

Planning for Expatriate Success

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About the Author

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Mr. Brown is currently working on a Doctor of Science in Information Systems degree from Dakota State University and has previously earned his MBA from the University of Texas at Dallas with specializations in Strategy and Project Management, an MS in Electrical Engineering from Oklahoma State University and a BS in Physics from Southwestern Oklahoma State University.

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Introduction

This paper discusses the issues related to international assignments for individuals and the necessary planning that must occur to ensure success. Key steps in the planning process for an international assignment are discussed as are the steps for repatriating an employee after the assignment is complete.

The Global Marketplace

Global Competition

The modern day business environment requires organizations to compete on a global scale. In order to compete on a global scale, organizations must implement proper strategic plans to ensure that they remain competitive in the international markets. To ensure success, an organization must have a global strategic plan that covers all aspects of the business, including a globally conscious human resources strategy.

Global competition more often than not requires an organization to rethink their strategic plans. This reformulation of strategy must be done to ensure that products and services are tailored to the culture and environment of the region they are operating in. In the book titled *International Assignments: An Integration of Strategy, Research, and Practice*, the author's provide insight into the specialized skills needed in the global environment when they write:

To effectively formulate or implement strategic plans for the 21st century, managers and executives must be able to focus on the unique needs of local foreign customers, suppliers, labor pools, government policies, and technology and at the same time on general trends in the world marketplace. For an individual, this requires tremendous environmental-scanning abilities just to pick up the information. It requires vast

knowledge and processing abilities to categorize and interpret raw data effectively. It requires being able to understand and work well with people from different cultural, religious, and ethnic backgrounds as well as the ability to manage teams composed of cross-cultural members (Stroh, Black, Mendenhall, & Gregersen, 2005, p. 6).

International Assignments

In addition to the business practices and strategy, the global organization must ensure that their human resources strategy takes a global approach to the staffing of the organization. This strategy should include the hiring of a local workforce as well as the use of international assignments for their employees. Local staffing provides the cultural intelligence needed for the organization and key managers and leadership from outside the region to help build the organizations presence and environment in the new region/country. International assignments such as these can provide key employees valuable lessons in international management and multi-cultural organizations.

In the past, companies viewed the use of international assignments as an operational tool to ensure that specific tasks were performed in the appropriate manner. These companies considered the international assignments as being short-term and specific to tasks that needed to be accomplished and the strategic value of these assignments was overlooked. Recent history has shown organizations have started rethinking the concept of international assignments and have begun to use these assignments in a more strategic manner, though some companies still have a flawed process to select employees for these assignments as described by Stroh et al (2005) when they write:

Despite the strategic role that international transfers can play in a corporation's ability to succeed in the marketplace, many executives have a rather narrow and myopic view of

the value of global assignments and who should be involved in them. The vast majority of U. S. firms select candidates for global assignments primarily on the basis of the technical requirements of the position. Succession planning and managerial development are often irrelevant, not to mention ability to perform effectively in another culture (Stroh et al., 2005, p. 11).

The selection of employees for international assignments should involve much more than selecting the person with the right skills sets. Several factors must be considered when selecting personnel for international assignments, including “personality traits and the ability to adapt to cultures different from the one at home” (Stroh et al., p. 18). In addition to personality traits, the organizations’ strategic goals (both short-term and long-term) must be considered. A few of the more important factors and skills that should be considered when selecting personnel for international assignments are listed in Table 1 and described in depth in Stroh et al (2005).

Table 1

Personnel selection factors for International Assignments (Stroh et al., pp 55 - 60)

- | | |
|--------------------------------------|---------------------|
| • The organizations’ strategic goals | • Leadership skills |
| • Professional skills | • Social skills |
| • Leadership skills | • Flexibility |
| • Communication skills | • Stability |

Hauser (2004) outlines ten practices that global business leaders should consider when selecting personnel for international assignments. Some of the key practices given by Hauser are topics such as “use strategic goals when staffing, align motivations, maximize experiences and consider family importance” (Hauser, 2004, p. 31). Hauser (2004) also urges organizations to

create methods of measuring the effectiveness of the assignment for the employee and organization. These measurement methodologies will allow the organization to gather information regarding the success (or failure) of the assignment so that changes can be made to help ensure success for future assignments.

Expatriate programs are inherently risky mainly because an organization is uprooting an employee from a 'comfortable' position within a familiar culture and re-planting them into a new unfamiliar culture. With proper planning and selecting as described previously, some of the inherent risk can be mitigated, but not completely removed. According to the 2002 *GMAC Global Relocation Trends Survey Report*, attrition rates for expatriate assignments range from 11% to 22% per year (Sim & Dixon, 2004, p. 47). These attrition rates can be attributed to many things, but an organization can attempt to cut their attrition/failure rates by doing everything possible to ensure success for their employees.

Planning for Expatriate Success

Selecting the 'right' person for an international assignment is just the first step for an organization. In addition to the selection process, an organization must properly plan for the relocation, reassignment and support of the employee and the employee's family. To properly plan for the international assignment, an organization needs to consider all aspects of the assignment and prepare the assignee and their family for the relocation and immersion into a new culture and assignment. Runnion (2005) describes this planning process as a multi-stage process whereby goals, compensation, relocation services, support services and training services are agreed upon (Runnion, 2005, pp. 21-22) and then implemented. A brief description of the planning process stages is provided in Table 2 below.

Table 2

Brief description of Expatriate Planning Process Stages (Runnion, pp. 21-22)

1. Goal Setting – During this stage, the business and personal goals that the employee needs to meet are set. If the selection of the employee was handled correctly, the strengths of the employee should evenly match with the business goals.
2. Compensation – Salary, cost-of-living, relocation expenses, per-diem, medical benefits and other monetary compensation issues should be agreed upon.
3. Relocation Services – A clear understanding of the services provided for relocation is needed so that the employee (and family) knows exactly what to expect before, during and after the relocation to the assignment country.
4. Support Services – A clear understanding of the support services that will be made available to the employee (and family) to assist with settling into their new country.
5. Training – Training services should be agreed upon and provided to the employee (and family) to ensure that they understand the new culture, business environment and regulations of their new country.

Many organizations mistakenly believe that once the assignee has been relocated, the planning need has been met, which is incorrect. Once the employee has been relocated, the organization has an obligation to help the employee succeed in the new role. Despite training and preparation, a newly assigned international employee will have an adjustment period in

which they will become accustomed to their new country. This period can be different for different people, but regardless of the length of time it takes an employee to adjust, an organization must provide for some adjustment time. During this adjustment period, an organization must assist the assignee in overcoming hurdles and integrating themselves into the new work and cultural environment (Schiuma, Bourne, & Harris, 2006, p. 64). Research by Lee (2005) has shown that there is a large correlation between the ability of the assignee to adjust to the new culture of their host country and job satisfaction and that this job satisfaction correlates highly with the success of the international assignment. This research seems to be substantiated by Schiuma et al (2006) when they write that the “adjustment has a deep influence on the effectiveness of the international assignment, since only a well-adjusted international worker can operate in a completely integrated way within the host country” (Schiuma et al., p. 64).

The planning process described above can greatly improve the chance of success for the international assignment. In addition, the planning process can also help an organization to do as much as possible to ensure that the money that is spent on the assignment isn't wasted. Costs for international assignments have been steadily climbing with typical costs for a long-term assignment approaching \$1 million (Runnion, 2005, p. 21). Considering that the average mid-sized business relocates an average of 34 people every year (Runnion, p.21), costs for international assignments can quickly add up.

Repatriation

Many companies overlook the importance of repatriating an employee after a successful international assignment. Repatriation should be considered a critical task by every organization that has expatriate programs due to the importance of successful reinserting the expatriate employee back into their home culture and county. According to Schiuma et al (2006), many

organizations now consider repatriation a “critical process, not just to capitalize the knowledge developed during the assignment, but also to avoid a negative impact of the repatriation on the international worker” (Schiuma et al., 2006, p. 65).

Returning after an international assignment can be just as traumatic to an employee as the original relocation was and can even result in the employee leaving the organization. According to Simms (2004), “EGA International estimates that around 11% [of repatriated employees] leave their company within two years of returning home” (Simms, 2004, p. 56). There are many reasons that returning expatriates are unhappy after being repatriated, but it seems that most are not just personal issues. There will always be personal issues that repatriated employees must deal with, such as having to ‘relearn’ the culture of their home country, but the most significant issues seem to come from job related issues. According to Stroh et al (2005), “one of the most important components of a successful adjustment to being home is the job assignment or position the employee is given” (Stroh et al., 2005, p. 199).

Organizations have historically performed poorly when to repatriating employees into meaningful positions, mainly due to poor planning prior to the return of the employee. Evidence of this poor planning is presented by Stroh et al (2005) when they write:

Return assignments are so often unplanned, repatriated employees often refer to “holding pattern” return assignments, which resemble airplane holding patterns over congested airports. It should come as no surprise that when employees returning from global assignments did get jobs, these positions were rarely optimal. In fact, they were frequently ill-defined, low-impact, “make-work” positions intended to keep the employees occupied and out of the way (Stroh et al., p. 200).

Organizations are beginning to understand that in order to ensure a successful expatriate assignment, a similar amount of planning for the repatriation of an employee is required as was performed for the initial relocation of that employee. One aspect of the initial planning process for expatriate assignments is training, which is also a critical aspect of the repatriation process. Training for repatriation can take many forms, but must cover issues like cultural changes in the home country, job changes, etc. Stroh et al (2005) summarizes the necessary training when they write:

Employees need information about changes in their jobs, about how to interact with people, and about changes in the general living environment. Job-related information could focus on structural and political changes in the firm, technological innovations, procedural changes, and so on. Communication-related training could focus on the differences in interaction styles between the country where the employee had the international assignment and the home country. (Stroh et al., p. 210).

Conclusion

In summary, an organization must create an environment for their employees to be successful during international assignments. Without the right environment, even the best employees might falter. To create this environment, an organization must properly plan for the expatriate assignment as well as the return during repatriation. Training is a critical aspect of both phases of the assignment and should be a key area that an organization focuses a substantial amount of effort.

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