

# Expatriation Process in Indonesian Local Firms

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**Abstract**—This paper attempts to analyze the expatriation process in Indonesian firms. A qualitative approach with multiple case studies was used to analyze the expatriation process in Indonesian firms which employed expatriates with expertise in engineering. Results of the case studies show different patterns of expatriation process, depending on the involvement of external parties. The recruitment and selection process in Indonesian local firms tend to be a closed and semi-formal system. Different selection criteria were found for processes with and without the involvement of external parties. Multi-stage recruitment process emerged when there was involvement of external parties. Another finding reveals that the Human Resource Department (HRD) held a more passive role, while the more active role was held by the expatriate's co-workers and top-level management. Language and cultural aspects were identified as inhibitors of knowledge transfer (KT). KT success could be achieved in two types of conditions related to KT readiness, either from the expatriate or the co-worker.

**Index Terms**—expatriate, knowledge transfer, local employee, Indonesian local firm, expatriation process, expatriate management, technological learning, human resource management

## I. INTRODUCTION

The use of new technology is important to define the future of production [1]. For this reason, firms must manage their technological change in order to obtain appropriate technological development for increasing and sustaining their competitiveness. This can be accomplished through knowledge development of human capital within the firm through technological learning activities. It requires a sufficient stock of knowledge without neglecting the upgrading of important knowledge. Therefore, appropriate sources of knowledge, including external ones are required.

The involvement of external knowledge sources is a promising alternative for knowledge upgrading of a firm [2]. One of the sources of substantial knowledge is from expatriates, which is considered to be an important global source of knowledge. Expatriates can provide complementary knowledge [3], overcome shortage of knowledge [4], or become the driver of value generation from local-global interaction [5] which usually reveal higher benefit for firms compared to other alternative sources of knowledge. These can be achieved through KT activities as part of the assignment in the expatriation process within firms employing expatriates. Nevertheless, the process has not been widely explored. Furthermore, the process may vary among countries in regard to different cultural characteristics and many other social aspects. Present literature mostly discuss KT in the context of Multinational Corporations (MNCs) to its subsidiaries, focusing on issues

of decision making in relation with the recruitment process, and its determinant factors. Therefore this paper has great potential to fill the gap of knowledge about the dynamics of the expatriation process, particularly in the context of KT from expatriates to the local employees. While most studies discuss expatriates in an MNC context, this paper comprehensively discusses the dynamics of the expatriation process in Indonesian firms. This paper attempts to explore and to analyze the expatriation process with emphasis in KT. This qualitative research was conducted in Indonesian firms employing expatriates with expertise in engineering. The firms were chosen from sectors which mostly employ expatriates in Indonesia and also with a higher occurrence of technological learning activities. This paper strives to explore the uniqueness of the expatriation process in Indonesian firms.

## II. LITERATURE REVIEW

There are many definitions of expatriates. In this paper, expatriates are defined as those who work outside his/her home country. The expatriate assignment usually goes through several steps, including recruitment and selection, pre-departure training, assignment, and repatriation or re-assignment [6].

### *Recruitment and selection*

Recruitment and selection are the initial stages of expatriation, in which the Human Resource Department (HRD) usually plays an important role in managing the stages, depending on organizational strategies and policies. The selection process implies that human resource managers will investigate and find a suitable candidate who is able to fulfill the task or specific purpose as part of the organizational strategies. In reality, the selection of expatriates is argued by Harry and Brewster to be a process without formal selection [7]. Instead, the selection is based on a recommendation of appropriate candidates from colleagues within the organization, which thereby is explained further as the *coffee-machine system* theory (ibid). Another selection process is based on Harvey and Novicevic (2001).

According to Ott and Michailova, there is an evolution of the overview of expatriate selection whereas, from 2000 onwards, new challenges to expatriate selection occurs and the selection then focuses on personal characteristics and family situation [8]. In particular, there are two variations of the expatriate selection process, which include a combination of formal and informal systems representing individual preferences of selectors, combined with open or closed systems which reflects the nature of selection procedures [7].

### *Pre-departure training*

Expatriate pre-departure training models are generally based on social learning and cross-cultural adaptation theories with the major objective to enhance the ability of the expatriate to work with the host country workers [9]. Host country worker voice is also important in the design of pre-departure expatriate training in which accurate reception and understanding of information by either party will have a significant impact on the success of the expatriation process. There are eight types of training with different focus and timing, which can be conducted as pre-departure or as post-arrivals (ibid). In general, training should be customized in terms of the duration and method to reflect whether the expatriate already had similar experience overseas, while also taking into account the cultural distance of the home and the host country [10].

#### *On assignment*

The third phase of the expatriation process is the assignment of the expatriate. To ensure the success of the expatriate assignment, it is critical to select the most suitable candidates. During this process, KT is expected to happen. KT needs the right mechanism to achieve success and greatly depends on the condition of the provider and the recipient of knowledge. This is the basis of the company to bring certain experts in the process. With the presence of physical experts, tacit and explicit knowledge are expected to be more possible to be delivered thoroughly so that the recipient of knowledge could master the required knowledge and therefore no longer require the presence of the expatriate.

#### *Repatriation/reassignment*

After the assignment phase, a firm will have the option of whether to have repatriation or to have re-assignment for the expatriate. Repatriation is defined as the process of reentry to the individuals' home country after living abroad for a significant period of time. Alternatively, re-assignment occurs when expatriates are assigned back to the organization, either in the same or different position.

### III. RESEARCH METHODOLOGY

This qualitative research uses multiple case studies approach [11] towards firms employing expatriates with expertise in engineering, in sectors which were considered to have a higher potential for the occurrence of technological learning and mostly employed expatriates in Indonesia. This was based on data from the Ministry of Manpower of the Republic of Indonesia. The expatriates analyzed here are those who almost finished their earlier formal contract. Data and information were collected through interviews with the expatriates, local employees (co-workers of the expatriate), and the firm's top-level management, including HRD manager and other related parties. Data collection was also done based on observation of the expatriates' daily activities, and secondary data/information (such as internal company reports, reports made by expatriate, etc.).

Data/information collected was related to the condition of every stage in the expatriation process based on Dowling, Welch, and Schuler [6]. An analysis was conducted to explore how the real process of expatriation occurred in the Indonesian

companies. The discussion was made by comparing the real condition and the present theory regarding the expatriation process, particularly in the context of KT, regarding the selection criteria, important factors and also barriers during the KT process. The authors also discuss important actors in the decision making in each stage of the expatriation process, from recruitment and selection until repatriation/re-assignment. General information about the case studies is shown in Table I.

### IV. RESULTS

This section discusses the expatriation process for each company as the case studies. The results include exploration of related aspects for each the stage of the expatriation process. KT between expatriate and local employee in the firms become the main point for the assignment stage.

#### *Company A*

Company A which was State-Owned Enterprise (SOE) received expatriates as assistance from a foreign foundation. Based on the foundation's policy, the expatriate could work for one year in the same company and could be extended for a maximum of one more year. The selection criteria were fully determined by the foundation. The foundation also covered overall living costs. Before recruiting the expatriate, the foundation's delegation visited the company to conduct a preliminary assessment to identify the company's needs. Furthermore, the foundation opened recruitment for Japanese nationals on related specified fields based on the company's needs. Candidates who made a submission were tested and then recruited and selected according to the criteria set by the foundation. The expatriate described in this study (Expatriate 1) was the third expatriate in Company A. It was unfortunate that Company A had no strategic plan to exploit new knowledge from the expatriate. Even the specific target for improvement was set by the expatriate after making observation throughout the plant.

*HRD Manager: "They had a survey here. They came here, conducting assessment; provide some information (to define the appropriate criteria for our firm)"*

*Employee 1: "He (Expatriate 1) was directly accepted because it was "given" and we didn't request it... We always accept any kind of external support. It would be good when there was someone who reminds us (to emend our weaknesses)...Every week he gave a report to us... He could write it very well in the Indonesian language. Not many words but a lot of figures. He gave many technical figures, and that was what we need... He brought dictionary everywhere and every day he learned our language. Even though, he can only speak with simple words/sentences. He was very diligent and could easily adapt to our culture... But, our workers were lacking in discipline, that was our weakness, and also clean living culture... He had initiative, there's no target from us. He defined it by himself (when asked about the target from the company)"*

Expatriate 1 was an expert in casting techniques and also had a silver belt indicating that he had obtained the highest certification level of knowledge in the foundry. While working at Company A, Expatriate 1 co-worked with Employee 1 who had the position of plant manager and also had the same area of expertise.

Pre-departure training, particularly related with Indonesian culture was included as part of the selection criteria. This considers cultural suitability, Indonesian language skills (although passive), and other related aspects that have been accommodated from work experience in other countries, particularly Malaysia which has a similar culture to Indonesia. In his daily activities in the firm, the expatriate always had observation throughout the

TABLE I  
CASE STUDIES PROFILES

Aspect	Company A	Company B	Company C	Company D	Company E	Company F
Sector/product	Foundry	Textile	Iron & steel processing	Cement	Energy	Fertilizer
Expatriate's country origin	Japan	Korea	China	Japan and Taiwan	China	Spain
Channel for knowledge transfer	Expert for production routine	Expert for production routine	Turnkey project	EPC project	EPC project	License
Number of expatriates	1	1	32 (in group)	14 (in group)	2	2

plant and identified what could be improved to achieve his target. This shown his proactive character. Some improvements for other workers were usually delivered through Employee 1, and also become part of a report written in the Indonesian language. Expatriate 1 was reassigned based on the company's request.

#### Company B

Company B had an internal policy to routinely recruit expatriates for KT purposes. Company B expected that after the expatriate leaves the company, the co-worker could master new important knowledge from the expatriate. Prior to the arrival of the expatriate, Company B prepared a co-worker who has the same field of expertise and preferably chose a person with the ability to speak English in order to avoid difficulty in communication. The company identified and tried to find information about the expatriate based on recommendations from various sources using the internet and also recommendations from other textile companies which have already employed the same expatriate.

*HRD Manager: "We have no problem with language... we could search the expatriates from the internet and see friendship (to know who are qualified). The textile industry is not a big industry in Indonesia, we also have partners and colleagues in other countries and we could obtain recommendations from them. Now is different from the past. The interview can also be conducted via teleconference. Then we know how well their capacity is... we usually select the senior ones in their field (related with the co-worker). We're in a mature industry and we are worried that we could not prepare a perfect co-worker. This could provide us with a doubled loss, <sup>first</sup> we pay the expatriate very expensive without obtaining benefits, <sup>second</sup>, we could not have KT from them."*

Expatriate 2 was employed to solve production problems, especially those associated with color blending for fabrics. The co-worker (Employee 2) graduated from textile school with expertise in yarn and cloth dyeing. Employee 2 was employed in Company B as a processing manager. Company B did not conduct pre-departure training for Expatriate 2. This then raised problems in the assignment stage, particularly communication problem with local employees and this was not realized by HRD. However, Expatriate 2 could adapt and the assignment stage could run smoothly. Eventually, the firm was quite successful to acquire important knowledge as part of the KT process. Nevertheless, the company still needs other knowledge from Expatriate 2. Therefore, Expatriate 2 was reassigned.

*Employee 2: "... (he used) "Korean English", it's quite hard to understand his language, but we tried and after some time we could quite understand him (although it was not optimum)... The Korean was very good at adaptation. But how they speak is just like angry people (it was not suitable for our culture)... During his assignment, there was a change in standard particularly in operations routines, because we only follow our past technician, the practice was different... He (Expatriate 2) was a hard worker, and also had mindset and attitude to create change. His role could improve our work culture, but it was quite hard to change our character... In his first 3-4 month, he tried to understand our condition, and every morning he asked a 10-15 minutes meeting... before starting to work with someone, he tried to make a close relationship with the person... He was quite temperamental (and it made our worker not happy to interact with him), but later he could change his character... we have already informed him about the characters of our worker before we select him (to work here)"*

#### Company C

Company C, which was an SOE, planned to use new technology for production, which is expected to provide a reduction in production costs. The procurement of this technology was conducted with the tender system as obligated by the Indonesian government for SOEs for particular projects. The Chinese company employing the expatriates was chosen based on the results of the tender. Whereas for specific expatriate selection which would come in a group, the candidates were proposed by Expatriate 3A and Expatriate 3B as KT manager and his assistant. Both personnel were mastering metallurgy and experienced in the steel factory as well as in conducting KT for similar technology in China. Due to a large number of areas required for the installation of these new production technologies, the expatriate manager brought 30 people for various positions related to many facilities integrated with the factory. Based on the technical proposal, HRD and project managers from Company C then finally decided the suitability of the selected expatriates to be employed in the project. Whether there were incompatibilities, Company C had rights to apply for replacement of the expatriates. An expatriate team consisting about 30 personnel in various areas related to the new production technology was assigned for delivering and operating the new technology.

Pre-departure training did not occur in the expatriation process in Company C. As a consequence, this caused difficulties in communication at the assignment stage. In this case, the two companies agreed to use the translator. However, this was not easy due to lack of understanding about technical language by the translators who usually had unsuitable education background (most of the translators had a background of Mandarin language). Due to this condition, the translators needed to be trained, which took time of at least six months. Nevertheless, in the assignment stage, there were still many constraints related to communication because of the bias in communication, and this aspect was not considered in the early stage of recruitment/selection. This condition also became a barrier for conducting successful KT.

*Project Manager: "There was a language barrier even though there was the responsibility of the translator in the contract, in accordance with international standards... Yes, the translator was provided, although in certain things it couldn't be played by one party ... they have to learn (the technical terms) in the factory... based on contract there were translators provided according to international standard... Nevertheless, in some aspects, it could not easily provide... another internal problem was from project time management, because there were many unfinished constructions (therefore the project was not optimum) and another problem was because different language (which hampered the KT)...our workers also had bad habit, many were late (to come), and when they arrived they did not directly go to their work... this was also complained by the expatriates"*

*HRD Manager: "...with CH (Chinese company), we discussed about operational standard and technical engineering standard, from their manual book we resumed it as operational standard and translated it in Indonesian and English... (in regard with SOP) in maintenance and operation, almost for all factory had been written, then when we had training in China we have started to write and finalized when the equipment was already operated... Reading manual and SOP was quite difficult for the operator to read from the manuals, therefore we tried to translate it in Indonesian... with CH we tried to learn about basic concept and how to understand the equipment, then our workers had discussion and sharing. Sometimes they who participated in the training could not fully understand it because of the language problem... The experts (expatriates) were only quite if they were not asked (by our worker), so our engineers tried to encourage operators to ask them more frequent and also had discussions with them... Indeed, we did not pay attention to this aspect"*

*in the early stage... we didn't plan to invite expatriates... It was by accident that the winner of the tender was from China. Liked it or not we must collaborate with them. We didn't plan about how many expatriates were needed. We only referred to law and regulations related to expatriates. This was conducted by HRD. This kind of plant was so many, but the winner of the tender with the lowest price was China's company"*

The assignment stage as part of the expatriation process in company C was designed to be divided into three stages: preliminary, middle, and post-training. In this process, KT occurs mainly in form of explicit knowledge, especially related to the installation and operation of equipment in the BF technology series. Nevertheless, there was other potential knowledge to be transferred that was not only related to the factory routines which could be acquired by the local employees. In fact, the project undertaken in Company C could not meet the defined schedule. Therefore, the expatriates were reassigned because they were still needed for project completion.

#### Company D

Company D has employed expatriates for several projects, especially experts in the field of cement production. The last expatriate who worked in this company was employed to build waste heat recovery power generator to minimize electricity use from State Electricity Company and optimize the use of heat from exhaust gas. The project analyzed in this research was funded from Government to Government (G2G) cooperation between the Indonesian government and the Japanese government. Related to this, the Indonesian government appointed Company D as the executor of this project, while the Japanese government appointed a company from its own country, namely Company J with Company T as the project supervisor. In this project, Company D did not directly recruit the expatriates to be employed whereas everything was conducted by Company J, considering technical skill and cost for their assignment.

*Co-worker: "Supervision was (conducted) by Company T, actually this project was between the Indonesian government and the Japanese government. Taiwan only supervising, G2G between the Indonesian government with Japan, Indonesia appointed Company D, Japan appointed Company J for Engineering and Procurement. (There were) 14 people, (related with) transfer process, we were conducting the alignment together... Usually, when expatriate with electrical background came, we prepared the co-worker from electrical too. But in a few cases, the expatriates were more than the available co-worker with the same background... They spoke English, but sometimes translators were used particularly for Taiwanese, but we need to prepare them to make the communication easier. But our engineers were already familiar with English, although it was not excellent, figures and diagrams were very helpful... our co-workers were proactive, they conducted the tasks without waiting for an assignment from the expatriates, and when they (the expatriates) came, we have already few steps ahead. When there were obstacles, co-worker directly asked about the solution. We have already made a list of questions based on our identification before the expatriates arrived (the expatriates only came based on company's request). When they came here, we could focus and directly ask the questions. This made our project run faster, and created effective learning".*

Related to the project, Company D that has strategic awareness and strategy to the development of knowledge in the company was trying to think about KT as benefit taken from the project. For that, the company chose eight co-workers from the Engineering Division based on the suitability of educational background. The KT was successful as Company D was capable to build a similar technology independently. Therefore, this company did not require expatriate any longer and the repatriation was conducted for all of the expatriates.

#### Company E

Company E chose to bring in expatriates originating from China, as an active consultant, particularly for hydroelectric power plant development. In the recruitment stage, the engineering team played a major role, while the HRD unit was only a supporting unit. The engineering team designed the time frame and also made a plan that contains information about the stage where expatriates must depart as part of enterprise resource efficiency planning. Furthermore, the engineering team also took part in the selection process. Further information about the selection criteria of the expatriates was submitted to the HRD unit who has the role to facilitate the legal permission for expatriates.

*Chief of engineering team: "... Yes, the design and construction, including the mechanical equipment like the water gate and all kinds of power were designed by the Chinese company... Yes, we brought*

*them from the construction stage until operation... beside the design, turbine, generator procurement were also from them, because our local companies had low technology to be offered. Therefore, we bought the equipment from China, because it was more economical in price, but we also considered the quality aspect. They also prepared the installation team. The design process was also similar (with us). Their design was sent to us. Then we had a discussion to make the deal... We sent our personnel to their plant. We need expatriates because local companies did not have sufficient capability. There were some companies with sufficient capability, but the price was much higher than in China".*

Expatriates employed at Company E did not only have knowledge and experience in the field of hydropower technology but also in the design and the building of hydropower. Director of Company E holds an important role in determining expatriates considering the result of discussion with the engineering team. The selection criteria had an emphasis in consultants that allows joint design which was intended as KT strategy. In Company E, one expatriate co-worked with two local employees who have the same educational background and expertise with the expatriates.

*Member of engineering team: "co-workers were selected based on relations between expertise area and human resource availability. The engineering team was divided into two, one was in the headquarters for particular in design, and there was also some personnel sent to the site for construction... they designed what we did not yet know and then we reviewed their designs. And vice versa... We did not need translators, because technically it was mostly written in equations or engineering drawing. We could understand it... Our top-level management gave us full autonomy in detail aspects"*

*HRD Manager: "The consideration (why the company chose the expatriate) was because that time we still prepared for the project and they were involved in the process. They could explain in detail how the project supposed to be. Then they made offering to participate in the project. So, we started to anticipate (to make collaboration with expatriates). We then prepared in detail about criteria of the expatriates (particularly related to their knowledge/technical capacity)... That was the background why we recruit them... The selection decision was made by our director based on consideration by our engineering team. Our top-level management also "forgive" us when we were doing mistakes. This was considered by our management as part of learning from failures".*

As KT occurred in the assignment stage, the next hydropower plant development would be conducted independently without involving expatriates. This was also supported by supportive innovation culture, by implementing "learning from failures" which eliminate fear from workers in doing mistakes and this made them more innovative. Due to the successful result, the company decided to make repatriation because the engineering team has mastered the important knowledge and no longer needed any assistance from the expatriates.

#### Company F

Initially, Company F, which was an SOE, purchased a license which then implied in bringing in expatriates from Spain to assist the company in mastering higher level of technology. The principal co-worker was the chemical engineer, positioned as a team leader as well as a process engineer assigned in technology development in the company. The expatriates brought in to the company was not selected by Company F, but defined by the firm which owned the license. Pre-departure training was conducted in the foreign firm in relation with target and tasks which should be accomplished in Company F and become one of the selection criteria to select appropriate expatriate to be sent to Company F.

In the assignment stage, KT occurred in form of both tacit and explicit knowledge. However, in reality, the expatriate could not supply appropriate knowledge as expected by Company F. This caused further product development no longer involved the expatriates. In this case, the expatriates only supplied complementary knowledge which formed the innovation capacity of local employees which was built through innovation culture in the company.

*Chief engineer (team leader): "there were 2 companies who mastered this technology, ORD, and INC. ORD was from Germany, they offered degranulation technology. Considering the cost, ORD was higher than INC. INC was also simpler and scientifically closer with us. We're more familiar with INC's technology and it was simple to be understood. Also, lower cost, (ORD had higher cost) because the system from ORD had more equipment."*

*Engineer: "the 1<sup>st</sup> generation product was fully supervised license, we accept as it was. At that time, operators only operated the*

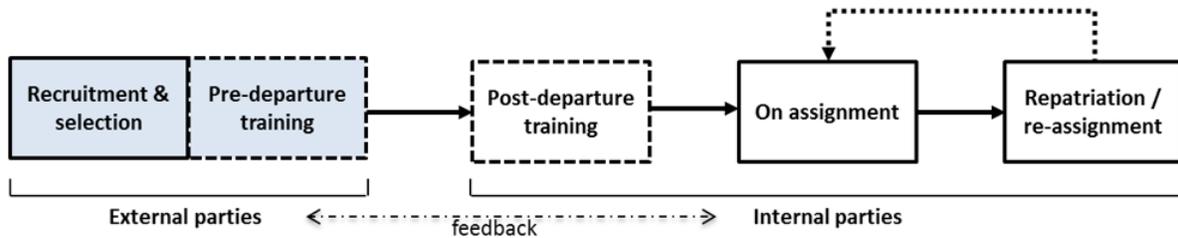


Fig. 1. Expatriation process with the involvement of external parties.

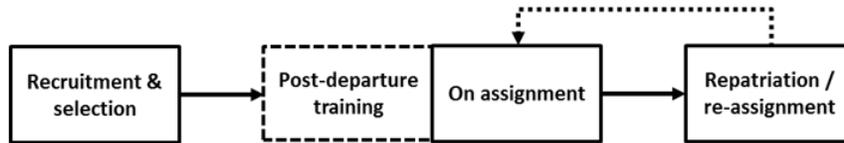


Fig. 2. Expatriation with an entirely internal process.

equipment. But in the 2<sup>nd</sup> product generation, our company must have higher or even full involvement ... In the 3<sup>rd</sup> and 4<sup>th</sup> generation we have mastered all of it... We learned from them then we could build (the similar one) by our own. The Spanish firm was no longer involved... Our engineers understand the technical content, but they have difficulties in presenting/asking something to expatriates (in different language)... technically it could be communicated through drawings, diagram, equation... when they asked something, the language did not exactly match, but the expatriates could understand it and answer correctly.. they (the expatriates) were friendly and had good communication skill... We shared our experience, and during the process, there were lots of modification (compared with the initial). Then (after knowing that we could do better than them), they came here to re-observed, they could learn from that and improve their plant... we were not inferior (than Spanish), we always learn and then we could build better plant independently”

A staff of Knowledge Management Department: “in one year or month, there were lots of competition (as part of the HRD program that we designed), our second company’s value is innovation. In 2016 we had 1900 innovators or about 60% of our total employee (raised from the previous year). There were 1011 innovation results in that year”

At the beginning of the interaction, the role of the expatriates was in coaching the local employee particularly the co-workers. Furthermore, the expatriates acted as supervisor. In the end, the expatriates weren’t able to supply the appropriate knowledge for conducting mass production due to their lack of real production experience. The expatriate as the technology designer was more expert in theoretical basis but not in the empirical production. Since the expatriates were no longer required in the company, the top-level management of Company F decided to terminate the contract and therefore opted for repatriation.

Based on the above explanation, there were some differences and similarities of expatriation process among companies as the object of the case studies. The comparison among the case studies for each stage of the expatriation process is presented in Table II in the Appendix.

## V. DISCUSSION

Based on the results of case studies, there were different expatriation process regarding the involvement of external parties (shown in Fig. 1 and Fig. 2). The dominance of the external parties could indicate the low readiness of the companies to conduct KT. For the expatriation process involving external parties, multi-stage recruitment might occur. The multi-stage initiated by selection of company acted as “expatriate supplier” which then followed by recruitment and selection for more specific expatriates which usually originated from a similar country. The selection criteria were mostly defined by the external parties. When the expatriation was planned from the beginning, the selection criteria generally included technical competence, cultural suitability, and communication skill. Meanwhile, the criteria for the

unplanned one were more based on technical competence. For the expatriation process conducted purely by internal parties, pre-departure training did not exist, while post-departure training occurred prior to the assignment stage. The selection criteria were more based on technical competence and price suitability (lower price was more preferred). Considering the result of KT, companies which consider cultural suitability as one of the selection criteria (as argued by Abdullah and Jin [10]) seemed to had more successful KT. Nevertheless, when the expatriate did not have this character, but this character appeared in the co-workers. Therefore, it could also be considered one of the success factors. The work culture of the local worker also influences the success of KT. Barriers related to the work culture was usually found in SOEs. This might relate with the role of HRD, in regard to the formation of a supportive culture, particularly innovative culture in the company.

In most case studies, it was found that the companies implemented a closed and semi-formal system, and this was quite different with coffee-machine system theory [7] or selection process based on Harvey and Novicevic (2001). During the assignment stage, a language problem was detected in most cases. Nevertheless, for the engineering area, this could be overcome by the presence of figure/diagram or equations. Cultural matters also occurred when the expatriates had a low capability to adapt to local culture and this usually happened when this was not considered as one of the selection criteria in the recruitment and selection stage. Even though, this could be eliminated by balancing the condition with cultural intelligence from the co-worker.

In most of the case studies, the role of HRD was found more as legal permit facilitator. But, there were also case where HRD (particularly HRD manager) had a more active role. This was caused by a lack of technical knowledge which was expected to be transferred from expatriates. Another cause was related to a lack of experience regarding expatriation.

## VI. CONCLUSION

Based on the case studies results, expatriation process in Indonesian local firms had two different patterns, considering the involvement of external parties. In the case where the involvement of external parties existed, multi-stage recruitment might occur, where the first stage was to determine the partner company as “expatriate supplier” and the second stage was to select expatriates with selection criteria agreed by both parties. Domination of external parties shown by their authority to select candidates and also domination of expatriates’ role during the assignment stage indicated the low level of readiness from local companies to absorb knowledge from expatriates. For the expatriation process conducted fully by local companies in Indonesia, selection criteria were more focused on technical competence and price suitability. The recruitment and selection process tend to be a closed and semi-formal system.

Language and cultural barriers often found to occur in the KT process on assignment stage. Nevertheless, for the engineering area, the language barrier could be overcome by the use of figure/diagram and equations. Cultural barriers occurred when expatriates had low adaptability, without being

balanced by the co-worker. This could have been surmounted by appropriate pre-departure or post-departure training.

The role of HRD was mostly in facilitating legal permit for expatriates and more passive. This was caused by lack of experience in recruiting expatriates and lack of technical knowledge which need to be transferred from the expatriates. The more active role was held by the co-worker and top-level management.

The success of KT could be achieved in two types of conditions related to KT readiness, namely readiness to accept the new knowledge of the co-worker and readiness to transfer the knowledge from the expatriate. The more proactive the co-workers, the higher the probability of success. The co-worker should also have sufficient technical competence to receive the knowledge. In the case where co-workers were less proactive, proactive manner from the expatriate was key for the success of KT. Another important aspect was from innovation culture which became an indirect factor from HRD. This culture became an enabler for the co-worker to conduct knowledge acquisition by presenting a more proactive manner which then implemented as an innovation practice.

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**APPENDIX**
**TABLE II**  
**COMPARISON OF EXPATRIATION PROCESS AMONG CASE STUDIES**

	<b>Company A</b>	<b>Company B</b>	<b>Company C</b>	<b>Company D</b>	<b>Company E</b>	<b>Company F</b>
<b>Recruitment &amp; selection (R&amp;S)</b>	<ul style="list-style-type: none"> <li>Based on the offering from external parties</li> <li>Conducted by external parties; no intervention &amp; strategic planning from Company A; Open-formal recruitment</li> <li>Selection criteria: cultural suitability, communication skill, technical competence</li> <li>Role of HRD: facilitating legal permit upon arrival</li> </ul>	<ul style="list-style-type: none"> <li>Based on company needs (initiated by the company)</li> <li>Fully conducted by internal parties (involving HRD, top-level management); closed-semi-formal recruitment</li> <li>Selection criteria: technical competence, recommendation from trusted parties</li> <li>Role of HRD: finding appropriate candidates, facilitating legal permit, choosing the appropriate co-worker</li> </ul>	<ul style="list-style-type: none"> <li>Based on the result of the tender process (according to government regulation; main criteria: lower price)</li> <li>Conducted by foreign firms (as "expatriate's supplier") and Company C (giving feedback to each other); closed-semi-formal recruitment</li> <li>Selection criteria: technical competence (based on agreement from internal parties (HRD, Company's project manager) and external parties); unplanned recruitment (unexpected result of the tender process)</li> <li>Role of HRD: providing feedback during R&amp;S, facilitating legal permit</li> </ul>	<ul style="list-style-type: none"> <li>Based on G2G cooperation (funded by the government of both parties; only defined country origin of companies acted as project executor &amp; supervisor)</li> <li>Conducted together by foreign and local companies; closed-semi-formal recruitment</li> <li>Selection criteria: technical competence, lower cost</li> <li>Role of HRD: facilitating legal permit; selection conducted by the project manager &amp; top-level management</li> </ul>	<ul style="list-style-type: none"> <li>Based on the needs of core competence development</li> <li>Conducted fully by internal parties; closed-semi-formal selection; KT strategy</li> <li>Selection criteria: technical competence, lower cost, allowing joint design</li> <li>Role of HRD: facilitating legal permit</li> </ul>	<ul style="list-style-type: none"> <li>Based on needs for technology transfer to strengthen core competence</li> <li>Company F chose a foreign company as the partner (based on similarity of technology and lower price)</li> <li>Expatriates selection was conducted by the foreign company; closed-semi-formal selection</li> <li>Role of HRD: facilitating legal permit</li> </ul>
<b>Pre-departure training (PDT)</b>	<ul style="list-style-type: none"> <li>Arranged by external parties; part of R&amp;S</li> <li>Post-departure training occur before assignment; initiated by expatriate</li> </ul>	<ul style="list-style-type: none"> <li>No occurrence of PDT</li> <li>Post-departure training occurred in the early stage of the assignment stage (initiated by the expatriate to learn company's condition)</li> </ul>	<ul style="list-style-type: none"> <li>No occurrence of PDT</li> <li>Post-departure training for foreign project manager &amp; the deputy to observe existing plant; the other expatriates with specific competence came after (gradually)</li> </ul>	<ul style="list-style-type: none"> <li>PDT conducted by the foreign company</li> <li>Post-departure training became part of the assignment (in the early stage, initiated by the expatriates)</li> </ul>	<ul style="list-style-type: none"> <li>No occurrence of PDT</li> <li>No occurrence of post-departure training</li> </ul>	<ul style="list-style-type: none"> <li>PDT was conducted by the foreign company</li> <li>No occurrence of post-departure training</li> </ul>
<b>On assignment</b>	<ul style="list-style-type: none"> <li>Assigned for problem solver (quality improvement); also create better work culture; Target was defined by the expatriate (not by Company A)</li> <li>Active role from expatriate to learn the local language (figure/diagram made the communication easier)</li> </ul>	<ul style="list-style-type: none"> <li>Assigned as the problem solver; the target was set by the expatriate (related with productivity improvement)</li> <li>Language and cultural barriers occurred; active role of expatriate</li> </ul>	<ul style="list-style-type: none"> <li>Assigned to install and operate new plant; monitored &amp; evaluated by the local and foreign project managers</li> <li>Language and cultural barriers occurred; active role from co-workers (figure/diagram made the communication easier)</li> </ul>	<ul style="list-style-type: none"> <li>Assigned for engineering project; target &amp; KT strategy was defined by Company D</li> <li>No language and cultural barriers (figure/diagram &amp; equation made the communication easier); active role of co-workers (supported by innovative culture)</li> </ul>	<ul style="list-style-type: none"> <li>Assigned for engineering project; target &amp; KT strategy was defined by Company E</li> <li>No language and cultural barriers (figure/diagram &amp; equation made the communication easier); active role of co-workers (supported by "learning from failure" culture)</li> </ul>	<ul style="list-style-type: none"> <li>Assigned for engineering project; target &amp; KT strategy was defined by Company F</li> <li>No language and cultural barriers (figure/diagram &amp; equation made the communication easier); active role of co-workers (supported by innovative culture)</li> </ul>
<b>Repatriation / reassignment</b>	<ul style="list-style-type: none"> <li>Reassignment, initiated by Company A (based on company's needs &amp; suitability with the company's culture)</li> </ul>	<ul style="list-style-type: none"> <li>Reassignment, initiated by top-level management (based on expatriate's job performance and company's needs)</li> </ul>	<ul style="list-style-type: none"> <li>Reassignment, for project completion</li> </ul>	<ul style="list-style-type: none"> <li>Repatriation (no longer needed the expatriates)</li> </ul>	<ul style="list-style-type: none"> <li>Repatriation (no longer needed the expatriates)</li> </ul>	<ul style="list-style-type: none"> <li>Repatriation before project completion, initiated by top-level management based on evaluation by co-workers</li> </ul>