen (1989), expatriates who are distinguished for their interpersonal skills and their low ethnocentrism tendencies, who demonstrate empathy for other cultures and tolerance for ambiguity, and those who possess language skills, are more prone to adjust to foreign cultures and environments and consequently less probable to fail. Following the same line, Czinkota et al. (2005), provide a three categories model of features (criteria) potential candidates for expatriation should possess in order to be selected, one of which is adaptability criteria. According to them, potential successful expatriates will be those who have interest in working overseas, are able to create new relationships, accept and appreciate new things and proposals, and are flexible to cultural changes as far as management styles is concerned. Similar traits are also mentioned by Singh (2010), such as cross-cultural adaptability, language skills as well as knowledge of the foreign country and previous international experiences. Cullen & Parboteeah (2010), based on Azilee & Magnini (2007), refer to expatriates' tolerance for ambiguity and difference, open-mindedness, curiosity, excellent social and communication skills, flexibility and empathy, as emotional intelligence. The latter is strongly viewed as crucial in determining the ability of expatriates to adjust. Individuals who demonstrate a high level of emotional intelligence can build faster relationships with locals in host countries and be able to manage well their own emotions, even in risky and under pressure situations, so raising their chances to adjust and reducing their odds to fail.

Nevertheless, applying a rigorous selection process, which supports expatriates' adjustment to the host country and is in line with the suggestions offered by the above mentioned authors, may not be sufficient. Many authors emphasize that expatriates may need to receive some form of pre-departure training, or more specifically some sort of cross-cultural training, which will prepare them for the new environment. According to Tung (1981), cross-cultural training is defined as "any intervention aimed at increasing an individual's capability to cope with and work in a foreign environment". It can take several forms, such as the cultural assimilation program (Bhawuk & Brislin, 2000; Czinkota et al., 2005, Wild&Wild, 2012), self-reference criterion program, contrast American method (Bhawuk & Brislin, 2000), role playing or simulations (Bhawuk & Brislin, 2000; Treven, 2001; Czinkota et al., 2005; Cullen & Parboteeah, 2010), language training (Wild & Wild, 2012), field experiences (Bhawuk & Brislin, 2000; Treven, 2001; Czinkota et al., 2005; Cullen & Parboteeah, 2010) etc. The various training programs differ from each other in base of the staff involved, their duration as well as their respective costs. Field experiences is judged as the most effective, but at the same time, as the most expensive program in accomplishing the expatriate adjustment objective (Czinkota et al., 2005).

However, Puck et al. (2008), who studied around 340 expatriates from 20 German MNCs, came to the conclusion that pre-departure cross cultural training impact in each of the expatriates' adjustment components (i.e. general, work related, interactional) is little, if there is any. Instead, they found a strong positive impact of foreign language competence on these components. This stemmed the authors recommend MNCs to first, select expatriate candidates based on personal traits that increase their likelihood to succeed overseas, and then, provide them tailored cross cultural training. In particular, attention should be put on those individuals who are distinguished for their foreign language skills and knowledge. They also recommend the application of sequential cross cultural training, underlining particularly in-country training, which is considered to be more efficient due to its fast feedback.

Difficulties of the family or the manager's partner to adjust can also affect negatively on his (her) job performance (Crowne & Goeke, 2012) or be the cause of a premature return home (Tungli et al., 2009). Therefore considering the involvement of the manager's family while building and applying selection and training procedures is very important for assuring expatriate's success. According to Czinkota et al. (2005) some companies tend to use managers' transfer within the country as an estimation of the possible reactions of their families to potential relocations abroad. They also emphasize on the interviews conducted with them and their respective families, which tend to evaluate, how much aware they are about the challenges associating a foreign transfer and how much willing they are to undertake that step. Based on these interviews' responses MNCs themselves may decide to turn down some candidates, specifically those who and whose families are judged unable to cope with the foreign assignment test. Families are suggested too to be part of the pre-departure orientation programs provided to potential expatriates, where they, as well as managers, receive some form of cross-cultural training.

Also, the dramatic growth in the number of families with both spouses in career (Purgal-Popiela, 2011) has put additional pressure on MNCs using expatriation as a staffing policy. The expatriate's spouse may have to give up his (her) own career or cut it off for some time. Taking into consideration the effect this may have on the expatriate's partner morale and the resultant impact on the expatriate himself (herself), the MNC must be willing to offer a strong support on this issue. According to Purgal-Popiela (2011) and Ravasi et al. (2013), who refer to Riusala & Suutari (2000), this support can take several forms, such as, helping the expatriates' spouses with the provision of work permits, helping them to find educational possibilities, providing to them information about employment opportunities, providing career (Chew, 2004) and life counseling to them as well as compensation for the lost salary.

But, the MNC must continue to provide support to expatriates and their families upon arrival and after repatriation as well. As part of this support, the company should continue to provide cross-cultural training to both the expatriates and their families (Cullen & Parboteeah, 2010; Purgal-Popiela, 2011). Involving locals (Purgal-Popiela, 2011) or other mentors (Cullen & Parboteeah, 2010) to perform such training can be very effective in helping expatriated managers and their families to adjust. According to Cullen & Parboteeah (2010) some companies have built mentoring programs where new expatriates are paired with more experienced expatriates, programs that facilitate their infiltration within the host country social networks and accelerate their learning about the possible challenges to be faced in this country. The extension of foreign language training courses during the assignment as well is also considered very helpful for the managers and their families too.

Another important part of the MNCs support during the assignment is expatriates' compensation. An appropriate compensation package should provide the necessary incentives to motivate the manager relocate as well as the necessary support and facilities for him (her) and his (her) family during the foreign assignment. Consistent with several authors, the package should include the base salary, the foreign service premium, hardship allowances for accepting transfers in dangerous countries, cost of living allowances, compensation for tax differentials among the home and the host country, and other allowances to cover relocation costs, accommodation costs, children's education costs etc (Czikonta et al., 2005; Cullen & Parboteeah, 2010; Wild & Wild, 2012; Hill, 2013).

Besides cross-cultural training and compensation, keeping continuously in touch with expatriated managers during their service overseas can absolutely be a strong sustention to them and their families (Cullen & Parboteeah, 2010). Maintaining an open and active communication with expats can be achieved in several ways. MNCs can constantly inform managers overseas about the changes in the home country and the company's headquarters, facilitate their communication with their peers and colleagues at headquarters among electronic devices, provide financial support for short trips back home as well as provide information about their job opportunities and situations to be faced with upon repatriation (Purgal-Popiela, 2011). Crowne & Goeke (2012) propose a new model of sustention for the adjustment of expatriates and their families. They propose the use of social networks as a means of maintaining communication among expatriates or their families with the respective colleagues, family relatives and friends, a communication that helps them to be always informed and/or express their sentiments, insecurities, seek understanding and build self-esteem. Crowne & Goeke (2012) propose both alternatives, the use of existing social networks, such as Facebook, or the building of new networks by the MNCs themselves. The choice among these options should be

based on the type of the social network, informational or supportive. In the case of supportive networks, in which members share their sentiments, talk about their frustrating experiences, seek for understanding etc., using existing social networks may be more appropriate. But, in the case of informational networks, in which members share mainly job related information, building specific MNCs' networks may be a better option. This way the information exchanged, which is mainly related to the specific company, is more protected and not exposed to outsiders. It can also be adapted more easily to the specific needs of the company, its expatriates, as well as their families.

As mentioned in the previous section, expatriated managers as well as their families may find it difficult to reintegrate within the home country environment and reconnect with their previous job positions. They are concerned both for their personal and professional life. During a two-year service overseas many things may have changed in the home country, or the manager and his (her) family may have changed the way they see this environment. Through the major concerns for repatriated managers is the possibility to find an adequate job position within the company's home office (Czinkota et al., 2005). If the company is unable to accomplish this in accordance to managers' expectations they may decide to leave the company and search for better job opportunities. In order to avoid this, companies may build up career development programs, which plan the repositioning of managers within the headquarters structures even before expatriation (Wild & Wild, 2012). It is also critical to reward and promote repatriated managers to those positions where their valuable international skills and experience can be appropriately used (Cullen & Parboteeah, 2010). MNCs may use as well the same mentors, who helped managers adjust to the host country environment, assist them too on their readjustment back home, since a relationship of confidence may have been built among them. Repatriated managers may feel comfortable to discuss with mentors many issues they are concerned about on their return home, such as job, family or other readjustment issues (Wild & Wild, 2012). Companies should also assist returned managers during their process of relocation and accommodation back home (Purgal-Popiela , 2011).

Support should be provided too to managers' spouses and families. Companies can offer managers' spouses information about job opportunities in the home country, assist them during the job research process and/or provide them with some sort of career counseling (Cullen & Parboteeah, 2010, Purgal-Popiela, 2011). They can also support managers' children reintegrate within the home country education system. A similar supportive program is provided by AT &T, a well known American MNC operating in the telecommunication sector, which applies the so called "Welcome Home" orientation program for its repatriated managers and their families (Cullen & Parboteeah, 2010).

EXPATRIATE FAILURE: THE CASE OF FOREIGN COMPANIES OPERATING IN ALBANIA

As demonstrated above, expatriate failure has been a widely discussed issue among several authors contributing in the western literature on human resources management and international business. But, in the case of Albanian business literature, this paper represents the first effort to show and discuss how this phenomenon is represented amid foreign companies operating in Albania. For that reason, the aim of the paper is to create an initial idea on the major difficulties encountered by foreign managers in this country and identify possible failure cases among them. In order to achieve this, combination of a case study and a survey analysis was used. *The Turkish College “Hasan Riza Pasha”* located in the *city of Shkodra*, was chosen as a case study and *an interview was conducted with the Vice/director* of this institution. In addition, the *survey* was conducted as well *in the region of Shkodra* and involved *30 foreign businesses* operating in this region. They were all randomly selected and, as the following results will show, belong to various sectors of business activities.

Case study results – Turkish College “Hasan Riza Pasha”, Shkodër

A short presentation of Turkish Colleges in Albania

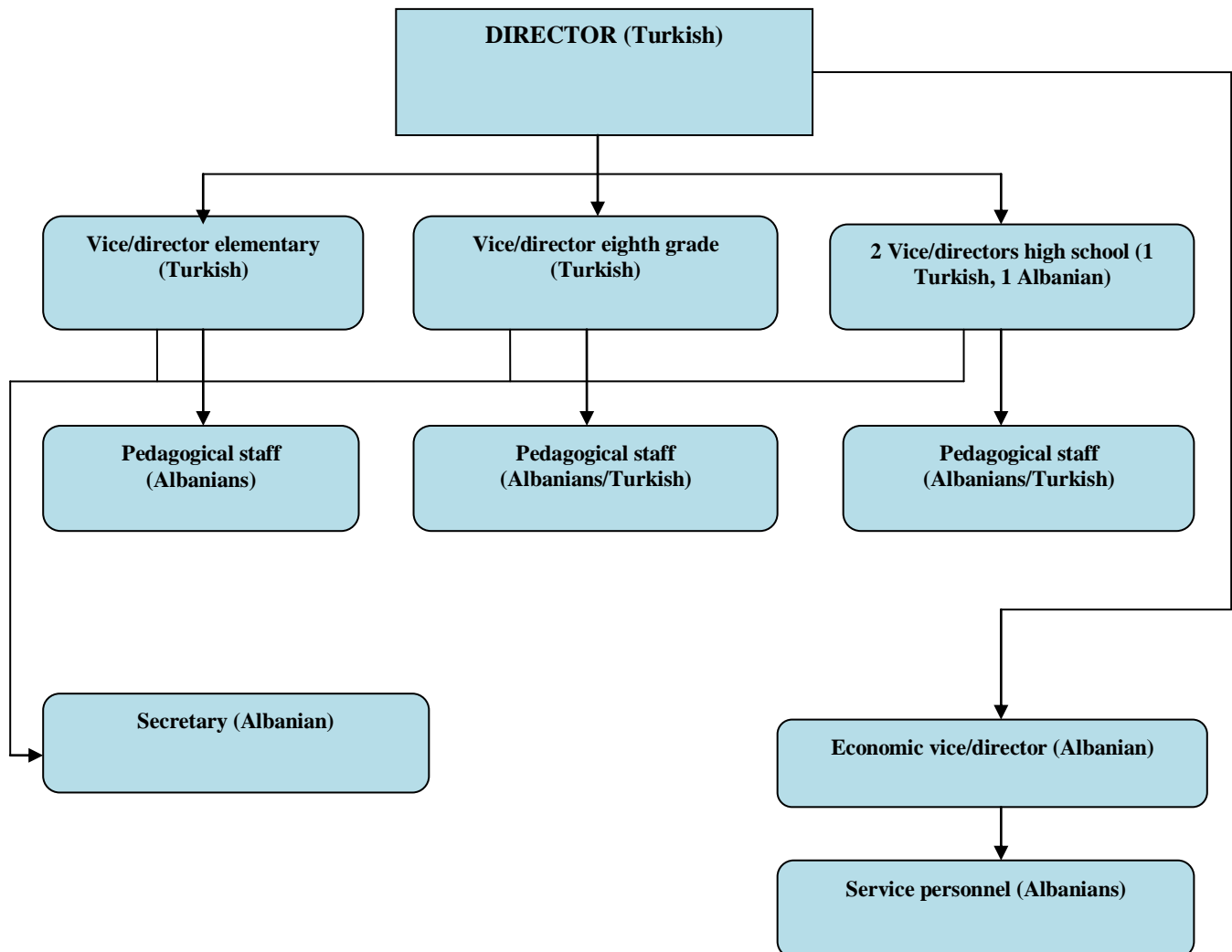
Turkish Colleges represent an education institution with a large spread in Turkey and internationally. The first colleges opened in Turkey in 1982, but after the 90's they started to extend their activity in the Balkans, the ex-soviet republics and in Africa. The first college in Albania, “Turgut Ozal College”, opened its doors in 1993 in Tirana, as the first private education institution in our country. It was then followed by “Mehmet Akif College” in Tirana, ‘Hasan Riza Pasha” in Shkodra and “Turgut Ozal” in Durres. At the beginning the activity was limited to only the 8th grade education service, but quickly, it became very attractive for many parents who were seeking technology based and experienced teaching for their children. Turkish colleges in Albania offer now education services starting from the pre-school level to the high school level. The number of students enrolled in these colleges amounts to around 3000 and encompasses different nationalities, while every year around 2000 other students participate in the entrance exams (http://tirana.turgutozal.edu.al/about_us).

Interview results

In order to start identifying how is the phenomenon of expatriate failure represented in the case of foreign companies in Albania, an interview was conducted with the Vice/director of “Hasan Riza Pasha” College in Shkodra. According to him, in the Shkodra College are actually engaged 57 employees who are categorized as: a) pedagogical and educational staff, b) administration, and c) service personnel. 36 employees represent the pedagogical and educational staff, 16 of

them are Albanians and the rest are of Turkish nationality. The administration and the service personnel involve respectively 9 and 12 employees. The latter are all Albanians. For a clearer view of the respective role of each employee, following is presented the organizational structure of “Hasan Riza Pasha” College, specifying the position and nationality for each of them.

Figure 1. Organizational Structure, “Hasan Riza Pasha” College



Source: The interview with the Vice/director, “Hasan Riza Pasha” College

As can be clearly seen from the organizational structure, a considerable part of the college’s employees are foreigners. The Turkish personnel, who is mainly engaged in teaching processes and managerial functions, receives a higher payment when compared to that of the local personnel. The difference justifies the sacrifice made by this part of the staff, who works in another country, with a different language and lifestyle from those in the home country.

Another facility provided to the foreign personnel is the possibility to be transferred to Albania together with the family. This has been made possible too through the inclusion into their payment of some allowances covering expenses such as those for their children's education. Furthermore, in cases when both spouses are part of the same pedagogical staff, the teaching schedule is structured according to their needs, in order for them to take care of the kids. For example, when the husband is lecturing, his wife is free and vice versa. Another form of motivation for the transferred staff is its inclusion into the decision making processes and its placement in crucial managerial functions. This can also be noticed in the above organizational scheme.

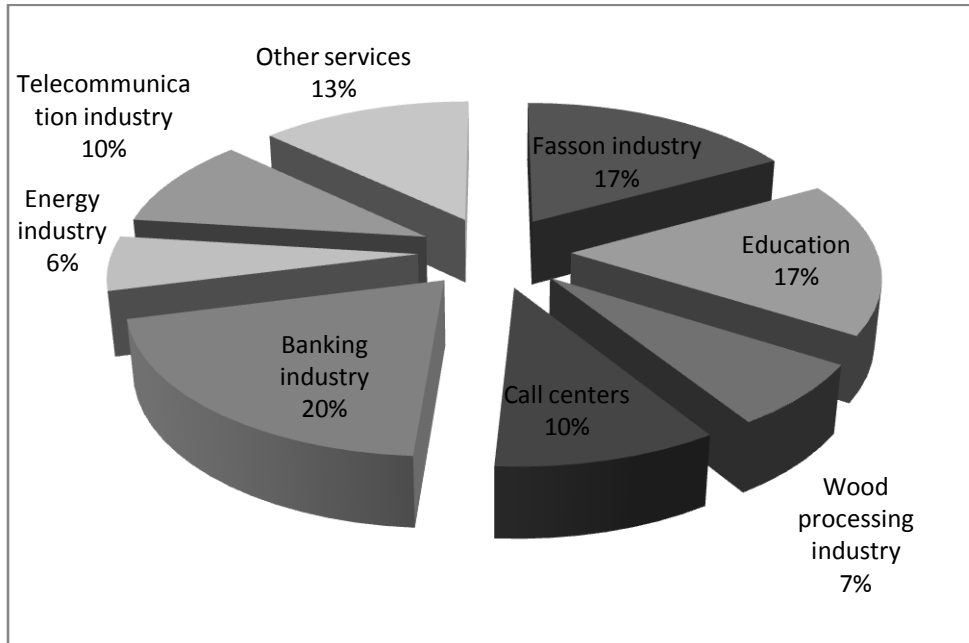
Nevertheless, despite these facilities provided to Turkish employees working in Albania, in this case in Shkodra, their difficulty to adjust to the Albanian environment has been considerable. As mentioned in the previous sections, in the case of "Hasan Riza Pasha" College too, families of the transferred personnel have been faced with major adjustment difficulties. Particularly difficult has been their adjustment with the Albanian language, even after years of experience in this country. As far as the culture is concerned adjustment has been easier, this due to the fact that Albanian and Turkish culture have some similarities. This is the reason why the institution does not provide cross-cultural training to its employees transferred to Albania. They are mainly offered job related training, such as seminars dealing with various technical aspects of the job. According to the Vice/director, finding an employment for their spouses can be considered as the major complexity encountered by the Turkish staff working in the "Hasan Riza Pasha" College. But, as noticeably stated above, when the expatriate's spouse possesses the necessary education to serve the institution, he (she) is actually employed there.

The Vice/director affirms as well that there have been cases of premature return home of Turkish managers. He declares that the key reasons causing this return include: a) being away from the family (in cases when the company did not guarantee for the transfer of all staff members' families) and b) inability of the manager to adjust. Operational reasons and low job performance are considered to be less important reasons causing an early return home or prior to the end of the assignment.

Survey results

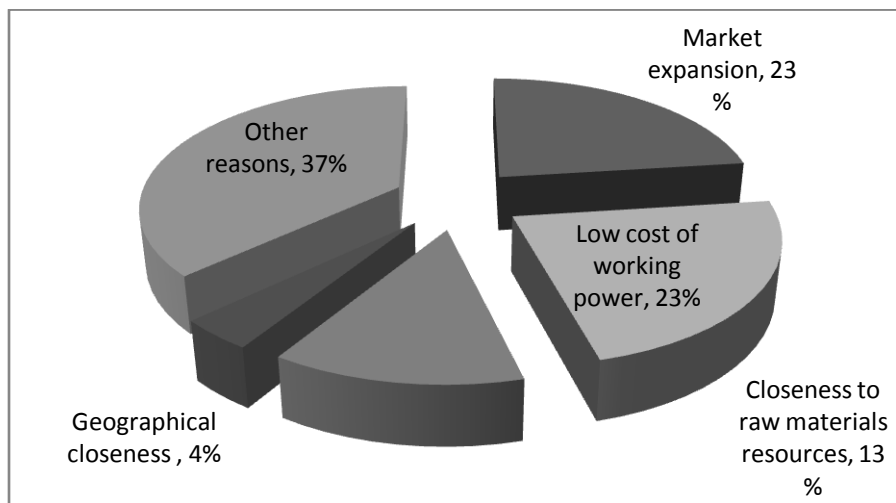
For the purposes of this paper a survey was conducted too with 30 foreign businesses operating in the Shkodra region, which have employed foreigners as part of their managerial teams. The choice of these businesses was random. 60% of them were engaged in service activities and the rest in production activities. The following chart shows a more detailed structure of these companies by the industry they are operating in.

Figure 2. Structure of businesses by industry



The two main reasons why these companies declared to have entered the Albanian market are the low cost of working power and market expansion. The first reason is mentioned mostly by companies operating in the fashion and call centers' industries, while the second by companies operating in the banking and telecommunication industries. Geographical closeness to Albania seems to be an important reason too for companies operating in the fashion and call centers' industries, since Italy is the origin of almost all the companies in this sector. Companies in the education sector declare that their reasons for entering the Albanian market include both, market expansion and government agreements among their home countries and Albania.

Figure 3. Structure of businesses by reasons for entering the Albanian market



From all the foreign managers engaged in the surveyed companies 63% resulted to be males and 37% females. As can be seen the number of female expatriates is low, but as Cullen & Parboteeah (2010) say, their number is growing significantly compared to previous years, because many researchers and practitioners believe they possess excellent cooperation skills, a very important factor for expatriates' success. In this survey, female expatriates resulted to be more present in the case of fashion, call centers and education industries.

As far as the reasons for choosing expatriates over Albanians for running their operations in Albania, 30% of the companies mention as their most important reason the need to develop managers' international experience and, as their second most important reason, the need to ensure the application of the headquarters culture in the Albanian operations as well. 27% of the companies mentioned as their most important reason the need to keep the image of the company as "foreign" and as the second most important reason the need to train and orient local employees. The rest of companies were more diversified relative to the reasons for choosing expatriates versus locals as managers of their activities in Albania.

As in the case of "Hasan Riza Pasha" College mentioned above, surveyed companies too affirm that adjustment to the Albanian language has been through the biggest challenges faced by their expatriated managers, followed by difficulties to adjust to the Albanian culture. In fact, 64% of the managers reported as their biggest difficulty their adjustment to the Albanian language and culture. Meanwhile 36% of them reported inability to adjust to the general Albanian business environment and inability to cooperate with their subordinates as their major challenges. Besides, the pressure on the expatriated manager is enhanced by his (her) family and in particular by his (her) spouse, who don't want to leave the home country and find it difficult to integrate within the Albanian environment.

Surveyed managers were asked to evaluate based on the Likert scale from 1 to 5 the major difficulties encountered by their families transferred to Albania. 77% of them reported that the possibility to find an employment for the respective husband or wife and their difficulties to adapt with the Albanian language are the biggest challenges families have to face. This is in line with the case of "Hasan Riza Pasha" College as well as the literature review presented in the previous sections. The rest, 23% of managers, reported as biggest challenges the adaptation with the Albanian culture and difficulties in finding an appropriate education for their children. From 30 surveyed companies only 16 conveyed to have had cases of managers premature return in their home countries. From them, 58% reported that the main cause of the return was the inability of the family to adjust to the Albanian environment. The same reason has been mentioned as well to be the major cause of managers' low performance in the case of

companies not experiencing premature returns. On the other hand, 42% of companies reporting premature returns relate this with the manager's inability to adjust to the Albanian environment. Asked about the measures taken by companies in order to avoid the occurrence of this phenomenon, particularly about pre-departure cross cultural training, only one third of companies conveyed to have provided such training to their potential expatriates. According to the surveyed managers only in 4 cases out of 10 they had received Albanian language training. In the rest of the cases training programs had been focused mainly in technical aspects of their foreign assignment. Furthermore, companies that reported cases of premature return seem to have done little to avoid the reoccurrence of the phenomenon. Only 38% of these companies declared to have extended the duration of their training programs or to have improved the conditions that facilitate the transfer of their managers' families. As can be noticed, the survey results are quite consistent with both the results of the case study, "Hasan Riza Pasha" College, and the conclusions of various researchers mentioned on the literature review.

DISCUSSION AND CONCLUSIONS

Employing expatriates as managers in their operations overseas is one of the staffing policies used by MNCs seeking to accomplish one of the following objectives: a) fill managerial positions in these operations, b) develop their managers' international experience, and c) develop the organization by ensuring a consistent management over the various affiliates. But, the application of this policy is associated with a high cost for the company and the probability of expatriated managers to fail in executing their functions due to difficulties of adjustment with the host country culture and environment.

Many authors have attempted to define the concept of expatriate failure but the consensus on this issue has not been reached yet. The majority of researchers define it as managers' premature return from international assignments, while others tend to add to this definition as well poor performance of managers who actually conclude the service overseas in the predetermined time or their demission from the company right after repatriation.

Several factors have been identified as the causes of expatriate failure phenomenon, such as: 1) the inability of managers and their families to adjust to the host country culture and environment, 2) their lack of motivation to assume the responsibility of a foreign assignment, 3) managers' lack of emotional maturity, 4) problems of the spouse to find an employment in the host country, 5) unstable family relationships, 6) additional complexities in finding an appropriate education for the children, 7) managers' lack or inappropriate preparation for facing the new environment and challenges, 8) lack of support by the headquarters during the assignment and upon repatriation, etc.

Being aware of these factors and the relative connection between them is very helpful for human resources managers who are searching for appropriate ways to reduce the chances of expatriate failure occurrence. According to many authors the selection of the right candidates for expatriation is a good start. They should possess not only the necessary technical and managerial competence, but also have the right skills and attitudes that facilitate their adjustment to the host country. Rigorous selection criteria should be applied to potential expatriates' families as well, principally regarding their potential ability to adapt to the new environment. Also, both the managers and their respective families should participate in pre-departure and during the assignment cross cultural training programs, which aim to prepare them for the possible changes and challenges to be faced with in the host country.

Of particular importance for the company is also to continue supporting expatriates during their service overseas and upon repatriation. Such support may take numerous forms, such as: 1) financial sustention provided to managers and their families, 2) the creation of facilities that help expatriates maintain an active communication with the headquarters and their colleagues, 3) the assistance provided to managers' spouses on their efforts to find an employment in the host country, or in the home country after repatriation, 4) the design of a career path for managers even prior to their expatriation, 5) their reward and promotion on positions that benefit from their valuable international skills and experience etc.

The results of the case study and the survey conducted for the purposes of this paper in the region of Shkodra (in Albania), demonstrate the presence of expatriate failure cases in foreign companies operating in Albania. They are also consistent with various authors' conclusions relative to the main difficulties encountered by expatriated managers and the factors causing the phenomenon of expatriate failure. Both, the "Hasan Riza Pasha" College case and the survey reveal that adjustment with the Albanian language has been through the major challenges faced by expatriates and their families. Adjustment to the Albanian culture in general has also been reported as a significant difficulty by the survey results, while in the case of "Hasan Riza Pasha" College this seems to be more easily surmountable due to similarities between the Albanian and the Turkish cultures. On the other hand, finding an appropriate employment for the managers' spouses resulted to be quite a challenge in the case of "Hasan Riza Pasha" College as well as in that of the companies surveyed.

The phenomenon of managers' premature return was reported both in the interview with the Vice/director of "Hasan Riza Pasha" College and the survey results. In the first case, being away from the family (when this was not transferred to Albania to accompany the expatriated manager) and expatriates' difficulties to adjust to the Albanian environment were considered the key causes of an early return home. Meanwhile, the survey results revealed that inability of

managers' families to adjust to the Albanian environment was the primary cause of a premature return, followed by the inability of the managers themselves to adjust. Regarding measures undertaken to prepare expatriated managers for the foreign assignment, pre-departure training has been mentioned, but in both cases, the "Hasan Riza Pasha" College and the survey, it focused mainly on technical aspects and much less on cultural issues.

LIMITATIONS AND IMPLICATIONS FOR FURTHER RESEARCH

The conclusions derived from the analysis of the case study and the survey conducted for the purposes of this paper provide just an initial idea on how the phenomenon of expatriate failure is presented among foreign companies operating in Albania. As previously stated, this paper actually presents the first effort in the Albanian literature to investigate on this issue. Therefore, the analysis is subject to some limitations, which in future studies should be overcome.

First of all the number of companies included in the survey is quite limited (only 30 companies) and they operate mostly in the region of Shkodra, which makes it difficult to draw general conclusions for all foreign companies operating in Albania. Second, conclusions from the survey are the result of a descriptive statistical analysis, which doesn't show concrete correlation relationships among the phenomenon of expatriate failure and its possible causes. Nevertheless, it can be very helpful in building hypotheses on the potential causes of failure for foreign managers transferred to Albania.

Based on such limitations, it is recommended that future studies on the occurrence of expatriate failure cases in foreign companies in Albania should take into consideration a larger number of companies. Second, future research should involve foreign companies operating all over the Republic of Albania territory and not just particular regions of the country. Third, drawing from this paper's conclusions hypotheses can be built and regression analyses can be performed in order to evaluate the role of the various reasons mentioned above as possible causes of expatriate failure for foreign managers working in Albania. At last, based on the latter, future studies can also investigate on the necessary actions to be taken by foreign companies in Albania with the intent to reduce the probability of their managers' failure in exerting their functions.

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