

THE NOT SO UGLY EXPATRIATE

It looks like expatriates are here to stay.

IN HIS BOOK *Megatrends 2000*, John Naisbitt postulated that the world would move from trade among countries to a single, one-world economy. He called it 'the next natural level' in the economic history of civilisation.

Although far from being borne out, his hypothesis raises many implications. Among them: rapid and efficient transfer of technology across continents and a global movement of expertise to manage these technology transfers and investments. The result: foreign staff postings by multinational companies which in turn create that exclusive breed of professionals, the expatriates.

Robert Cooper, in his book *Thais Mean Business*, described the expatriate as 'a mutant of the human species that can be uprooted from its familiar environment, flown halfway around the world, dropped down in another time, climate and culture, walk into a strange office and manage the unknown'.

In a nutshell, it is the romantic notion of the expatriate – a versatile human being adjusting in a 'treacherous' environment; exploring, monitoring and managing a new economic 'frontier'. Not anymore. Expatriate roles may be witnessing some changes – instead of managing the unknown, it's now managing the known. And instead of forming, it is now sharpening.

Coming from the world over, they congregate in Malaysia to lend an industrial hand. Armed with technical and managerial skills, they endeavour to train, guide and impart. 'The expatriate is here to act as a catalyst to make things happen,' says Tony Strange, general manager of Commercial Union Assurance (Malaysia) Sdn Bhd. 'He is by nature, a planner, and one of his major priorities is the development of the local work force.'

But Strange says that expatriates will be around only as long as it is necessary – until a suitable Malaysian is identified to take over. As Strange puts it, there must be 'enough trust' between the head office and the local management before the baton is passed.

Building trust takes time, and when impatience creeps in, a slight resentment is inevitable. 'Let's face it, if the company is foreign-owned, there will always be the temptation to fill top positions with expatriates to maintain its interest,' says Stephen Riches, executive director of Asia Public Relations Consultants Pte Ltd (Asia PR).

Michael Tang, managing director of Ogilvy & Mather Advertising agrees. He says there will be positions in many industries that will continue to be held by expatriates simply because the parent companies have made huge investments in Malaysia. 'I think that's only fair,' says Tang.

In Malaysia, the manufacturing sector is becoming increasingly important. And as its industries develop, Malaysia will become more and more dependent on exports. Says Lim Say Chong, managing director of ICI (Malaysia) Holdings Sdn Bhd. 'We will be increasingly dependent on

markets outside Malaysia. And for us to be successful outside Malaysia, we need people with an international outlook.' His conclusion: outside exposure is of critical importance.

In addition, in an expanding business venture forecasting future job requirements can be hazardous. According to Henry Lian-Aran, director of personnel for Shell Companies in Malaysia, there will often be 'less people than there are jobs.'

Lian-Aran explains: 'In three to five years' time, I plan to have 10 experienced engineers. I'll put into motion my training and recruitment processes to meet this. When the time comes, I find that I actually require 12. I'm immediately short of two to run the operation. If I cannot get ready Malaysians from the market, my only recourse is to get them from outside the country.'

Strange reckons that the shortage of supply of certain skills in different parts of the world has caused greater mobility of qualified people. He says Malaysians are also expatriates elsewhere in the world in different areas of expertise.

And expatriates are no longer confined to the Western kind. In Malaysia, the number of Asian expatriates has outstripped their Western counterparts. For the period between January 1991 to June 1991, the Immigration Department approved work permit applications for 369 Japanese expatriates, 123 for Koreans and 94 for Taiwanese. In contrast, there were only 115 approvals for Americans, 73 for Britons and 29 for Frenchmen.

Strange says that it is important that the expatriates bring expertise to Malaysia. As such, the criteria for the selection of expatriates is crucial. 'They must also be competent,' adds Lim. 'These days people won't tolerate incompetence, even if they are expatriates.'

International Business Machines (IBM) general manager, K B Low tells **Malaysian Business** that before a company takes in expatriates to fill vacant positions, it should conduct a thorough evaluation of its existing financial and human resource positions. ICI's Lim agrees, and says that it is important to recognise one's strengths and weaknesses and be willing to accept outside help to overcome weaknesses.

'Bringing in good people is a costly affair,' Low says. Nevertheless, a good reason for bringing in an expatriate apart from the purposes of technical know-how and tactical and strategic consulting, according to Low, is to prevent the existing personnel from going through the same learning curve. 'We should only bring in what we lack and learn from the mistakes of other people. If the expatriate brings in the expertise, the locals won't have to work on a trial and error basis.'

It would also be more practical to hire expatriates for short term jobs, says Shell's Lian-Aran. 'Being short term, these jobs may cease to exist altogether in the future.' For the petroleum industry, typical examples would be construction, commissioning and start-up teams of a plant. 'It would not make sense to recruit and train Malaysians on a long term basis for these positions. A single company cannot and should not employ such people on a permanent basis,' Lian-Aran adds. 'A multinational like Shell could because there would be sufficient projects around the world to keep these people occupied.'

Muneo Uchiyama, managing director of advertising agency Asatsu & Fortecomm (M) Sdn Bhd and former expatriate for a leading Japanese advertising agency, Chuo Senko, says an expatriate

has to leave something behind at the end of his term of service. Uchiyama believes that it is important for the expatriate to first increase his own productivity to set the example for others to follow.

‘An expatriate has to leave behind a system, not style,’ says Uchiyama. ‘Style changes with people, but systems remain. An expatriate must leave a place with a certain reality, not moods or atmosphere. Memory is useless for the left behind colleagues. There must be something tangible. Technology transferred or specialised skills learned are examples. An expatriate must develop systems that can be used and improved even though he may no longer be there.’

As Malaysia gallops towards industrialisation, active courting of foreign investments has been ubiquitous, Eastern as well as Western. Pioneer status, investment tax allowance, abatement of adjusted income, export allowance, double deduction for promotion of exports and a host of other investment incentives all from the red carpet for foreign investors.

As part of the incentives package, Malaysia allows companies with foreign paid-up capital of at least US\$2 million (5.4 million rgt) and which invested between Oct 1, 1986 and Dec 31, 1990 to have five expatriate posts (including one in a key position) automatically to take care of their investment interests in the company.

However, the consideration on the number of key posts applied for, says Md Alias Kalil, Immigration Department director of employment pass and foreign labour, varies according to the merit of each application. Among the considerations: whether the company is employing at least 100 Malaysians on a full-time basis, whether the manufacturing process uses high technology, and whether at least 80 per cent of its output is for the export market.

Granted, foreign investments are critical in terms of the funds they generate but the success of Malaysia’s economic growth still lies in the hands of its skilled labour force. And while there are options to import skilled labour from abroad in the various technical and engineering fields, greater emphasis must be given to the development of the local human resources. The reasons: skilled foreign labour is expensive and not permanent. In addition, for Malaysia to reach the status of a developed nation, the dependence of skilled foreign labour will have to be minimised as it moves towards 2020. The emphasis, therefore will be on local human resource training.

Malaysia is beginning to do just that. More than determined to chart its own destiny, it is also striving to find the delicate equilibrium in its skilled labour force. How many expatriates do Malaysia need in its development programme? And how many Malaysians can be trained to do the required jobs? As the local labour force becomes more and more skilled as a result of better opportunities for higher education, both locally and abroad, will Malaysia still need the services of expatriates in the future in technical areas like engineering and information technology and also investment and supervisory management?

Striking a balance in the composition of the local skilled labour force is definitely not an overnight exercise. But the motions have been set. An important thrust of the New Development Policy (NDP) is the high priority placed on the development of human resources – not just in practical and professional skills, but also attitudinal skills.

Says Rishya Joseph, managing director of advertising company Dentsu, Young & Rubicam, ‘Companies (multinational and local) must place a lot of emphasis in grooming new managers. I’m not objecting to expatriates coming to Malaysia. I think they have a role to play. What I’m

objecting to is that many multinational companies currently have no succession lines for locals to take over senior managerial positions.'

According to Joseph, multinational companies have always been very concerned about the level of expertise available locally, and the lack of experienced people in the market place to assume senior managerial roles. 'Multinational clients have also pressured multinational companies by insisting they have expatriates to manage the companies,' Joseph adds. Their natural solution: bring in expatriates. But Joseph says many Malaysians are now capable of providing the same level of expertise an expatriate can provide.

Speaking for advertising, Joseph 'honestly believes' that experienced Malaysians are far more capable of providing local inputs – like buying behaviour, consumer needs and demographics, and target audiences- to their clients than an expatriate.

Tang and Lilian Tan, creative director of Saatchi & Saatchi Advertising, disagree. In dealing with multinational clients, Tang says that the conservative, closed mind-set exhibited by Asians can be a hindrance. 'Westerners are more open and vocal,' Tang explains. In view of the incompatibility in value systems, perhaps then, a *gweilo* (white man) relates better with a *gweilo*. Saatchi & Saatchi's Tan says there are situations where expatriate expertise is required. For instance, in providing a macro view of the company's direction, particularly for a multinational.

But Tan agrees that there are times when expatriates do not live up to their resume. She stresses that the role of expatriates in Malaysia will continue to be an important part of national development, but says that the local companies and even multinationals should be aware of the few 'bad apples'.

'We certainly don't want an expatriate who has spent his best years in London, New York or even Tokyo to come and retire in Malaysia,' Tan says. In cases like this, Tan says that the expatriate would not be too concerned about setting long term goals and putting resources into long term programmes to let his successor reap its fruits. 'He would be more concerned about short term goals to leave looking good.'

Can Malaysia do without expatriates? Lim agrees that a multinational company in Malaysia can function without the services of expatriates, but not in the absence of good career development programmes and good succession plans. He also believes that there are currently many capable Malaysians ready to do the job of leading and managing multinational companies.

Charlie M Bateman, managing director of Esso Malaysia Berhad, holds a different view. 'I personally don't think it's healthy for a multinational corporation to get to a point where a major affiliate is operating with no expatriates.' Similarly, Bateman says it is also not healthy for a multinational corporation to try to run its home country head office without any foreign nationals participating in it. In addition, Bateman reckons that the rapid changes in technology will always ensure a need for qualified, skilled people. As such, the expertise of expatriates will continue to be sought.

The presence of expatriates in a multinational corporation brings along different skills, work ethics and experiences which Malaysians can learn from, says Lian-Aran. 'The mixing of different nationalities will have a positive impact on the organisation,' he adds. 'Often, it's

someone from outside who can see things differently. And in this process, the tendency to be inward looking will be minimised. It's more healthy for the corporation.'

Good people are hard to come by and when they do, they come with a price. It is the huge discrepancy in pay between locals and expatriates that has often prompted resentment. 'Frankly, expatriates see their postings as a chance to earn a little extra,' Strange says. But remuneration packages for expatriates varies from company to company. While multinationals are beginning to standardise their packages, there is still much adjusting to be done in terms of remuneration for 'career expatriates' who do not belong to any particular organisation.

For multinational corporations like Shell, Esso and ICI, the expatriate's remuneration package is pretty much standard. 'We do not have a perk-oriented system of compensation,' Bateman says. 'The core of our compensation package is one that will keep an employee financially whole; similar to living in his home country.' For Shell, the expatriate does not get less net pay than what he gets at home. But he gets an incentive over and above his net pay to be uprooted.

Asia PR's Riches says that it is very rare for expatriates to be attracted by the thought of international exposure. 'I firmly believe that the average expatriate considers an overseas postings as paying more and is attractive only in that aspect.' Also Riches says that there is a certain 'glamour' attached to an overseas posting.

As Malaysia continues in its effort to further develop its labour force, opportunities abound for the expatriate to contribute their expertise. In the first six months of 1991, 2,059 expatriate work permit applications were approved by the Immigration Department.

'Opportunities are there for Malaysians to assume expatriate positions. But the question is: Do we have the qualities to do it?' Tang asks. The exchange of ideas, exposure to a different way of doing things, and the skills training involved are all costly. But the bottomline is whether it will see Malaysia's Vision 2020 fulfilled.