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# THE IMPACT OF EXPATRIATE ACTIVITIES ON THE MANAGEMENT OF MULTINATIONAL COMPANIES

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## ABSTRAKT

Nadnárodné spoločnosti vysielajú ľudské zdroje do zahraničia, aby riadili svoje dcérske spoločnosti v súlade s ich komplexným strategickým plánom pre svoje ľudské zdroje. Proces presunu týchto zdrojov cez hranice si vyžadoval špeciálne oddelenie ľudských zdrojov známe ako Expatriate Department. Jeho poslaním je menovať a vyberať zamestnancov na prácu v dcérskych spoločnostiach materskej spoločnosti, ako aj školiť a rozvíjať ich tak, aby im to pomohlo prispôbiť sa novému prostrediu v hostiteľskej krajine, aby títo vystažovalci mohli čo najlepšie vykonávať svoje úlohy. Výsledkom sú nadnárodné spoločnosti s vysokou finančnou návratnosťou a ekonomickou návratnosťou reprezentovanou v dobývaní nových trhov. Snažili sme sa poukázať na úlohy manažmentu a jeho úlohu pri zlepšovaní výkonnosti nadnárodných spoločností. Skúmaním modelov, ako aj štúdiom vplyvu ich aktivít na výkonnosť nadnárodných spoločností, ku ktorým patria.

**Kľúčové slová:** expatrianti, manažment, nadnárodné spoločnosti, modely

## ABSTRACT

Multinational companies send human resources abroad to run their subsidiaries in line with their comprehensive strategic plan for their human resources. So that the process of transferring these resources across borders requires a special human resources department known as the Expatriate Department, whose mission is to appoint and select employees to do work in the subsidiaries of the parent company, as well as train and develop them to help them adapt to the new environment in the host country so that these expatriates can carry out their tasks in the best way. Face. This results in multinational companies with a high financial return and an economic return represented in conquering new markets. We tried to highlight the tasks of expatriate management and its role in improving the performance of multinational companies. By addressing some leading models, as well as studying the impact of their activities on the performance of the multinational companies to which they belong.

*Key words: expatriates, management, multinational companies, models*

## INTRODUCTION

In today's globalized economy, multinational companies (MNCs) play a pivotal role in shaping international trade and investment. As these companies expand their operations across borders, the management of human resources becomes increasingly complex and critical for their success. One key aspect of managing human resources in MNCs is the deployment of expatriates - employees who are sent abroad to work in subsidiaries or branches of the parent company. The role of expatriates in MNCs is multifaceted, ranging from overseeing foreign operations to transferring knowledge and expertise across borders. To facilitate the deployment and management of expatriates, MNCs often establish dedicated departments known as Expatriate Departments. These departments are responsible for recruiting, selecting, training, and developing expatriates to ensure their successful adaptation to the new work and cultural environment in the host country. The effective management of expatriates can have significant implications for MNCs, both financially and economically. Financially, expatriates can contribute to the bottom line by driving revenue growth, accessing new markets, and leveraging their expertise to enhance operational efficiency. Economically, the successful deployment of expatriates can strengthen the competitive position of MNCs by fostering innovation, building strategic partnerships, and expanding global reach. In this article, we will explore the impact of expatriate activities on the management of multinational companies. We will delve into the roles and responsibilities of expatriate departments, examine leading models in expatriate management, and analyze the influence of expatriate activities on the performance of MNCs. Additionally, we will present a case study of Walmart, one of the world's largest MNCs, to illustrate the practical application of expatriate management strategies in a real-world context. By gaining insights into the dynamics of expatriate management, MNCs can enhance their ability to navigate the complexities of the global marketplace and achieve sustainable growth and success[1][2].

## THE ROLE OF THE EXPATRIATE DEPARTMENT

### Recruitment and Selection of Expatriates

The process of recruiting and selecting expatriates is a crucial component of successful international missions within multinational companies. This process involves identifying suitable candidates who possess the necessary skills and experience to perform tasks abroad. When acquiring expatriates, it is essential to consider not only their professional knowledge and abilities but also their ability to adapt to a new cultural and work environment[2][5].

Making the right selection of expatriates is key to the success of an international mission. Incorrect assessment of candidates can lead to adaptation problems, team conflicts, and even the failure of the entire mission. Therefore, it is important for the expatriate department to conduct a thorough selection process that takes into account not only professional qualifications but also personality and cultural aspects[8].

### **Training and Development of Expatriates**

Training and development of expatriates are integral parts of preparing for international assignments. There are several types of training programs that expatriates can undergo before going abroad. These include language courses, cultural awareness programs, cross-cultural communication training, and support for expatriates' families. Developing intercultural competencies and language skills is crucial for successful integration of expatriates into a new work and social environment. Expatriates who have strong intercultural competencies and mastery of the local language are more likely to succeed in their roles and contribute to better teamwork and communication within the team and with local colleagues. Training and development are crucial components of preparing expatriates for the unique challenges they will encounter while working in a foreign cultural context. These programs play a vital role in equipping expatriates with the necessary skills, knowledge, and attitudes to navigate diverse international business environments successfully. Expatriates require specialized training that goes beyond traditional technical skills to encompass intercultural competence and language proficiency. Cultural training, in particular, is essential for helping expatriates understand and adapt to the cultural norms, values, and communication styles of their host countries. By developing a deeper appreciation for cultural differences, expatriates can avoid misunderstandings, build rapport with local colleagues and stakeholders, and effectively negotiate business transactions. Language proficiency is another critical aspect of expatriate training. Fluency in the local language enables expatriates to communicate effectively with colleagues, clients, and customers, thereby enhancing their ability to perform their roles and achieve business objectives. Language training programs should focus not only on vocabulary and grammar but also on cultural nuances and etiquette to facilitate meaningful interactions in multicultural settings. Investing in the training and development of expatriates yields numerous benefits for multinational companies[6][5].

Firstly, it enhances the ability of expatriates to perform their roles effectively, leading to improved operational efficiency and productivity in foreign subsidiaries. Secondly, it reduces the likelihood of expatriate failure by providing them with the skills and support they need to succeed in their assignments. Finally, it contributes to the overall success and competitiveness of the organization by fostering a skilled and culturally competent international workforce. In conclusion, training and development are essential components of expatriate management strategies within multinational companies. By investing in comprehensive training programs that address cultural competence and language proficiency, organizations can ensure that their expatriates are well-prepared to navigate the complexities of international business environments and contribute to the achievement of organizational goals[9][11].

### **Impact of Expatriate Activities on Organizational Performance**

The impact of expatriate activities on organizational performance within multinational companies is profound and multifaceted. Effective expatriate management strategies directly influence the overall success and performance of these organizations in several ways[10].

Firstly, well-selected and trained expatriates bring valuable skills, expertise, and cultural competencies to their roles within foreign subsidiaries. By carefully identifying individuals who possess the necessary qualifications and experience, multinational companies can ensure that their expatriates are equipped to handle the challenges of operating in diverse international business environments. These individuals are better prepared to navigate cultural differences, language barriers, and local regulations, thus contributing to the smooth functioning of the organization's operations abroad. Moreover, trained expatriates can build strong relationships with local stakeholders, including customers, suppliers, and government officials[13].

This networking capability is crucial for multinational companies seeking to establish a foothold in new markets and expand their global presence. By fostering positive relationships and fostering goodwill within the local community, expatriates can facilitate business development opportunities and create a favorable environment for organizational growth. Furthermore, expatriates play a vital role in facilitating knowledge transfer within multinational companies. As they interact with colleagues and counterparts from different cultural backgrounds, expatriates have the opportunity to share best practices, transfer technical expertise, and promote innovation across borders. This

exchange of knowledge and ideas enhances the organization's collective intelligence and enables it to leverage its global talent pool more effectively. Overall, the effective management of expatriates is essential for multinational companies to achieve their organizational objectives and maintain a competitive edge in today's global marketplace. By investing in the recruitment, selection, training, and support of expatriate employees, organizations can harness the full potential of their international workforce and drive sustainable growth and success across borders.

### **Challenges and Considerations in Expatriate Management**

Expatriate management within multinational companies entails a range of challenges that require careful consideration and proactive strategies to address effectively. These challenges primarily revolve around cultural adaptation, family adjustment, and logistical issues associated with international assignments[17].

Cultural adaptation poses one of the most significant challenges for expatriates as they transition to a new cultural environment. Differences in language, customs, social norms, and business practices can create barriers to effective communication and collaboration. Expatriates may experience culture shock, leading to feelings of isolation, frustration, and difficulty in adjusting to their new surroundings. Multinational companies must provide comprehensive cultural training and support to help expatriates navigate these challenges and develop the cultural competence needed to succeed in their assignments.

Family adjustment is another critical consideration in expatriate management. Relocating to a foreign country can be particularly challenging for expatriates' families, who may struggle to adapt to unfamiliar surroundings, schools, and social networks. Family issues can impact expatriate performance and morale, highlighting the importance of providing support services and resources to assist families in their transition. Multinational companies should offer family-oriented programs, such as spouse employment assistance and children's education support, to help ease the transition for expatriates and their families[16].

Logistical issues, such as visa requirements, housing arrangements, and healthcare access, can also pose challenges for expatriate management. Multinational companies must ensure that expatriates have access to comprehensive logistical support to facilitate a smooth transition to their host countries. This may include assistance with visa applications, relocation logistics, and access to essential services such as healthcare and emergency assistance. By addressing these logistical challenges proactively, companies can minimize disruptions and help expatriates focus on their professional responsibilities.

In response to these challenges, multinational companies must develop comprehensive support strategies to ensure the success of expatriate assignments. This may include pre-departure training programs to prepare expatriates and their families for challenges, on-the-job support to assist with cultural adaptation and job performance, and repatriation assistance to facilitate a smooth transition back to the home country. By investing in these support services, companies can enhance the effectiveness of their expatriate assignments and maximize the return on investment in their international talent[17][14][19].

### **Walmart USA**

Walmart USA is the company's largest division with a value of \$331.666 billion, or 65 percent of total sales for fiscal year 2019. It consists of three retail formats that have become popular in the United States: Supercenters, discount stores, neighborhood markets, and other small formats. , where discount stores sell a variety of mostly non-grocery products, although the focus has now shifted towards supercenters which include more groceries, and as of 2019 there are a total of 4,748 Walmart stores in the US. 90 percent of the population in the United States resides within 10 miles of a Wal-Mart store. The total number of Walmart Centers is 5,347. The President and CEO of Walmart US is John Furner. The chain has more than 10,900 stores around the world, of which 4,092 are in the United States and the rest are scattered between 27 countries, most notably Canada, Mexico, Britain and Germany. The Walton family controls the company, which qualified its members to occupy the first ranks in the Forbes magazine list of the world's richest people. In the year 2022, the number of employees in the company reached 2,300,000 employees around the world[25][26].



Figure 1 - the number of employees in the company

Wal-Mart generated more than \$572 billion in revenue in 2022 and more than \$13.6 billion in net profit in the same year. Compared to more than \$559 billion in revenue in 2021 and more than \$13.5 billion in net profit.

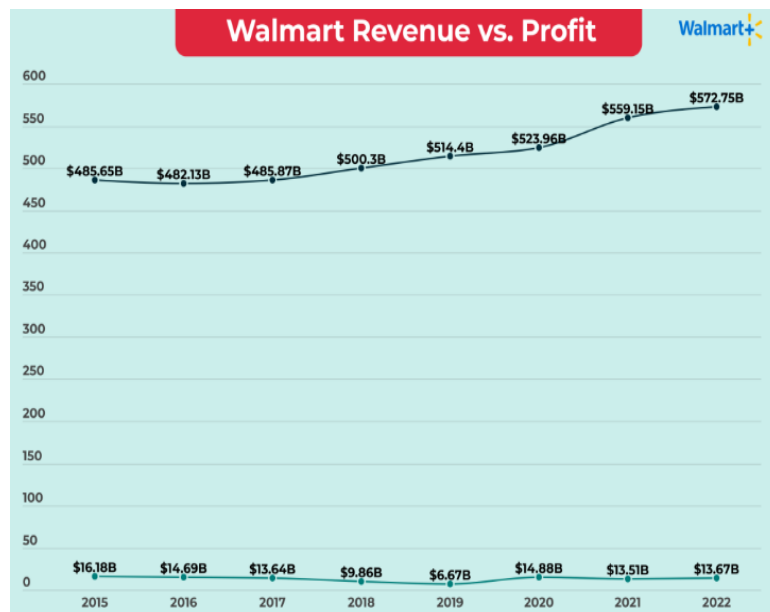


Figure 2 – Walmart Revenue vs. Profit

Walmart generated more than \$572 billion in revenue in 2022, compared to more than \$559 billion in 2021.

## CONCLUSION

In conclusion, effective expatriate management is essential for multinational companies seeking success in the global marketplace. Expatriates play a crucial role in facilitating international operations, building relationships with local stakeholders, and driving organizational performance. However, managing expatriates presents various challenges, including cultural adaptation, family adjustment, and logistical issues. To address these challenges, multinational companies must prioritize the training and development of expatriates, providing them with the skills and resources needed

to navigate foreign cultural contexts successfully. Comprehensive support strategies, including pre-departure training, on-the-job support, and repatriation assistance, are essential to ensure the success of expatriate assignments and maximize their contribution to organizational goals. By investing in effective expatriate management practices, multinational companies can enhance their global competitiveness, expand into new markets, and achieve sustainable growth. Moreover, companies can foster a positive organizational culture and strengthen employee engagement and retention by prioritizing the well-being and success of their expatriate employees and their families. In summary, the impact of expatriate activities on organizational performance is significant and far-reaching. With proper management and support, expatriates can serve as valuable assets to multinational companies, driving innovation, collaboration, and success in the increasingly complex global business landscape.

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