

# Functional Area 03

## Global Mobility

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GLOBAL PROFESSIONAL IN HUMAN RESOURCES (GPHR)

2021 EDITION

International Human Resource Certification Institute

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**Global Professional in Human Resources (GPHR) Workbook**

**Module Three: Global Mobility**

2021 Edition

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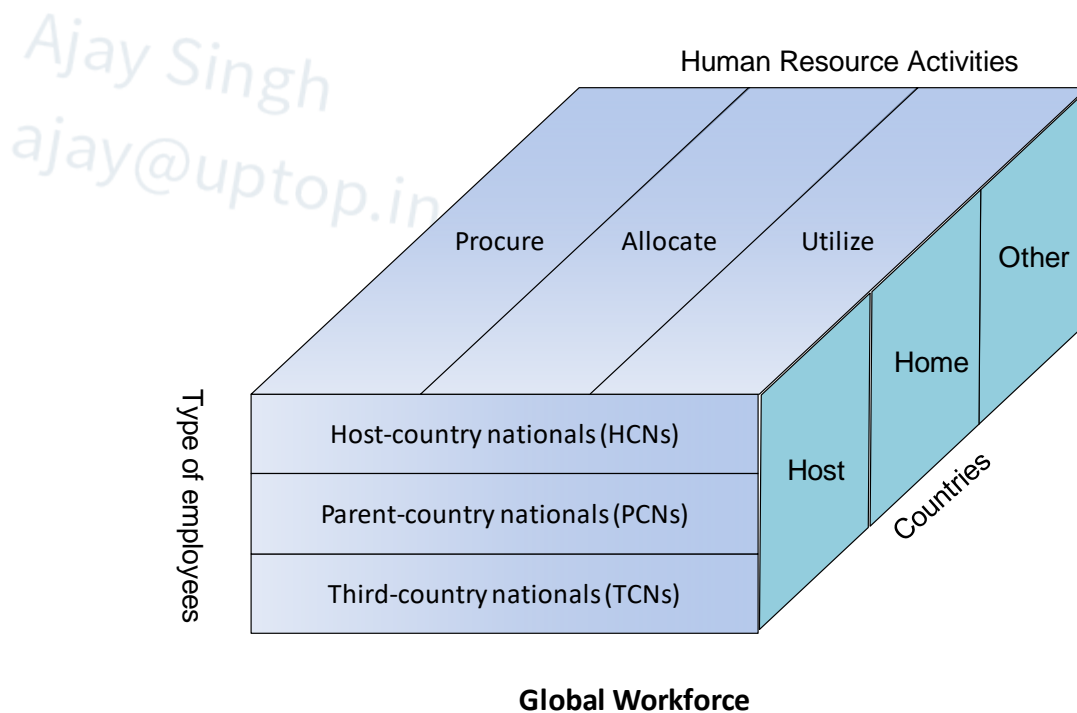
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## Part One: Global Workforce and Staffing

### 1. Global Workforce

#### 1.1. Type of Global Workforce

The extent of the firm's internationalization and its degree of centralization or decentralization affects its philosophy regarding the nationality of its international managers. In General, there are three types of global workforce as Parent-country nationals (PCNs), Third-country nationals (TCNs) and Host-country nationals (HCNs) classified by their source (Where to find).



Source: industryplayer.com

1.1.1. Parent-country nationals (PCNs)-Citizens of the organization's headquarters country who reside and work abroad with the intent of returning to the home country.

1.1.2. Third-country nationals (TCNs)-Employees who are citizens of countries other than where they work or where the organization's headquarters resides.

1.1.3. Host-country nationals (HCNs) or local nationals-Employees working in their own country.

## 1.2. Advantages and Disadvantages of using PCNs, HCNs or TCNs

Regarding these three types, we would say that none of the options is without its disadvantages. Some of the most frequently mentioned advantages and disadvantages of using PCNs, HCNs or TCNs are summarized in following table:

**Advantages and disadvantages of using PCNs, HCNs or TCNs**

	<b>Advantages</b>	<b>Disadvantages</b>
<b>PCNs Parent Country Nationals</b>	<ul style="list-style-type: none"> <li>• Familiarity with the home office's goals, objectives, policies and practices</li> <li>• Technical and managerial competence</li> <li>• Effective liaison and communication with home-office personnel</li> </ul>	<ul style="list-style-type: none"> <li>• Difficulties in adapting to the foreign language and the socioeconomic, political, cultural and legal environment</li> <li>• Excessive cost of selecting, training and maintaining expatriate managers and their families abroad</li> <li>• The host countries' insistence on localizing operations and on promoting local nationals in top position at foreign subsidiaries</li> <li>• Family adjustment problems, especially concerning the unemployed partners of managers</li> </ul>
<b>HCNs Host Country Nationals</b>	<ul style="list-style-type: none"> <li>• Familiarity with the socioeconomic, political and legal environment and with business practices in the host country</li> <li>• Lower cost incurred in hiring them as compared to PCN and TCN</li> <li>• Provides opportunities for advancement and promotion to local nationals and, consequently increases their commitment and motivation</li> </ul>	<ul style="list-style-type: none"> <li>• Difficulties in exercising effective control over the subsidiary's operation</li> <li>• Communication difficulties in dealing with home-office personnel</li> <li>• Lack of opportunities for the home country's nationals to gain international and cross-cultural experience</li> </ul>

	<ul style="list-style-type: none"> <li>• Responds effectively to the host country's demands for localization of the subsidiary's operation</li> </ul>	
<b>TCNs</b> <b>Third</b> <b>Country</b> <b>nationals</b>	<ul style="list-style-type: none"> <li>• Perhaps the best compromise between securing needed technical and managerial expertise and adapting to a foreign socioeconomic and cultural environment</li> <li>• TCNs are usually career international business managers</li> <li>• TCNs are usually less expensive to maintain than PCNs</li> <li>• TCNs may be better informed about the host environment than PCNs</li> </ul>	<ul style="list-style-type: none"> <li>• Host country's sensitivity with respect to nationals of specific countries</li> <li>• Local nationals are impeded in their efforts to upgrade their own ranks and assume responsible positions in the multinational subsidiaries</li> </ul>

Source: Reiche, S. & Harzing, A.W. (2009). *International Human Resource Management*, London: Sage Publications

### 1.3. Regiocentric Staffing

MNCs following an ethnocentric staffing policy would appoint mostly parent country nationals to top positions at their subsidiaries, while MNCs following a polycentric staffing policy would prefer to appoint host country nationals (HCNs). Firms with a geocentric staffing policy would simply appoint the best person; regardless of his/her nationality and that could include third country nationals (TCNs), nationals of a country other than the MNC's home country and the country of the subsidiary. Researchers defined a fourth approach, which they called regiocentric. In this approach, managers are transferred on a regional basis, such as Europe, and it often forms a mid-way station between a pure polycentric/ethnocentric approach and a truly geocentric approach. It is important to note that these staffing policies apply to key positions in MNC subsidiaries only. Although some PCNs or TCNs might still be found at middle management, MNCs normally appoint host country managers at this and lower levels.

## 1.4. Other Global Workforces

Other than above three types of global workforce, there are several types emerging:

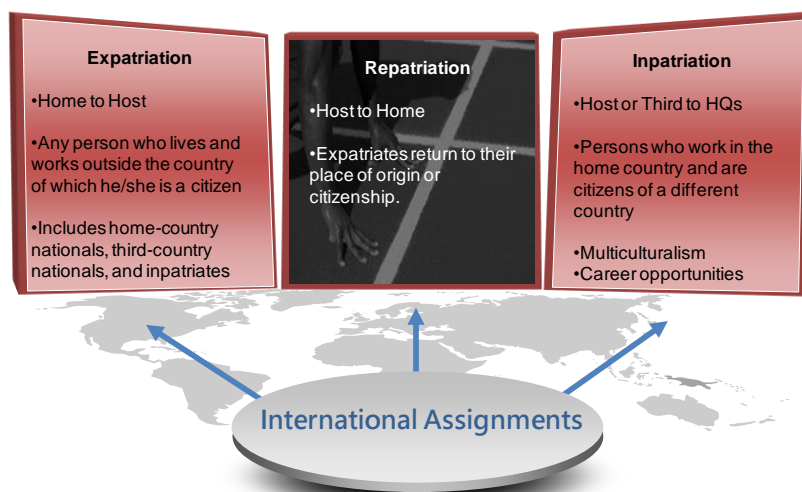
1.4.1. Expatriates of host country origin / returnees – Permanent resident of the parent country but belongs to ethnicity of the host country and is hired and/or transferred by the parent country organization to the host location on a temporary assignment or permanent transfer.

1.4.2. Foreign executives in local organizations – Foreign individuals at the executive level who hold local managerial positions supervising HCNs in local organizations where these organizations have their headquarters.

1.4.3. Localized expatriates – Expatriates that originate from a home-country and are localized in the host-country.

## 2. International Assignments

The general topics of staffing with international assignments include Expatriation, Repatriation and Inpatriation.



### International Assignment Types

Briscoe & Schuler (2011). International Human Resource Management.

## 2.1. Expatriation

Expatriation has been historically viewed as the process of moving from the parent company or headquarters to foreign subsidiaries or “overseas” operations. However, expatriation might better be viewed as the process of moving from one country to

another while staying in the employment of the same firm.

## 2.2. Repatriation

Repatriation is the opposite of expatriation that involves the move of the international assignee back to the parent company and country from the foreign assignment. For many expatriates, the move “back home” is even more difficult than the original move overseas.

## 2.3. Inpatriation

Inpatriation means an employee (HCN or TCN) who is relocated from a foreign subsidiary or joint venture to the parent company. This posting is usually for a relatively short period of time (one to two years) and is for the purpose of teaching the subsidiary or international joint venture employee about the products and culture of the firm from the perspective of headquarters. Alternatively, increasingly it could be to fill a functional or technical need for a limited period of time or to serve on a multinational team for a specified period of time.

## 3. Type of Assignment

### 3.1. International Assignees or Expatriates

Anyone posted to a foreign assignment.

### 3.2. Domestic Internationalists

People who typically live in their home countries but who regularly commute to specific foreign locales to perform some aspect of their work.

### 3.3. Employees on long-term business trips

The international assignees take ad hoc international trips.

### 3.4. Assignees on short- term foreign postings

Assignments that last less than one year and increasingly used as a substitute for more expensive longer-term international assignments.

### 3.5. Assignees on intermediate- term foreign postings

These are the traditional expatriate who are assigned from twelve to thirty six months.

### 3.6. Assignees on long-term foreign postings

This type of assignment tend to be assigned greater than thirty-six months up to five

years.

### 3.7. Permanent transferees

The situation where a person in the previous category is converted to permanent local status.

### 3.8. Permanent cadre

International employees who spend their whole careers in overseas assignments.

### 3.9. Local hires

Also known as host-country nationals, these employees are hired for jobs in their own country.

### 3.10. International transferees

People who are moved from one foreign subsidiary to another, but who maintain their home bases and usually return after such assignments to their home offices.

### 3.11. Immigrants

They may be traditional TCNs or hired by parent firm to work in the parent country or for six-month to two-year internships.

### 3.12. Repatriates or Returnees

These are emigrants who are hired to return to their home countries. This term is used as "Boomerangs" in Japan.

### 3.13. Inpatriates

Employees brought in from another country to work in the headquarters country for a specified period.

### 3.14. Outsourced employees

Workforce outside an organization paid for their services by an independent company that assumes full operational responsibility for them through a contract with the organization.

### 3.15. Virtual International Employees (IEs)

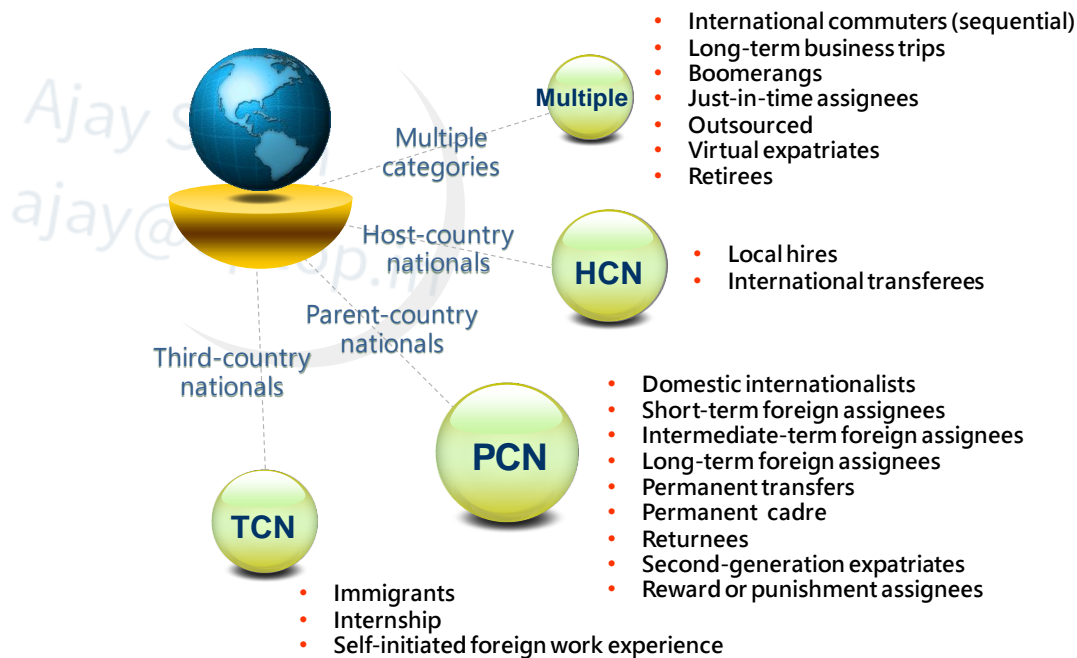
This is a situation where all or most of the work is performed across borders via electronic media.

### 3.16. Commuter assignment

An employee who lives in one country works in another country by regularly commuting across borders (usually weekly or biweekly) to perform different aspects of his or her job while the family remains at home.

### 3.17. Sequential

Assignees who commute from the parent company to a workplace in another country for a specified short duration and then return home for a break are referred to sequential or rotational.



### Type of Assignment

Briscoe & Schuler (2011). International Human Resource Management

## 4. International Assignee Allegiance

### 4.1. Homebound

Homebound international assignees may not completely assimilate into the local culture or local operation. Their allegiance is to their home country. They will implement policies from their home country or headquarters without reservation and may struggle to achieve the proper balance between global integration and local differentiation.

#### 4.2. Dual citizens

Dual citizens probably experience the potential conflict between global integration and local differentiation most intensely because they see the value of both perspectives and both approaches and their allegiance to the needs of both entities is strong. They continually seek to find the right balance for each issue and are usually good at compromise and facilitation.

#### 4.3. Free agents

Free agents are more committed to their personal careers than to the organization. As in the sports arena, the free agent plays for the team with the greatest need or the one that represents the best opportunity. Free agents are more likely than other international assignees to find another international job once the present assignment is completed.

#### 4.4. Go native

Assignees who "go native" develop strong allegiances and become closely attached to the local operation, fully embracing local customs, ways of doing business, etc. In selected situations, they may choose (or indicate a very strong preference for) local responsiveness and modifying policy and procedure based on local needs. Because these individuals are strong advocates who will challenge the headquarters policies and recommendations if necessary, they often earn a great deal of respect from the host country employees and staff.

#### 4.5. Successful International Assignment Plan

Despite the good intentions of most planning for international assignments, research showed that several assignments reduce rather than create organizational value. Here are helpful suggestions for achieving effectiveness in the management of international assignment planning:

- ✓ View international assignments as a process, not an activity.
- ✓ Recognize and consider all dimensions of the international assignment experience.
- ✓ Conduct thorough and professional assessments of candidates.
- ✓ Establish and maintain realistic expectations.
- ✓ Provide cultural training.
- ✓ Provide well planned, ongoing training and support.

- ✓ Plan, prepare for, and support repatriation with the same care as expatriation.
- ✓ Address problems quickly, thoroughly, and responsively.
- ✓ Link global mobility policy to the organization's culture and general practices.

## 7. Global Staffing

Global staffing is the HR function that identifies staffing needs throughout a global enterprise and then recruits, selects, and deploys worldwide talent resources to meet those requirements. Similar to domestic workforce planning, a gap analysis must compare global requirements to present skill and competency levels and identify the need for additional or new staffing resources.

### 5.1. Global Staffing Plan

5.1.1. Focused directly on achieving elements of the global HR strategy while indirectly supporting the organizational strategy.

5.1.2. Targeted on specific, short-term, and often country-specific objectives, as opposed to long-term and global strategic ones.

5.1.3. Responsive to rapid changes in local country environments, as opposed to changing only as organizational strategic goals change.

5.1.4. Implemented primarily by country-level managers

### 5.2. Tactical Staffing Plan

5.2.1. Statement of purpose: Documents the previous components of the global staffing plan, and establishes the goals and targets for the remainder of the staffing plan.

5.2.2. Stakeholders: Identifies key decision makers and others who should be involved in the development of the plan.

5.2.3. Activities and tasks: Describes the activities and tasks that need to be carried out and the time line for completion, while notes relationships between activities, tasks, and deliverables.

5.2.4. Team members: Identifies all the people who have been assigned or who have volunteered to work on specific activities, tasks, and deliverables.

5.2.5. Resources: Documents financial and nonfinancial resources required for implementation.

5.2.6. Communication plan: Notes specific tactics and responsibilities for communicating initial details about the plan as well as monitoring the plan and soliciting ongoing feedback.

5.2.7. Continuous improvement: Sets up a process to review the extent to which tactical objectives are achieved and identifies ways to continuously improve the plan.

### 5.3. Beat Brain Drain

The movement of skilled workers internationally represents “brain gain” for the countries that reap their skills and experience and brain drain for their countries of origin. On the brain gain side of the divide, countries increasingly are looking to position their immigration policies to attract the types of international workers and students whose skills they desire. On the “brain drain” side, the development impacts of losing educated workers are being assessed in immigrant-sending and receiving countries alike as the research presented here shows.

Brain circulation is an alternative model to the idea of brain drain. The concept of "brain drain" gained popularity as skilled labor from certain countries emigrated to other countries in search of better opportunities. In India for example, one witnessed large-scale emigration of engineers from its premier engineering institutes called IIT (Indian Institute of Technology) in the sixties, seventies and eighties. The late nineties and the early years of the 21st century however saw large numbers of these emigrants returning to India as prospects in India improved markedly, brought on by important economic reforms initiated in the early nineties. Brain circulation can thus be defined as the circular movement of skilled labor across nations. In cases like Taiwan, China, and India, countries have profited enormously from brain circulation, while in others, brain circulation does not seem to happen in a significant way.

Shifting demographics are starting to reshape the workforce. As Baby Boomers retire, in most developed markets, there will simply be fewer people of working age to fill positions. Not only is the pool of locally available replacement talent shrinking, competition for their talent is on the rise. The people shortage is exacerbated by the lack of growth in graduates with Science, Technology, Engineering and Maths (STEM) degrees. This is happening at a time when, due to rapid advances in technology, the demand for these skills in the workplace is on the rise.

At the same time, businesses are also finding that the leadership and experience of the Baby Boomers are being sorely missed. As they leave the workforce, Boomers are taking decades' of knowledge with them, while younger generations have often yet to build up the experience and leadership skills needed to maintain successful businesses.

Therefore, talent shortages are likely to remain a feature for years to come. Ensure your business has the qualified staff and skillsets needed by adopting a long-term program for attracting, training and developing the people who will drive its success over the long-term – not just for this year's needs, but for five to ten years' time. There are a few things global organizations should consider to help with their long-term talent needs:

#### 5.3.1. Establish apprenticeships

Not only does on the job training help you cultivate the skills your business will need, it can help promote loyalty and long-term engagement. With training and career development opportunities strong pull factors for modern workers – especially from younger generations – making training an ongoing part of your business from the early stages of employees' careers can be a powerful proof point in your commitment to employee development.

#### 5.3.2. Work with schools

Encourage changes in the educational system that support the development of needed skill sets in the long term. Ensure students are made aware of career opportunities in your industry, and the true value and potential that a career with your organization can bring.

#### 5.3.3. Commit to workforce diversity

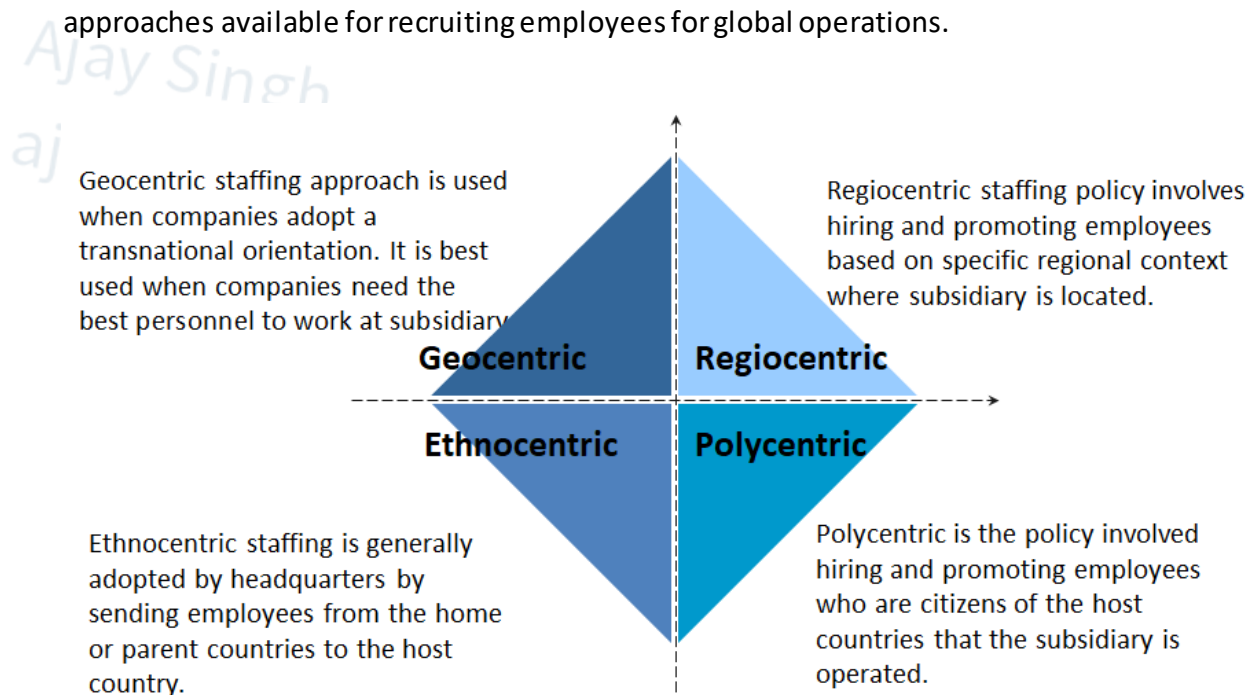
Women and minorities still have significant under-representation within the managerial ranks of many industries. Organizations should be reaching out to qualified minorities not just because practicing equality in the workplace reaffirms your business's commitment to fairness, but because diverse workforces are a proven driver of innovation. Not are organizations with greater gender equality proven to perform better, but being seen as promoting gender equality in the workplace can be a powerful attractor for talent.

#### 5.3.4. Globalize your hiring

Developing countries around the world are producing well qualified staffing for accounting, data analysis, and other financial services, while in healthcare a majority of newly qualified healthcare professionals including nurses and general practitioners are graduating from schools in these countries. In a globalized world, the competition for talent is also increasingly global – so you increasingly need to look where the talent is, not just where you would like it to be.

## 6. Global Staffing Approaches

Approaches to staffing in international HR management though the general aim of any recruitment policy is to select the right people for the right task at the right time, the HR department of international companies may adopt one of the following specific approaches available for recruiting employees for global operations.



### Global Staffing Approaches

Source: Briscoe & Schuler (2011). International Human Resource Management.

#### 6.1. Ethnocentric approach

When a company follows the strategy of choosing only from the citizens of the parent country to work in host nations, it is called an ethnocentric approach. Normally, higher-level foreign positions are filled with expatriate employees from the parent country. The general rationale behind the ethnocentric approach is that the staff from

the parent country would represent the interests of the headquarters effectively and link well with the parent country. The recruitment process in this method involves four stages: self-selection, creating a candidate pool, technical skills assessment, and making a mutual decision. Self-selection involves the decision by the employee about his future course of action in the international arena. In the next stage, the employee database is prepared according to the manpower requirement of the company for international operations. Then the database is analyzed for choosing the best and most suitable persons for global assignments and this process is called technical skills assessment. Finally, the best candidate is identified for foreign assignment and sent abroad with his consent. The ethnocentric approach places natives of the home country of a business in key positions at home and abroad.

Ethnocentric predisposition is a nationalistic philosophy of management whereby the values and interests of the parent company guide strategic decisions:

- 6.1.1. Headquarters country personnel manage all operations.
- 6.1.2. Home staffing policies are replicated in countries.
- 6.1.3. Talent skills transfer essentially one-way.
- 6.1.4. Rotate coaches into countries to develop talent.
- 6.1.5. Require returning personnel to bring back lessons learned.
- 6.1.6. Refine talent acquisition policies to reflect local country input.

## 6.2. Polycentric approach

When a company adopts the strategy of limiting recruitment to the nationals of the host country (local people), it is called a polycentric approach. The purpose of adopting this approach is to reduce the cost of foreign operations gradually. Even those organizations which initially adopt the ethnocentric approach may eventually switch over to the polycentric approach. The primary purpose of handing over the management to the local people is to ensure that the company understands the local market conditions, political scenario, cultural and legal requirements better. The companies that adopt this method normally have a localized HR department, which manages the human resources of the company in that country. Many international companies operating their branches in advanced countries like Britain and Japan predominantly adopt this approach for recruiting executives to manage the branches." The polycentric approach uses natives of the host country to manage operations in

their country and natives of the parent country to manage in the home office.

Polycentric predisposition is a philosophy of management whereby strategic decisions are tailored to suit the cultures of the countries where the MNC operates:

6.2.1. Headquarters country personnel have little impact on other countries.

6.2.2. Talent acquisition policies are unique to each country.

6.2.3. Little cross-border movement of talent and skills occurs.

6.2.4. Encourage cross-border knowledge sharing.

6.2.5. Encourage trading complementary talent between countries.

6.2.6. Develop common processes where similarities exist.

### 6.3. Regiocentric Approach

Company's international business is divided into international geographic regions. The regiocentric approach uses managers from various countries within the geographic regions of business. Although the managers operate relatively independently in the region, they are not normally moved to the company headquarters.

The regiocentric approach is adaptable to the company and product strategies. When regional expertise is needed, natives of the region are hired. If product knowledge is crucial, then parent-country nationals, who have ready access to corporate sources of information, can be brought in.

One shortcoming of the regiocentric approach is that managers from the region may not understand the view of the managers at headquarters. Also, corporate headquarters may not employ enough managers with international experience. The regiocentric approach places managers from various countries within geographic regions of a business.

Regiocentric predisposition is a philosophy of management whereby the firm tries to blend its own interests with those of its subsidiaries on a regional basis:

6.3.1. Employees circulate within regions, with a focus on regional business results.

6.3.2. Talent acquisition policies are developed and coordinated within regions.

6.3.3. Talent and skills are developed within regions, with minimal inter-region transfer.

6.3.4. Support succession planning among selected regions.

6.3.5. Encourage cross-region knowledge sharing.

6.3.6. Encourage trading of complementary talent across regions.

6.3.7. Develop global approaches where a business case is strongest.

#### 6.4. Geocentric approach

When a company adopts the strategy of recruiting the most suitable persons for the positions available in it, irrespective of their nationalities, it is called a geocentric approach. Companies that are truly global in nature adopt this approach since it utilizes a globally integrated business strategy. Since the HR operations are constrained by several factors like political and ethnic factors and government laws, it is difficult to adopt this approach. However, large international companies generally adopt the geocentric strategy with considerable success.

For international recruitment, especially on foreign soil, organizations generally use manpower agencies or consultants with international connections and repute to source candidates, in addition to the conventional sources. For an effective utilization of the internal source of recruitment, global companies need to develop an internal database of employees and an effective tracking system to identify the most suitable persons for global postings. The geocentric approach uses the best available managers for a business without regard for their country of origin.

Geocentric predisposition is a philosophy of management whereby the company tries to integrate a global systems approach to decision making:

6.4.1. Employees circulate throughout the global organization.

6.4.2. Talent acquisition policies maximize long-term strength of the global organization.

6.4.3. Talent and skills are deployed globally to achieve global goals while meeting local requirements.

6.4.4. Evaluate and refine global talent acquisition processes based on organizational

impact.

6.4.5. Adjust the global talent acquisition plan to reflect changing global requirements.

6.4.6. Leverage local talent and tools for cost-effective global talent acquisition.

## 7. Alternative Global Staffing

We have seen that international transfers can fulfill a number of very important functions in MNCs. Unfortunately, there are increasing signs that barriers to mobility – especially the issue of dual-career couples – are becoming more and more important, leading to a decline in the willingness to accept an assignment abroad. In addition, sending out expatriates can be very costly. Increasingly, companies are therefore looking for alternatives to global staffing.

Alternative staffing strategies are defined as employer-employee relationships that depart from traditional, full-time, long-term, in-house employment arrangements. While alternative methods are not new, they are becoming increasingly popular because of the advantages they hold for both employees and employers. Alternative staffing methods allow employers the flexibility to respond to fluctuations in the business climate while protecting the job security and morale of their regular, full-time work force. We discuss other type of global staffing as follows:

### 7.1. Inpatriate assignments

One alternative to expatriation is inpatriation, which involves the transfer of subsidiary managers to the HQ for a specific period of time. This would allow key subsidiary managers to get to know the workings of the parent company and build up informal communication networks. It also allows the HQ to inculcate the subsidiary managers into the corporate culture in a more direct way than would be possible by the transfer of expatriates.

Inpatriation is also a useful option if tacit knowledge needs to be transferred from subsidiaries to the HQ and it has the added advantage of exposing parent company managers to an international perspective.

However, inpatriates have to cope with many of the same problems as expatriates, such as repatriation, and, as described above, in other cases even encounter additional problems such as increased adjustment pressures. It is therefore unlikely that they will ever completely replace expatriates.

## 7.2. Short-term assignments

The literature commonly refers to short-term assignments as postings between 1 to 12 months in length. In contrast to traditional expatriate or Inpatriate assignments, the assigned manager is usually unaccompanied by his/her family, thereby avoiding the disruption of relocating entire families. Moreover, selection and preparation procedures for short-term assignments tend to be more informal and ad hoc.

Short-term assignments are particularly useful when specific skills need to be transferred, for example in the scope of multinational project work, or particular problem-solving needs arise. Apart from the increased cost effectiveness, short-term assignments also require less bureaucratic effort and can be executed in a more flexible and timely manner. At the same time, research has highlighted that short-term assignees may fail to develop effective relationships with local colleagues and customers while also facing increased risks of marital problems.

A related but even more temporary staffing option is the use of business trips that may last from a few days to several weeks. These transfers are also frequently referred to in the literature as international business travel or frequent flyers assignments, thereby characterizing work arrangements in which international travel forms an integral part.

Frequent flyer trips are useful for conducting irregular specialized tasks such as annual budgeting meetings or for maintaining personal relationships with key colleagues and customers in the host country. Finally, companies make increased use of commuter and rotational assignments. Whereas the former refers to a work arrangement in which the individual commutes from his/her home unit to a foreign unit on a weekly or bi-weekly basis, the latter concerns alternations of intensive work postings abroad and prolonged periods of leave, as common on oil rigs. Given the increased levels of stress associated with these assignment types, they are unlikely to be maintained over an extended period of time.

## 7.3. Self-initiated assignments

While the traditional view of international assignments has been to focus on the employing organization to initiate the transfer, a growing number of assignees make their own arrangements to find work abroad, facilitated by the introduction of free movement of labor in the European Union and other economic regions. In contrast to the aforementioned types of assignments, these so-called self-initiated assignees are employed on local work contracts. A research identified a series of distinct

characteristics of self-initiated assignments compared to traditional expatriation:

7.3.1. Be slightly younger, single and female.

7.3.2. Work for organizations with a lower focus on international business activities, at lower hierarchical levels and on more temporary contracts than expatriates.

7.3.3. Be motivated to move abroad due to an interest in internationalism and poor employment situations at home.

7.3.4. Receive no repatriation promises and see their relocation as a more permanent move.

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## ***Part Two: Global Assignment and Mobility***

### **1. Purpose of Global Assignment**

Researchers have shown that the reasons why expatriates are sent on assignment may have an impact on job performances, adjustment and roles performed although it is important to note that many assignments generally have more than one rationale while there may be few 'pure' cases whereby assignments have a singular purpose. Generally, there are three key motives for utilizing international transfers:

**Firstly**, when qualified local country nationals were not available, particularly in developing countries, expatriates were used to fill positions.

**Secondly**, organizations use international assignments (IAs) as a means of developing individual employees. This type of assignment is aimed at developing the global competence of the individual manager and indeed organizations utilizing this type of assignee are likely to do so regardless of the competence of employees in the host environment.

**Finally**, IAs could be utilized as a means of organizational development. In this instance IAs are used to transfer knowledge between subsidiaries and to modify and sustain organizational structure and decision process.

Scholars developed a framework for classifying the duration and purposes of international assignments; this is presented below (see the Figure). This differentiation is important because managerial development reasons for the assignment will foster expatriate personal change and role innovation, whereas control reasons will focus attention on the expatriate making personal changes and on role innovation in the subsidiary.

Thus, in learning-driven assignments, the expatriate changes his/her frame of reference to adapt to the new environment and indeed adapt his/her behavior to meet the requirements of the new environment. While in control-driven assignments, subordinates are expected to absorb the new demands of the expatriate manager and change their frames of reference, and further role requirements are adapted to meet the transferred manager's expectations.

Assignment duration	Long	<b>CORPORATE AGENCY</b> Control/Knowledge transfer	<b>COMPETENCE DEVELOPMENT</b>
	Short	<b>PROBLEM SOLVING</b>	<b>BUILDING EXPERIENCE</b>
		Demand-driven	Learning-driven
<b>Assignment purpose</b>			

Different objectives may require **differentiation** in the way international assignments are managed

### The purpose of expatriation

Evans, P., Pucik, P., & Barsoux, J.L. (2002). The global challenge: frameworks for international human resource management. New York: McGraw-Hill.

#### 1.1. Corporate Agency

Traditionally, expatriate assignments were predominately demand-driven. Assignees of this type were considered either position fillers who acted as corporate agents by transferring knowledge or assisting in controlling newly established subsidiaries, or problem solvers. These assignments tend to be longer-term (that is, over three years' duration).

#### 1.2. Problem Solving

Problem-solving expatriates perform similar roles but they are categorized as such by the singular purpose and duration of their assignment, which is determined by the length of time required to complete a specific task. These assignments are generally driven by short-term or startup problems. Demand-driven assignments are usually utilized where there is a lack of suitably qualified host-country national's (HCNs) and are teaching-driven.

#### 1.3. Competence Development

Learning-driven assignments focus on learning rather than teaching. These assignments become more common as subsidiaries develop local managerial and technical capability, and the initial skills gap experienced by the firm reduces. Again, learning-driven assignments can be categorized by duration and purpose. Assignments whose purpose is to increase cross-national, organizational coordination capabilities are generally longer-term assignments with the focus on developing a

global mindset within the organization.

#### 1.4. Building Experience

Finally, organizations are increasingly identifying high potential employees who, as part of fast track career programs, are provided with the opportunity to gain international experience through short-term foreign assignments. These assignments are aimed at enhancing the careers of the employees concerned. In examining the empirical evidence on the utilization of expatriates for demand-driven assignments we can point to a number of key trends.

### 2. Categories of Global Assignment

Different global assignment will vary based on the goals required for the successful completion of each assignment. Below we briefly describe four types of global assignments:

#### 2.1. Technical Assignment

The technical assignment is similar in content to the assignee's domestic position. Technical assignees are in an organizational setting fairly of the setting of the home country. Many of the global assignees on technical assignments describe their work experience as 'quite similar' to what they were doing back home. When technical skills do not exist in one geographic region, a global assignment may be necessary to fill a technical need. It is not expected that these global assignees will have significant interactions with the host nationals working at the subsidiary location — and those interactions that inevitably will occur, will not greatly affect the outcome of the assignment. In other words, the person is being sent for his or her technical skills. These assignments include technicians on an oil refinery, systems engineers on continuation client sites, systems analysts interfacing with a computer system, and the like.

#### 2.2. Functional Assignment

The functional assignment is similar to the technical assignment with one distinct difference — significant interactions with host nationals are necessary in order for the assignment to be deemed successful. As with the technical assignments, functional assignees are sent to fill technical or managerial gaps in host countries. Unlike technical assignees, functional assignees will need to interact with host nationals in order for the assignment to be deemed successful. Given their interaction with host nationals, cross-cultural skills are needed in order for functional assignees to be successful. This type of global assignment is the most common global

assignment.

### 2.3. Developmental Assignment

For some MNCs, sending expatriates abroad on a developmental high potential assignment is consistent with their overall strategic human resource plan. Most organizations that utilize this type of global assignment do so within the context of their managerial development program. These programs are often rotational — with one of the rotations being in another country. While on this type of assignment, the goal is individual development.

### 2.4. Strategic/Executive Assignees

Strategic/executive assignees tend to be high profile (e.g., general managers, vice-presidents) and very senior in the organizational hierarchy. Unlike the junior developmental assignees, the executive assignments are viewed as both developmental and strategic. These strategic assignees are the core 'critical' group of assignees and considered a competitive resource for the organization. They may have the task of entering a new market, developing a country's market base, being the general manager of a joint venture, and the like.

**Types of Global Assignment**

	<b>Technical assignments</b>	<b>Functional assignments</b>	<b>Developmental assignments</b>	<b>Strategic assignments</b>
<b>Developmental component</b>	None	Not a stated goal	Gain a stated set of competencies	Gaining new skills can be a secondary goal
<b>Required intercultural competence</b>	Few, if any required	Required since interaction with host nationals	Not a prerequisite, but develops while on assignment	Strongly required to be successful on the job

<b>Main responsibilities</b>	To complete a job and return home	To complete a job and return home	Sent to other countries, diverse markets, across functions to perform various jobs on a rotational basis	Fill very senior and critical international positions
<b>Typical positions</b>	Individual contributors (e.g. engineers, information technology professionals)	Mid-level functional managers (e.g. sales, training and marketing managers)	Mid-level or junior-level managers	County managers

Source: Caligiuri, P.M., Colakoglu, S. (2007). A strategic contingency approach to expatriate assignment management. *Human Resource Management Journal*, 17(4), 393-410.

### 3. Length of Global Assignment

Today, a company may need many types of international assignments. Their length varies because of the assignment purposes. More and more international assignments result from international business needs and when businesses need experienced leaders in new markets, they often turn to internal assignees. Similarly, when technical workers in support center need training, they may be sent to an established company site in a different country for a period of time, or when an employee is asked to relocate to meet a short-term business requirement, they may opt instead to commute so as not to uproot their family. As the realm of international business grows and changes, so does the variety of international assignments that support it.

PricewaterhouseCoopers categorize assignments into three broad purposes based on different assignment length as the following table:

### Length of Global Assignment Grid

Assignment purposes	Primary business drivers	Length of assignment
<b>Short term business needs</b>	<ul style="list-style-type: none"> <li>• Skills shortage</li> <li>• Rapid deployment</li> </ul>	<ul style="list-style-type: none"> <li>• Over short term</li> </ul>
<b>Control and coordination</b>	<ul style="list-style-type: none"> <li>• Control</li> <li>• Transfer corporate culture</li> <li>• Knowledge transfer</li> <li>• Launch new initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Tends to be medium to long term</li> </ul>
<b>Developmental (strategic)</b>	<ul style="list-style-type: none"> <li>• Planned career development</li> <li>• Global leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Primarily longer term</li> </ul>

Source: PricewaterhouseCoopers LLP (“PwC”)

Here are some popular assignment types based on different length, the business needs they serve, and their key support and policy elements:

#### 3.1. Long-term temporary assignments

Long-term temporary assignments typically span one to three years, though it is not uncommon that they are extended to five years or more. Most companies are focusing on keeping long-term assignments to a five-year maximum as a cost management effort to align with the maximum period of many tax-related totalization agreements (avoiding double taxation of income with respect to social security taxes). Another reason is the recognition that if a business need exists that requires more than a five-year term to address; it may be more effective to consider a permanent solution.

Today, long-term assignments are used to meet a variety of business needs, including global leader development, expansion into new markets or a new facility start-up. Companies considering long-term temporary assignments should establish whether the home country balance sheet approach is the only viable package to use. They may wish to consider the use of a local plus package, where the employee’s

compensation is aligned with the host location norm. Any support elements required, that cannot be addressed through compensation, such as international schooling for accompanying dependents and provisions like home leave that apply only to expatriates, will also need to be measured.

Finally, the linking of long-term assignments and the company's talent management initiatives should be assessed. These assignment types are the most critical and most challenging to connect. Their duration makes 'out of sight, out of mind' an easy option. However, the company's greatest financial investment is in long-term assignments, making the return on investment a business imperative.

### 3.2. Short-term temporary assignments

Short-term temporary assignments are typically between 3 and 12 months, though the limits vary by industry. Another defining characteristic of short-term assignments is the objective or purpose, which is typically to accomplish a specific task or goal, such as to train local staff in a specific skill, or gain technical proficiency from local staff.

The substantive differentiating elements of short-term assignment support are that compensation for short-term assignees typically maintains home country salary and benefits. Because more of the assignee's home country living costs is retained, the differential approach practiced by the home country balance sheet for long-term assignments does not apply. Costs to maintain one's home country housing may also be incurred by short-term assignees and, to mitigate this expense, companies may provide a home maintenance allowance to offset upkeep costs.

### 3.3. Employee requested long and short-term assignments

Employee requested assignments apply to both long and short-term assignments. The key element for the company is that the employee has requested the assignment for their own personal and/or professional reasons. The company may wish to provide support during the assignment but at a reduced benefit level. The main differences in the type of support offered would be the employee may be transitioned to local status for a long-term assignment rather than utilizing the home country balance sheet, and for those who have requested short-term assignments to accompany a spouse then only relocation benefits would be provided, such as travel to/from the host locations and personal goods shipment.

### 3.4. Extended business travel and rotational assignments

Policies addressing extended business travel are growing in popularity. The primary

reason for this is compliance-related. There is a wide variety of extended business travel time limits, but the most common is a minimum of three weeks and a maximum of three months.

The trips' objectives are typically project-based which require an employee to be on-site for an extended period of time, return home and then return to the host location, which can sometimes be repeated over a long period of time. One of the most important elements of extended business travel and rotational assignment support is to track time in the host country to ensure that regulatory parameters are not breached. The governing policy is generally a simplified version of short-term assignment policy, minimizing assistance in areas such as goods shipment and eliminating components such as temporary living, allowances and home leave.

### 3.5. International transfers

International transfers are akin to domestic relocation, with international-related elements added in, and may be used when the duration of the stay is unknown. The key differences between this and a long-term temporary assignment are that home sale and home purchase assistance are often provided for employees undertaking a permanent transfer. International transferees are put on the destination location's payroll and transitional assistance (such as a spouse/partner employment allowance) is typically provided but elements such as education assistance for accompanying dependents are not. Finally, tax return preparation assistance is often provided for the first year of transfer.

### 3.6. Commuter assignments

An employee may commute regularly between their home location and the work site in another country. Because of the need to commute regularly, these assignments are most frequently used intra-regionally.

This option is not suitable for all business needs but is the most effective for project assignments and other tactical initiatives. It offers flexibility and can be more cost-effective, but may also require more frequent review. The support that companies should consider includes furnished accommodation, reimbursement for food and transportation, a home maintenance allowance and a relocation allowance to cover costs such as childcare or currency conversion charges.

### 3.7. Consecutive assignments

Most long and short-term temporary assignments assume the assignee will repatriate to the home location or another permanent location in the home country following

the assignment. For employees undertaking more than one assignment in a row, typically referred to as consecutive assignments, some aspects of temporary assignment support are not effective.

Consecutive assignments are particularly appropriate for strategic initiatives, such as global leadership development, but they are also effective for technical professionals who support facility start-ups for the company. Consecutive assignments are not commonplace in most international assignment programs, but in some companies and industries, there is a cadre of internationally mobile employees for whom a dedicated program is more effective than trying to apply a program designed for a different mobility type.

### 3.8. Developmental assignments

Developmental assignments address strategic needs within a company; to help an employee gain critical skills. They are often utilized for employees identified as high-potential at any point in their career, or they may be specific to early career employees. The duration will vary and can either be single-status or family accompanied. They may also be group-oriented, whereby the company selects a number of employees to undertake the assignment and housing and transportation is shared.

### 3.9. Project assignments

Project assignments are typically used to transfer highly or specifically skilled employees to a location temporarily to accomplish a specific goal and are commonly used for client work, facility build-out, technology rollout and similar initiatives. They are most commonly short-term, although can be long-term depending on the project needs.

The differentiation of an assignment as project-based allows the company to design a support package that specifically meets the needs of the project, rather than a general approach that would meet the needs of a wide array of assignments. This is particularly useful for assignments involving joint ventures or when parameters need to align with a client's program requirements.

### 3.10. Assignments in difficult locations

Difficult locations are typically defined as having living conditions that are far more challenging than those the employee experiences in their home location, such as housing, living standards, remoteness, transportation options, limited education or medical facilities and significant cultural differences. Assignee selection and

assessment may have a larger role in this assignment type to help ensure employees undertaking these assignments are best equipped to handle their rigors.

All the assignment types described have things in common, as well as elements that clearly differentiate them from each other. The challenge for mobility leaders is to determine if the company needs to define a new assignment type and what assistance it should include in its package. Their considerations should include the business reason for an assignment, whether it is a typical reason for the company or different from previous assignments, the timeframe needed to complete the objective, whether the assignment type can be flexible to meet the needs of the assignee, if the employee initiated the assignment request and what the most likely next step for the employee post assignment is.

#### **4. Global Assignment Strategies**

Given that various categories of expatriate assignments will produce different long-term and short-term firm-level results, they can be differentiated strategically depending on an MNC's overarching goals. The differential use of these various categories of expatriate assignments is instrumental for the degree of global integration and local responsiveness the MNC will achieve and the amount and type of knowledge that will be mobilized across borders. For example, the predominant use of developmental and strategic assignments would likely produce a firm-level cross-cultural competence in the senior leadership of global organizations.

The anticipated congruence between international management strategies and different categories of expatriate assignments are described as follows:

##### **4.1. Local strategy**

It follows that firms with a local strategy, trying to make host subsidiaries as locally responsive as possible, will still need to use expatriates to transfer technical and functional knowledge that is not available in the host subsidiaries. Expatriates within these categories go to a host location solely to do a given job and return to their home country. These individuals may be from any level within the organization and developing global competence is not a stated goal of this type of assignment. Although originally it is stated that these types of assignments are available in less-developed countries, some argue that host countries are now more advanced economically and socially, and their workforce is becoming more qualified to hold positions that would have required the expertise of the parent country nationals in the past. However, even though the host country can be advanced economically and has qualified labor, there are always firm-specific technical and functional know-how

that they will lack which needs to be transferred from the parent company.

Even though the MNC employs a local strategy, it will still make use of technical and functional types of assignments. The developmental assignment category is less likely to be used by local strategy MNCs because global integration, and therefore, developing global talent will not be the major concern of these organizations. Similarly, strategic assignments are less likely to be used by local strategy MNCs because subsidiaries in such a strategy are not extensively controlled by headquarters. Therefore, the need for top-level strategic expatriates who will fulfill such a control and coordination role will be low.

#### 4.2. Centralized strategy

Organizations with a centralized strategy attempt to implement the values, policies and culture of the parent company, despite environmental or cultural differences. Controlling the subsidiaries is important and there is not much room for autonomy for the host locations. Similar to organizations with a local strategy, these companies still need to make use of technical and functional assignments to transfer firm-specific knowledge. Unlike the local strategy firms, however, they might be using more strategic assignments in which the expatriates act as mini-headquarters in the subsidiary, thereby achieving direct control over the worldwide operations. As these companies are not much concerned about developing global talent or developing, sharing and mobilizing knowledge across borders, developmental assignments would be less likely than those organizations with a global strategy, which is explained in the following section.

#### 4.3. Global strategy

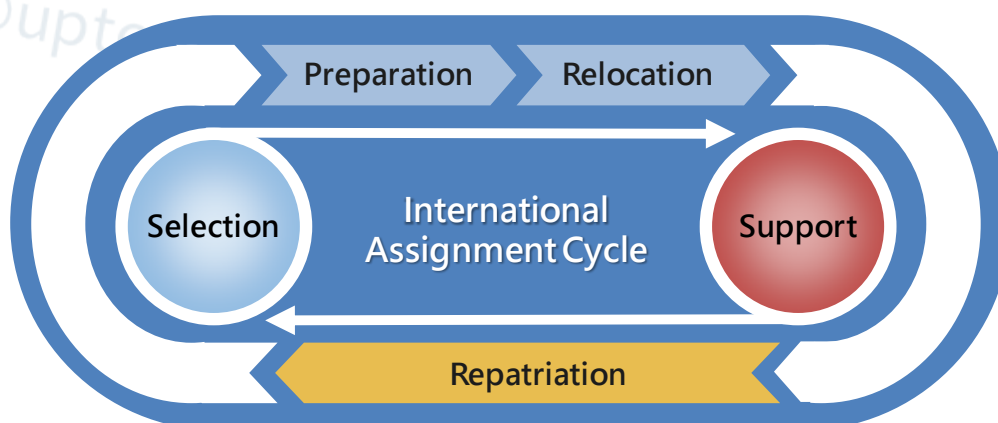
MNCs that employ a global strategy are concerned about recognizing differences and not assuming control at home or in the host locations. These organizations try to integrate the best from all countries into one corporate culture and one global business strategy. In strategic assignments, the expatriates help the creation of a common organizational culture through the formation of an informal communication network throughout the MNC, and by realizing global integration through indirect control mechanisms. As the development of global competence may be another instrument through which this strategy is implemented, these organizations would also make use of developmental assignments in which the organization desires to develop promising talent for future important assignments. Therefore, we would expect that the greatest use of developmental and strategic assignments would be for organizations with a global strategy. In addition, the international experience who gained through expatriate assignments will be highly valued by these firms. They will

specifically focus on development through expatriation and will deliberately make use of the international experience of its managers by placing them in senior positions.

## 5. Global Assignment Process

For ensuring every global assignment processed smoothly, we have to confirm all the necessary steps no matter at the stage of before, during and after the Assignment. There are several phases in the international assignment life cycle, each with different opportunities and challenges. Companies should be aware of each phase so appropriate planning can be implemented. A failed assignment is expensive in many ways as described below:

Please see the below figure as the depicted international assignment cycle:



**International Assignment Cycle**

Source: Heaps, W. (2012). International Human Resource Forum.

### 5.1. Selection: Identifying Business Need and Selecting Employee

Expatriate selection is a multi-faceted subject and that personality characteristics as well as interpersonal skills are very important. Scholars identified four groups of variables that contribute to success or failure on the job and hence should be used to guide selection:

#### 5.1.1. Technical competence on the job.

As in the selection and placement of personnel in domestic operations, this factor is one of the primary determinants of success. It may be even more important for assignments abroad because the individual is located at some distance from the HQ, often the hub of technical expertise, and cannot consult as readily with his/her peers

and superiors on matters related to the job.

#### 5.1.2. Personal traits or relational abilities

This refers to the ability of the individual to deal effectively with his/her superiors, peers, subordinates, business associates and clients. In assignments abroad, this variable greatly influences the probability of successful performance. This factor is not limited to simple knowledge of another culture. The crucial element is the ability to live and work with people whose value systems, beliefs, customs, manners and ways of conducting business may greatly differ from one's own.

#### 5.1.3. Ability to cope with environmental variables

In domestic operations, the ability to identify and cope with environmental constraints, such as governments, unions, competitors and customers, is crucial to effective performance. This same requirement is no less valid in assignments abroad, but the political, legal and socioeconomic structures that constitute the macro-environment in the host country may be very different from the systems with which the expatriate is familiar. This poses problems of adjustment. The expatriate has to understand these systems and operate within them.

#### 5.1.4. Family situation

This refers to the ability of the expatriate's family (the partner in particular) to adjust to living in a foreign environment. Researchers and practitioners are becoming increasingly cognizant of the importance of this factor to effective performance abroad. The situation often becomes even more complex if the partner (male or female) has had to give up a job or even a career to accompany his or her partner abroad.

### 5.2. Preparation: Pre-assignment Planning

Your expatriate assignment is the start of an exciting and challenging phase of your working life. Along with this excitement, comes a range of important issues and opportunities that need to be carefully considered before you depart. That is why you need to plan for your expatriate assignment in advance. In order to prepare individuals, who have been selected for an international posting, and facilitate their adjustment to the foreign culture, diverse cross-cultural training programs have been developed. The content and focus of these programs are contingent upon factors such as:

#### 5.2.1. Assignment cost projection

International assignments are a significant component of the total cost of your global business strategy. Cost projections and annual accruals or forecasting can increase awareness of the actual, real-time costs incurred and can identify anomalies more quickly, in order to make necessary changes before there is a significant cost overrun. Successfully implementing data analytics requires payroll and expense-management counterparts to work closely together to provide timely total cost reporting that can be segmented by level, department, length of assignment, or however the company needs it sliced and diced to make it meaningful.

#### 5.2.2. Tax planning opportunities

Tax laws may vary greatly between countries. Outside vendors have many opportunities to provide a full spectrum of individual international tax services to international assignees with international operations. These services can include planning, compliance and assistance in mitigating the additional tax costs that employees generally incur during offshore assignments. Such work is tailor-made for an outside qualified practitioner. Companies generally do not have the internal expertise to handle the myriad complex issues. In addition, the tax adviser can serve as a third-party referee or arbitrator between the employer and employee. The globalization of the operations of multinational entities (which is likely to accelerate, rather than recede) represents a unique opportunity for tax practitioners to provide interesting, value-added services to clients (and potential clients).

#### 5.2.3. Selecting global mobility partners

Moving your employees can be a daunting process — you need to know that your relocation services partner understands your business needs as well as it understands the mobility industry. A qualified partner of global mobility services can help both the employer and assignee prepare for international relocation through a single point of contact.

#### 5.2.4. Evaluating employee/family needs

At the phase of pre-assignment planning, employers and their outsourced vendor should listen to the needs of the employee and family so they can get a head start on planning for a smooth and rewarding relocation. Moreover, prior to departure, the employee and accompanying dependents must undergo a complete medical examination.

#### 5.2.5. Visa and Work permit application

Visas and work permits are required by most countries and can be obtained with the

Company's assistance in the country of assignment. A business visa is for people who do tasks that cannot be considered work or gainful employment. A work permit is meant for services that would be considered a job or labor of some sort. The point is that global work permits are meant for employment, contracted labor, or any activity that the country would interpret as worthy of income or compensation. Each country around the world has different requirements and follows different application processes to apply for a work permit. Although each country around the world has its own specific business visa and work permit requirements, the general difference between the two should be clear – one involves business inquiry or relations, the other allows foreign nationals to work or earn an income.

#### 5.2.6. Pre-departure training

Pre Departure Training is very important for people who will be sent for the international assignment. To make sure people are already compatible with the company objectives. If it is run well then it will reduce the probability of early return of the expatriates and keep the employee mindset true (for assignment not for vacation). Pre Departure Training will be conducted by the company to train the people who will be sent to the different country and make sure they can adjust with the new environment and perform well.

Pre Departure Training will be conducted in the frameworks of cultural awareness (in daily life and work life), but the other factors also will be included to support their performance.

### 5.3. Relocation

#### 5.3.1. Transition to new location

Moving the expatriates' family, their business, their life to another country is a big challenge. Finding suitable accommodation for the expatriate and their family members will need to be done in advance. The agreement should specify the amount (in addition to salary and other benefits) which will be paid towards rent. The agreement may also specify whether the company is willing to pay for the services of a rent agency to find suitable accommodation. A outsourced agency can provide relocation services directly and manages the process of relocation including arranging necessary documents (visa, long-term stay permissions), finding a new house (accommodation), finding a school for children (education), finding a job for the partner or "trailing spouse", arranging a teacher for the family (language training) and introduce expatriates to the local culture.

#### 5.3.2. Assignment briefings

A pre-assignment briefing on what the employee can expect in their new country will help them settle more quickly. Global HR team should undertake assignment briefings, explain all compensation and technical elements, and act as first point of contact for assignees/HR/business managers on all assignment related issues.

#### 5.3.3. Implementing pay delivery and reporting changes

An expatriate payroll ensures that the worker's benefits are kept the same as they are back in their country of origin. As well as salary, this can cover such areas as tax and holiday entitlement. A further service can include salary splitting, in which a salary can be paid across two forms of currency.

Moreover, to whom will the seconded employee report? Will they still report to their former manager in Headquarters? Alternatively, will they have a line manager in the host country, with a dotted line to Headquarters? Who will conduct appraisals? Who will performance manage an employee? What if there is a disciplinary issue? All of these things need to be considered and documented in advance of the employee being sent abroad.

Despite many organizations' stated policy aim that on-going career links with home country were encouraged and should be maintained, studies found that only one of the participants actually involved both the home and host country management in the annual performance review process and on-going objective-setting. The remainder all had performance appraisals conducted solely in the host location

#### 5.3.4. Certificates of coverage

It is also important to help expatriates to review the policy benefits (what is covered) and exclusions (what is not covered) about their insurance. Global HR team should be able to obtain a "certificate of coverage" which will provide comprehensive details prior to the purchase. Often, some benefits are limited either by the amount of coverage provided for certain treatments or for a period of time. For example, maternity benefits are typically excluded for the first 12 months of coverage. Benefits may also be limited or excluded for travel to certain countries.

### 5.4. Support: Assignment Period

#### 5.4.1. Tax reporting and compliance, including tax protection and equalization

In many cases, the expatriate is expected to fully comply with all applicable tax laws and regulations in the home and the host Countries. Additional responsibilities include: filing timely tax returns, filing final tax returns before departing from Host Country, making proper declarations, and providing accurate and timely

documentation as required in support of such tax returns. The employers may enter into an agreement with an international tax service for assistance in tax consultation, tax compliance, or tax return preparation.

#### 5.4.2. Equity award vesting

Changes to the taxation of share options and restricted shares held by expatriate should be altered. The expatriate's income arising on vesting or exercise should be outside the scope of home country income tax. Designing and operating shares schemes for expatriates are often fraught with tax risks and practical difficulties. Global HR team should get in touch with their vendor contact for expert advice on getting the most out of the share scheme.

#### 5.4.3. Compensation accumulation

Compensation accumulation as well as preparation of wage statements includes international allocation of compensation and benefits. Global HR team can outsource this work to vendors that can handle the collection and reporting of all direct payments made on behalf of the assignees (ex. housing, utility, and auto payments) as needed by your local payroll and/or tax firm.

#### 5.4.4. Employee tracking

For organizations that have employees facing considerable danger, safety is always at the top of the list. There are many ways for companies to increase safety, but one of the simplest is often overlooked. Implementing an employee tracking program is a very effective way to manage risk. An employee tracking program can let you know where each employee is at all times, which could be critical in the event of a natural disaster or political or military upheaval, as well as during a kidnapping incident.

Companies such as International SOS provide comprehensive services based on GPS tracking of employees that can assist "organizations in the design and implementation of integrated risk mitigation solutions. These solutions are designed to proactively manage the medical and security risks associated with overseas travel or assignment.

### 5.5. Support: Post-assignment Planning

Post-assignment— it is as though top management is suffering from international assignments. Management does not quite know how to utilize that experience.

#### 5.5.1. Identifying destination

Clarify objectives before the assignment as well as how knowledge can be used and

what kind of job will be targeted upon return.

#### 5.5.2. Comparing cost projection

As a liaison between expatriates and the rest of the company, HR must balance two sometimes conflicting aims: achievement of corporate goals versus implementation of reasonable and competitive pay packages. Closely analyzing and monitoring both necessary and discretionary expenditures involved in the assignment can help HR simultaneously satisfy top management and expatriate needs. In addition, reconciling estimated costs against actual expenditures allows the company to create a realistic budget for the years ahead and improve global staffing strategy.

#### 5.5.3. Compensation adjustments

On top of the home-country salary, host-country cost of living adjustments are usually made. In many cases, such adjustments are made using the 'no loss' approach: expatriate compensation is adjusted upward for higher costs of living, but is not adjusted downward if the cost of living in the host country is less than in the home country.

### 5.6. Repatriation

Most executives who oversee expatriates view their return home as a nonissue. The truth is repatriation is a time of major upheaval, professionally and personally, for two-thirds of expats. Companies that recognize this fact help their returning people by providing them with career guidance and enabling them to put their international experience to work.

#### 5.6.1. Preparation

Approx. 5-3 month before the expatriate returns to the home country, he or she should be taken through a re-entry phase, followed by actual repatriation. This involves developing plans for the future and collecting information about the new position the expat is likely to occupy after returning home. During the pre re-entry phase, the mentor can play an advisory role in finding the expat a suitable position within the organization. The company may provide a checklist of items to be considered while leaving the host country.

#### 5.6.2. Physical Relocation

This stage involves removal of personal belongings, breaking ties with colleagues and friends and traveling to the next posting, usually the home country. Professional re-entry training should also be given to expat and his or her family that covers social

cultural contrast orientation, an updated political and social issues and changes in the home country, job opportunities for the partner, an evaluation of the experiences in the host culture and the psychological aspects of repatriation.

### 5.6.3. Transition

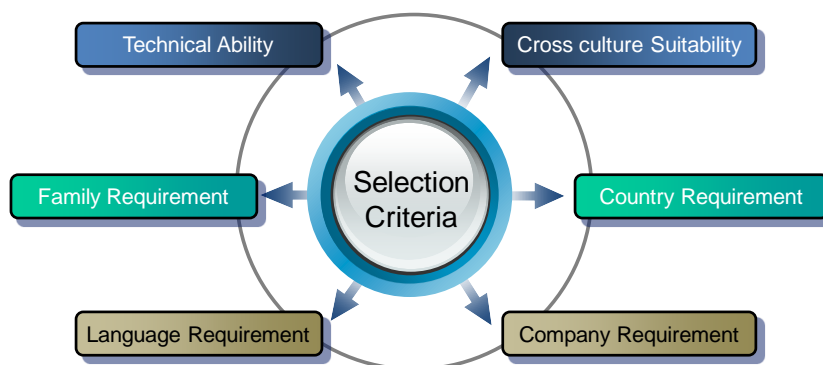
Phase in which the expatriate and his or her family readjust to their return to the home country. Some companies hire relocation consultants to assist in this phase also. Typical activities include acquiring temporary accommodation, arranging for housing and schooling, performing necessary administrative tasks (e.g. renewing driver's license, applying for medical insurance, opening bank accounts)

### 5.6.4. Readjustment

This phase involves coping with reverse culture shock and the expatriate's career demands on the organization. Generally, the more the host country culture differs from the home country culture, the more difficult the re integration process will be. Likewise, the more successful the expat was in the host culture, the more difficult it is to adjust to the work environment at the home base.

## 6. Selecting International Assignees

The primary purpose of the selection process is to choose individuals who will stay for the duration of their global assignments and who will accomplish the tasks for which they were sent overseas.



### Criteria of Selecting International Assignees

Source: Dowling, P.J., Festing, M., & Engle, A.D. (2008). International Human Resource Management: Managing People in a Multinational Context. Thomson, Australia.

## 6.1. Selection Criteria

Developing appropriate selection criteria has become a critical global HR issue. It should be noted that selection is a two-way process between the individual and the organization. A prospective candidate may reject the expatriate assignment, either for individual reasons, such as family considerations, or for situational factors, such as the perceived toughness of a particular culture. It is a challenge for those responsible for selecting staff for international assignments to determine appropriate selection criteria.

The following figure illustrates the factors involved in expatriate selection, both in terms of the individual and the specifics of the situation concerned. It should be noted that these factors are inter-related.

### 6.1.1. Technical Ability

Naturally, the person's ability to perform the required tasks is an important consideration. Technical and managerial skills are therefore an essential criterion. Indeed, researches consistently indicate that multinationals place heavy reliance on relevant technical skills during the expatriate selection process. This is not surprising given that 'position filling' is the most common reason for an international assignment. Reinforcing the emphasis on technical skills is the relative ease with which the multinational may assess the candidate's potential, as technical and managerial competence can be determined on the basis of past performance. Since expatriates are predominantly internal recruits, personnel evaluation records can be examined and checked with the candidate's past and present superiors. The dilemma though is that past performance may have little or no bearing on one's ability to achieve a task in a foreign cultural environment.

### 6.1.2. Cross-Cultural Suitability

The cultural environment in which expatriates operate is an important factor in determining successful performance. Apart from the obvious technical ability and managerial skills, expatriates require cross-cultural abilities that enable the person to operate in a new environment. There appears to be a consensus that desirable attributes should include cultural empathy, adaptability, diplomacy, language ability, positive attitude, emotional stability and maturity.

In practice, while inter-cultural competence is recognized as important, it is difficult to precisely define what this comprises, let alone assess a candidate's suitability in this regard. One has to take into consideration aspects such as the individual's personality, attitude to foreigners, ability to relate to people from another cultural

group and so on. Multinationals may indicate that, for example, relational abilities are an important expatriate selection criterion, but few will assess a candidate's relational ability through a formal procedure such as judgment by senior managers or psychological tests.

### 6.1.3. Family Requirements

The contribution that the family, particularly the spouse, makes to the success of the overseas assignment is now well documented, as we mentioned above in relation to the impact of the accompanying spouse/partner on early return. Despite the importance of the accompanying spouse/partner, the focus has been on the expatriate. From the multinational's perspective, expatriate performance in the host location is the important factor. However, the interaction between expatriate, spouse/partner and family members' various adjustment experiences is now well documented.

It should be pointed out the spouse (or accompanying partner) often carries a heavy burden. Upon arrival in the country of assignment, the responsibility for settling the family into its new home falls on the spouse, who may have left behind a career, along with friends and social support networks (particularly relatives). In developing countries, the employment of house servants is quite common but this is an aspect of international living that many Westerners from developed countries have some difficulty adjusting to. It is often not possible for the spouse/partner to work in the country of assignment and the well-being and education of the children may be an ongoing concern for the spouse. Though the majority of spouses are female, accompanying male spouses/partners face similar problems of adjustment. In fact, when one adds cultural adjustment problems to such a situation, it is perhaps not so surprising to find that some couples seek to return home prematurely.

Apart from the accompanying partner's career, there are family considerations that can cause a potential expatriate to decline the international assignment. Disruption to children's education is an important consideration, and the selected candidate may reject the offered assignment on the grounds that a move at this particular stage in his or her child's life is inappropriate. The care of aging or invalid parents is another consideration. While these two reasons have been noted in various studies, what has been somewhat overlooked is the issue of single parents. Given increasing divorce rates, this may become a critical factor in assignment selection and acceptance where the custody of children is involved. The associated legal constraints, such as obtaining the consent of the other parent to take the child (or children) out of the home country, and visiting/access rights, may prove to be a

major barrier to the international mobility of both single mothers and single fathers.

#### 6.1.4. Country/cultural Requirements

International companies are usually required to demonstrate that a HCN is not available before the host government will issue the necessary work permit and entry visa for the desired PCN or TCN. In some cases, the multinational may wish to use an expatriate and has selected a candidate for the international assignment, only to find the transfer blocked by the host government.

Many developed countries are changing their legislation to facilitate employment related immigration that will make international transfers somewhat easier – for example, the European Union Social Charter allows for free movement of citizens of member countries within the EU. It is important that HR staff keep up-to-date with relevant legislative changes in the countries in which the MNE is involved.

An important, related point is that generally a work permit is granted to the expatriate only. The accompanying spouse or partner may not be permitted to work in the host country. Increasingly, multinationals are finding that the inability of the spouse to work in the host country may cause the selected candidate to reject the offer of an international assignment. If the international assignment is accepted, the lack of a work permit for the accompanying spouse or partner may cause difficulties in adjustment and even contribute to failure. For these reasons, some multinationals provide assistance in this regard.

Further, the host country may be an important determinant. Some regions and countries are considered 'hardship postings': remote areas away from major cities or modern facilities; or war-torn regions with high physical risk. Accompanying family members may be an additional responsibility that the multinational does not want to bear. There may be a reluctance to select females for certain Middle East or South East Asian regions and in some countries, a work permit for a female expatriate will not be issued. These aspects may result in the selection of HCNs rather than expatriates.

#### 6.1.5. Company Requirements

Situational factors often have an influence on selection decisions. For example, the MNE may consider the proportion of expatriates to local staff when making selection decisions, mainly as an outcome of its staffing philosophy. However, operations in particular countries may require the use of more PCNs and TCNs than would normally be the case, as multinationals operating in parts of Eastern Europe and China are discovering. This will affect the selection ratio – that is, PCN, TCN, HCN.

Other situational factors include the following:

**The mode of operation involved.** Selecting staff to work in an international joint venture may involve major input from the local partner, and could be heavily constrained by the negotiated agreement on selection processes.

**The duration and type of the assignment.** Family members tend not to accompany an expatriate when the assignment is only for three to six months, so family requirements would not normally be a relevant factor in the selection decision in such cases.

**The amount of knowledge transfer inherent in the expatriate's job in the foreign operation.** If the nature of the job is to train local staff, then the MNE may include training skills as a selection criterion.

#### 6.1.6. Language Requirement

The ability to speak the local language is an aspect often linked with cross-cultural ability. However, we have chosen to stress language as situation-determined in terms of its importance as a factor in the selection decision. Language skills may be regarded as of critical importance for some expatriate positions, but lesser in others, though some would argue that knowledge of the host country's language is an important aspect of expatriate performance, regardless of the level of position.

Another component to language as a situation factor in the selection decision is the role of the common corporate language. Many multinationals adopt a common corporate language as a way of standardizing reporting systems and procedures. This is not, perhaps, an issue for PCN selection within multinationals from the Anglo-Saxon world (Britain, the USA, Canada, Australia and New Zealand) where the chosen corporate language remains the same as that of the home country. However, it becomes an expatriate selection issue for multinationals from non-English-speaking countries that adopt English as the corporate language, unless the posting is to a country with a shared language. For instance, a Spanish multinational, using Spanish as the corporate language, selecting a PCN to head its new subsidiary in Mexico, does not face the same language issue as a Spanish multinational, with English as its corporate language, selecting a PCN to its US facility. For the latter, fluency in English would be required. Lack of fluency in the corporate language, therefore, can be a selection barrier. Prospective candidates may be eliminated from the potential pool due to a lack of at least competency in the common language. Language ability therefore may limit the MNE's ability to select the most appropriate candidate.

## 6.2. Selection Checklist

In selection stage, the need for an international assignee should be identified, then find the right candidate, and gain approval for the assignment.

### 6.2.1. Identify Candidates

This is one of the most crucial steps for an international assignment – finding the right person for the job. Both the technical job requirements should be considered as well as any special skills such as languages that might be required. Remember, assignments are expensive so it is crucial to make sure the investment is sensible. Therefore, always consult the outputs from the career and succession planning process to see if there are candidates in need of an assignment to further their agreed upon career plan. Be sure to take into account any location-specific limitations, such as lack of schools, security risks, and other situations that make normal family living difficult. Also, be sure to involve line management and HR staff together in identifying the potential candidates.

### 6.2.2. Evaluation and Assessment

Apply the standard assessments used to select people for any position in the company. In addition, however, special consideration should be given to a candidate's suitability for an assignment. This includes an assessment of their personality and cultural awareness, to try and predict how successful they would be in the new environment. How well does the candidate deal with uncertainty and change? Are they comfortable operating in unfamiliar territory? Is their operating style compatible with local culture?

What about their family? It has been proven over and over that a family that is unhappy on assignment usually causes the assignment to fail or at least terminate prematurely. So be sure the assessment covers the spouse and children, too. It will probably be better to assure some confidentiality of the results, with no details being shared other than a basic assessment by an external consultant of the likelihood of success and a "go/no-go" recommendation.

### 6.2.3. Final Candidate Selection

Now it is ready to meet with line management and together select the best candidate for the position. Be sure to take into account all of the considerations, both the "hard" and "soft" ones. Pay special attention to the potential impact on the candidate's career plan. While many organizations would look at costs as part of the decision, be noted that choosing the right candidate first, and assessing the cost

implications separately as part of the approval process that follows selection. Too often, companies choose candidates based on cost as the primary consideration, which often results in sub-optimal results.

#### 6.2.4. Assignment Approval

The best candidate has been identified based on a holistic assessment that considers technical knowledge, personality, cultural fit, career plan and family considerations. The final step is to do a budget for the assignment. The usual approach is to run a cost projection. There are many ways to do this. The most common approach is to work with the company's outside tax consultant; this generally requires a great deal of information as inputs, but yields a very complete picture of the total assignment costs. Another alternative is to use a system which estimates costs based on normative data. After all, you do not need the entire, detailed budget until the assignment is finalized by both the company and the employee.

#### 6.3. Selection Tests

Although there is a consensus among scholars and practitioners that personal characteristics (or traits) are important, there is considerable debate about how such personal characteristics can be reliably and accurately measured. Personality and psychological tests have been used in the selection process, but the effectiveness of such tests as predictors of cultural adjustment is questioned. For example, though desirable personality traits are specified and recommended, the tests or criteria to assess these traits are seldom convincingly validated. Likewise, if tests are used they should be selected with care and regard for reliability and validity because, while some tests may be useful in suggesting potential problems, there appears to be little correlation between test scores and performance. It is important that HRM staffs in all locations are aware of the debate surrounding the use of selection tests, particularly the culture-bound nature of psychometric tests designed for PCNs.

Another constraint is that in some countries (the UK and Australia for instance) there is controversy about the use of psychological tests. There is also a different pattern of usage across countries – the use of such tests is very low in Germany. The difficulty of predicting success, then, seems to be related to the lack of valid and reliable screening devices to identify, with certainty, managers who will succeed in a foreign assignment. The crucial variables affecting the adjustment of the individual and family are not only difficult to identify or measure, but the complex relationship between personality factors and ability to adjust to another culture is not well understood.

Another drawback of expatriate selection based on traits or characteristics is the subjective nature of the scoring of abilities, especially those classified as personal and environmental characteristics. Nevertheless, models derived from this approach have value in that they provide some guidelines that can be applied during the selection process, rather than mere reliance on the potential manager's domestic record as a predictor.

### Checklist of International Assignee Selection

Activities	Considerations	Responsible Parties
<b>Identify Candidate</b>	<ul style="list-style-type: none"> <li>• Internal or external?</li> <li>• Job profile updated</li> <li>• Special skills (e.g. technical skills, language ability, etc.)</li> <li>• Location specific limitations (e.g., unaccompanied assignments only)</li> <li>• Succession planning outputs</li> </ul>	<ul style="list-style-type: none"> <li>• Internal HR</li> <li>• Business Leaders</li> <li>• Outside recruiters (if necessary)</li> </ul>
<b>Evaluation and Assessment</b>	<ul style="list-style-type: none"> <li>• Selection of candidates based on job fit</li> <li>• Assessment of suitability for international assignment (employee and family)</li> </ul>	<ul style="list-style-type: none"> <li>• Line Managers, under the guidance of Internal HR</li> </ul>
<b>Final Candidates Selection</b>	<ul style="list-style-type: none"> <li>• Combination of job fit, career profile and cultural fit</li> <li>• Assignment should fit with likely career plan and enhance future career options</li> </ul>	<ul style="list-style-type: none"> <li>• Line Managers, under the guidance of Internal HR</li> </ul>
<b>Assignment Approval</b>	<ul style="list-style-type: none"> <li>• Cost projection developed and reviewed</li> <li>• Final assignment approval obtained</li> </ul>	<ul style="list-style-type: none"> <li>• External tax consultant</li> <li>• Global mobility staff (internal or external)</li> <li>• Internal HR and Line Managers</li> </ul>

Source: Heaps, W. (2012). International Human Resource Forum.

## 7. Assignment Preparation

Assignment Planning (Preparation) includes the key steps which must be followed after the candidate is selected for assignment and management has approved the move. Now, it is time to delve into the specifics and develop a more detailed budget, along with strategic planning for tax savings and ensuring compliance with immigration requirements. Here is a checklist for this stage:

### 7.1. Gather Employee and Family Information

There is a lot of information that is needed to move forward with assignment planning, and sometimes it may not be in the HR system. The biggest task is to gather complete family information, in order to provide inputs into the draft compensation calculation, and to those coordinating relocation, immigration and visas, and benefits. It is necessary to make sure the assignee and family members have proper immunizations and valid passports. If there are multiple policies, select the one that applies to the move, and gather the necessary data from the expatriate data provider on Cost of Living Allowance (COLA) and housing differentials, hardship pay, etc. It is needed to schedule a tax consultation, too, using the assignee and family information, plus additional details from the assignee that remain confidential between the assignee and the provider.

### 7.2. Draft Compensation Calculation

A draft compensation calculation (usually a balance sheet approach) is a key element, as it is used to communicate the details of the assignment package to the assignee as well as for tax planning and budgeting purposes. This is the time to assess any adjustments needed to benefits coverage and identify any shortfalls. The company's tax provider will need software to make the proper estimates for hypothetical tax and for tax planning. Of course, the compensation calculation is the one piece of information the assignee really wants to review and understand, and probably negotiate, too.

### 7.3. Prepare for Relocation

Not only is the assignee taking a new position in a new country, the family is relocating, too. It is a complex and hectic time. Most companies enlist the help of a relocation firm to work closely with the assignee and the family to ensure a smooth transition. In this step, the relocation firm might review policies, take stock of the household goods situation, and explain options for shipment and storage. On the

assignment side, this is also the time to explain housing options in the new location, and the budget. Many companies provide medical exams, security briefings and cultural training. Finally, a pre-assignment trip is often provided, to find housing, enroll children in school, and generally get a good orientation to the new location. Do not forget about pets!

#### 7.4. Assignment Approval

The last step in this stage is Assignment Approval. This means obtaining the final sign-off on budgets and cost projections, normally prepared by the tax provider. Tax planning – a proactive approach to minimize tax costs of the assignment, should also be considered. There are many techniques to reduce tax costs by making simple changes to contract language, payroll arrangements or social security coverage.

Sometimes changing the timing of an assignment by 30 days or less can result in huge first year tax savings. If tax planning has been applied consistently for every assignment, it will generate significant savings, far in excess of the costs the company may incur from the provider, but it does require a disciplined approach and some flexibility from the company with regard to timing of assignments and allocation of costs.

#### Checklist of International Assignment Preparation

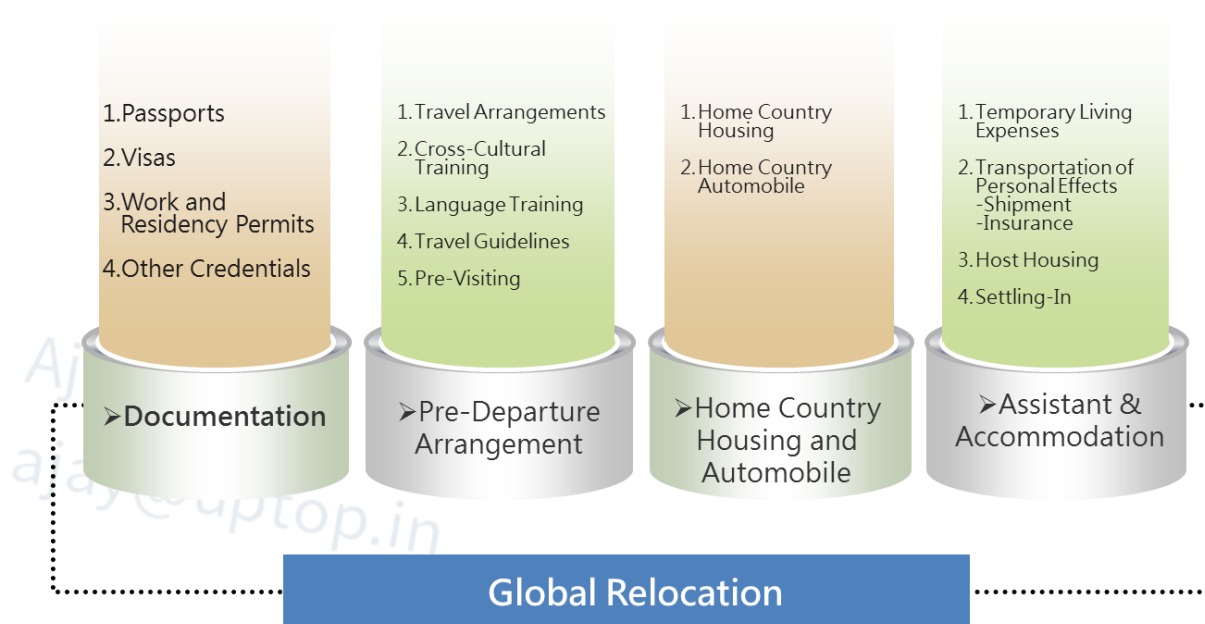
Activities	Considerations	Responsible Parties
<b>Gather Expatriate Information</b>	<ul style="list-style-type: none"> <li>Information needed to run projections, such as family size, children’s schooling needs, and personal documentation such as passports and immunizations</li> <li>Applicable policy must be selected</li> <li>Expatriate COLA, housing and hardship amounts must be obtained from your data provider</li> <li>Tax interview to gather personal information that impacts tax costs of the</li> </ul>	<ul style="list-style-type: none"> <li>Global Mobility staff</li> <li>External tax consultant</li> <li>Expatriate data provider</li> <li>Approval of applicable policy obtained from Line Management</li> </ul>

assignment		
<b>Draft Compensation</b>	<ul style="list-style-type: none"> <li>• Create compensation calculation for review with employee</li> <li>• Review implications for benefits coverage, and identify any shortfalls</li> </ul>	<ul style="list-style-type: none"> <li>• Global Mobility staff</li> <li>• Internal benefits staff</li> <li>• External provider, if used</li> <li>• External tax provider (for hypothetical tax)</li> </ul>
<b>Prepare for Relocation</b>	<ul style="list-style-type: none"> <li>• Distribute policy to employee and spouse (web access is best)</li> <li>• Schedule assignment orientation Plan for pre-assignment visit and house hunting trip</li> <li>• Review key aspects of relocation policy, including shipment limitations, policy on home sale or rental, cars, pets, schooling, etc.</li> <li>• Review housing budget, expectations and requirements</li> <li>• Provide medical and security briefing</li> <li>• Provide access to cultural information and appropriate training</li> </ul>	<ul style="list-style-type: none"> <li>• Global Mobility staff</li> <li>• External relocation provider, if used</li> <li>• Detailed housing and COLA data from expat data provider</li> <li>• Occupational health department</li> <li>• Corporate security or outside security expert</li> <li>• Cross cultural provider</li> <li>• Coordinate between home and host HR and payroll</li> </ul>
<b>Assignment Approval</b>	<ul style="list-style-type: none"> <li>• Cost projection developed and reviewed</li> <li>• Final assignment approval obtained</li> </ul>	<ul style="list-style-type: none"> <li>• External tax consultant</li> <li>• Global mobility staff (internal or external)</li> <li>• Internal HR and Line Managers</li> </ul>

Source: Heaps, W. (2012). International Human Resource Forum.

## 8. Relocation and Mobility

Once the assignment has been approved, there are further details need to be arranged for relocation:



### Global Relocation

Source: Pepsico Global Talent Services

#### 8.1. Passports, Visas, Work and Residency Permits

Depending on the assignment type and the origin and assignment locations, a work permit/visa and residence permit may be necessary before a non-citizen can live and work in the assignment country for an extended period of time. As a result, application of the work permit/visa must be initiated upon acceptance of the new assignment. It is critical that the company or assignees must provide all the required documentation as soon as possible. The work permit process may take around six weeks to six months, or longer, depending on the host location regulations and requirements. The work permit/visa is an endorsement added to a passport by a foreign embassy official denoting that the required credentials have been issued and the bearer is authorized to enter, live, and work in the country for a specified period of time. Assignees are also responsible for ensuring that passports and travel documents are valid while living in the host location. The company will pay for and/or reimburse the cost of obtaining the work permits and visas. Reimbursement of reasonable expenses associated with obtaining proper visa documentation includes:

immunizations, insurance above and beyond normal coverage, transcript(s), and certified copies of birth certificates, marriage licenses, divorce decrees, and visas. The company will not cover expenses associated with obtaining a passport. It is important to note that in many countries, importation of household goods is not permitted until the proper visa/work permit has been granted.

## 8.2. Travel Arrangements

The company or assignees are responsible for making the travel arrangements, either through their own travel company or they may schedule travel through one of the company's primary travel agencies. If they are interested in having their airfare directly billed to the company, this can only be accomplished through certain travel agencies. If they are scheduling their travel personally, expenses should be charged to their personal credit card. The company will reimburse all relocation-related travel expenses. Transportation to and from the airport will also be reimbursed. Do not charge these expenses to the corporate credit card. With the exception of Home Leave (i.e., trips home during the assignment), trips that are less than a defined duration (i.e., four hours) are approved for Economy Class travel. Trips in excess of this duration are approved for Business Class travel. A trip is considered the complete time from origin to destination, regardless of interim stops or plane changes. If car rental is applicable, cars should be rented through one of the company's preferred rental car providers in order for vehicle insurance to be included. If a company-preferred rental car provider is unavailable, you are required to purchase the damage insurance. The company will reimburse the insurance coverage.

## 8.3. Cross-Cultural Training

To ensure that assignees are familiar with the culture and local customs in their assignment country, the company provides them with one or more days of cross-cultural training. Assignees are strongly encouraged to participate in this training, which can be arranged in either the home or host country. This training will prepare assignees for the cultural differences between their home and host locations and assists in building the skills needed for living day-to-day in the new environment. Through this training, assignees will learn about the host country's history, typical business and social practices, current events and economics, housing and local customs. Keep in mind that cultural differences exist even where the same language is spoken.

## 8.4. Language Training

In order to ensure that assignees are able to effectively communicate in the language

of the assignment country, the company usually provides assignees with hours of language lessons. Typically, the initial language training should begin prior to arrival in the host country. Emphasis is placed on verbal and written communication skills and is generally provided through a total immersion program.

#### 8.5. Final Trip Travel Guidelines

Assignees are authorized for one-way travel using the most direct route to the assignment location. If any part of the trip lasts more than several hours (i.e., eight hours), the company should pay for a one-night stopover. Reimbursable stopover expenses include transportation to and from the airport, local hotel and meals only. Side trips to other locations are prohibited from reimbursement. Expenses should be submitted for reimbursement. Travel Accident Insurance is provided by the company while assignees are in transit from their old location to your new location.

#### 8.6. Home Country Housing

For unaccompanied international assignments, the company expects that they will retain their primary residence and that their family (if applicable) will remain in the home country residence. No assistance in selling the home or lease cancellation will be provided by the company. Additionally, no assistance with home finding or reimbursement of expenses associated with home finding (i.e., closing costs or renter finder's fee) will be provided at the end of your assignment.

#### 8.7. Home Country Automobile

The same as Home Country Housing, the company often does not ship, store or assist with selling personal automobiles.

#### 8.8. Temporary Living Expenses

The company will cover reasonable expenses associated with up to a maximum of several days (i.e., seven days) of temporary living in a company-approved hotel, if the corporate apartment cannot be made ready for your arrival. This includes the cost of lodging, meals, and rental car (if no company car or car allowance is provided). Non-move related expenses will be the employee's responsibility.

#### 8.9. Transportation of Personal Effects

The company will pay for expenses associated with moving assignees' personal items through reimbursement of excess baggage, or an air shipment, depending on the length of the assignment. The company has pre-selected moving companies to provide this service to them. It is important to note that in most countries the

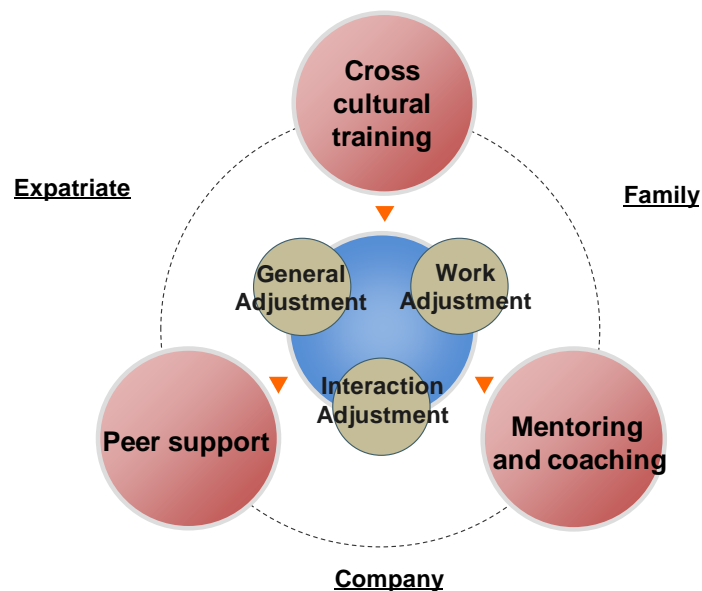
shipment of belongings is not permitted until the proper visa/work permit has been granted. Their moving coordinator can discuss timeframes and the host country requirements with you.

#### 8.10. Insurance

The company will provide insurance, at replacement value, for personal items while in transit. If an item is damaged, the insurance company will determine if the items can be repaired. If the item cannot be repaired, a replacement will be made with material of like kind and quality. Assignees are required to complete an inventory list prior to the move. All insurance claims must be submitted within ninety days from the date you accept delivery. If assignees do not submit a claim within the ninety-day timeframe, their claim will not be paid.

### 9. On-going Support

Research strongly suggests that support for expatriates is crucial for the success of the international assignment. In general companies have acknowledged this when it comes to traditional long term assignments but when it comes to other types of international assignments, the research shows a lack of HR support.



#### On-Going Support During the Assignment

Source: Tilli, S. (2013). Expectations vs. reality of expatriate support activities in the case company X. University of Applied Sciences.

Overall, it has been established that an expatriate needs support throughout the international assignment unless he is meant to be localized in the host country after the assignment. The challenges to adapt to one's new work tasks are increased as the expatriate has to adapt simultaneously to a new culture and basically a new life. Evidence shows that expatriates appreciate the support they receive but as the support does not match their expectations; expatriates often feel that they do not receive enough support. Prior international assignment experience causes expatriates to put more importance on those support activities that they have received before than first-time expatriates.

Understandably HR is required to be more involved with the personal life of an expatriate as it is not merely the expatriate, but his/her family as well, that will be in need of support from the company. Supporting expatriates and their families should be a key function of HR and in increasing amount of companies, it is so. Those companies recognize that HR support affects positively staff performance and well-being.

#### 9.1. General/Work/Interaction Adjustment

Studies show that expatriates face three types of adjustment challenges: general adjustment, work adjustment, and interaction adjustment. General adjustment covers living conditions and host country culture. Work adjustment covers job satisfaction with international assignment position and tasks. Interaction adjustment covers interacting with locals in host country.

Support is expected both from the home unit and the host unit. The home unit is responsible for benefits and compensations, and pre-departure support activities. These actions contribute to facilitating general adjustment. The host unit should provide support in daily activities. Expatriates expect logistical support. Host country support actions provide continuous adaptation throughout the international assignment. In particular host unit support facilitates work adjustment and interaction adjustment. The distribution of roles between the home and the host unit is important as expatriates make the differentiation that in turn reflects on the perceived employer supportiveness.

#### 9.2. Cross-cultural training

Having the necessary technical skills is not enough to manage an international assignment successfully. A lack of support may result in an expatriate's inability to adapt to the new environment. Furthermore, a lack of support may cause the expatriate to return premature or even to leave the organization after repatriation. The latter appears as a consequence because lack of support and communication will raise fear in the expatriate of being forgotten and isolated from the home unit, which

in turn creates a negative impact on their expected careers. Support activities to expatriates can be manifold. The most known one is cross-cultural training (CCT). Some obvious services are language training and practical training. An additional support activity is offering the expatriate in preparation a preliminary visit in the host country. This service is becoming common among MNCs. Important note is to remember that expatriates can be encouraged to take an active role in asking for support from employer.

CCT's (cross-cultural training) purpose is to help people to communicate with people from other cultures and to build relationships with them. It prepares people to handle unexpected situations in another culture. Its objectives are to teach people to see issues from the perspective of a person from another culture, to reduce stereotyping and teach people to realize their own prejudices, and to teach appropriate behaviors. A scholar lists out six essential practical skills that are needed in close to all cultural settings, thus making them the backbone of CCT:

- The correct greeting behaviors
- The correct nonverbal behaviors
- Host culture-friendly means of expressing opinions and ideas
- What are appropriate topics and how to avoid discussions that one feels are inappropriate
- How to respond to others' opinions in an appropriate way
- Active listening, paraphrasing, and questioning

CCT provides preparation for cultural adjustment and business exercises. Cultural adjustment is built up from knowledge of culture, positive attitude towards that culture, and appropriate behaviors. Most common methods used in CCT are experiential learning and methods to change behavior. Other methods available are role-plays, case studies, culture assimilations, and videos and discussions.

CCT is usually provided as culture-general program or culture-specific program. A CCT tends to include parts from both but there is always a strong emphasis on one of the two and not a balanced emphasis on both. Culture-general programs educate about practices and communicative behaviors in diverse cultures. Culture-specific programs are, as the name suggests, programs that provide information on practices and communicative behaviors in a specific culture. Studies show that culture-specific programs are more beneficial. They increase expatriates' effectiveness in general and in managing foreign subsidiaries, and job performance.

A study found that cross-cultural training improves general adjustment, work adjustment, and interaction adjustment. Additionally they found that international experience facilitates work adjustment. However, they believe that CCT has more benefits to an expatriate without prior international experience.

Research suggests that CCT would be most effective in-country, after arrival. In-country expatriates will receive direct feedback. Pre-departure training has also been identified effective, especially those that create cultural awareness and positive attitudes in the expatriate. Pre-departure CCT is most commonly used in MNCs as there is evident support that pre-departure training facilitates expatriate's adjustment in the new culture.

### 9.3. Mentoring and coaching

A mentor is someone a person learns from. A coach is someone a person learns with. A mentor is a resource. A coach helps the performer to do more. A mentor provides an expatriate with information and expectations of the organization. A coach helps an expatriate to achieve during his/ her international assignment.

There are many objectives to mentoring and coaching. Here are some that are beneficial to an expatriate:

- to encourage flexibility and persistence.
- to create responsive crisis management and conscientious crisis prevention.
- to facilitate team work and mutual support.
- to allow adaptability and responsiveness to change.
- to encourage perseverance and resilience.

A mentor is required to have the necessary business field knowledge and experience. A mentor is rather a teacher that should be able to tell the expatriate what he/she needs to do. An important attitude in a mentor should be the feeling of being secure in his/her position, so that the developing expatriate will not turn into a rival at any point in the mentoring relationship. A mentor provides representations and liaison, options advice, and skills analysis, for example.

A coach is required to have the experiential learning of achievement. He/she does not need to be an expert in the business field. A coach should be supportive, nurturing, empathetic, open, responsive, and trusting. With these attributes the coach can act as a guide to the expatriate, to help the expatriate to overcome barriers. A coach would let the expatriate find a way to success, not tell him/her what

to do to get there.

During an international assignment, an expatriate will face many people problems, some due to cultural differences. Many of the people problems can be overcome with the help of a coach, who can discuss the issues with the expatriate. Even in uncoachable situation, the coach can aid by asking questions from the expatriate that would facilitate the expatriate's motivation to take steps into solving the problem.

Researchers suggest that a network of mentors would be most beneficial to an expatriate. Naturally, managing multiple mentoring relationships is an additional challenge to an expatriate but they believe that the benefits outweigh the challenges.

Mentoring relationships can be either formal or informal. Formal relationships are initiated by the employer. They are often short-term and scheduled. Informal relationships are born naturally. They are often long-term and proceed irregularly. At occasions formal relationships may be regarded as a compulsory additional task that hinders the positive effects of a mentoring relationship.

Mentoring relationships can be either hierarchical or peer. Hierarchical mentors could also be considered coaches. They provide career advice, work-related support, protection, and counseling. Peer mentors provide psychosocial support and personal feedback. A study points out that expatriate may be more welcoming to what a peer mentor has to say than to what a hierarchical mentor has to say. Expatriates needs regulate at what point of time and for what purpose is what type of mentoring relationship most beneficial. Researchers have studied the difference between home country mentor and host country mentor in relation to expatriate effectiveness. Home country mentors have a positive effect on job performance and promotability. It had a negative effect on job satisfaction and organizational identification. Host country mentors have a positive effect on promotability, expatriate organizational knowledge, organizational knowledge sharing, teamwork and performance. To meet all the needs of expatriates, both mentors, home country and host country mentor, are necessary.

#### 9.4. Peer support

Peer support is "social support that is based on experiential knowledge which is given and received between people in similar situation". The purpose of peer support is that a person does not need to feel alone as he/she can gain support and advice from a group of people that are experiencing similar situation as him/her. The role of each person in individual support (pairs) and collective support (group) is to be a

supporter and to be supported. The amount of support given and received can be balanced or imbalanced. The most crucial part of peer support is the ability of active listening from all participants.

Peer support group differentiates from other groups by being personally involving and without professionals. It differentiates from other support groups by including supportive environment, reciprocity, feeling of togetherness, and group response to all members.

Researchers advocate the usefulness of peer support based on four factors. First, the personal learning from experience can be used to give guidance and strength to others. Second, every member can give and receive. Third, progress happens according to possibility. Fourth, the support is based on experience rather than outsider's knowledge.

Expatriates can receive two types of peer support: from other expatriates and from colleagues in host country. Other expatriates can offer support in handling cultural adjustment and colleagues in host organization can offer friendship and assistance. A researcher argues that there is evidence of positive relationship between support from colleagues and interaction adjustment. Peer support from expatriates provides psychosocial support through understanding and confirmation. Expatriates need them to ease the stress of handling new situation. Company colleagues provide career support.

Social support is "the availability of helping relationships and the quality of those relationships". Stress management scholars believe that social support is useful in new situations, like moving to live and work in a new country. Social support positively affects the stress and uncertainty associated with new situations.

Language barriers may cause difficulties in interacting with locals but in many cases the effort to overcome them are worth the results. A scholar mentions that "learning occurs through communication with members of the host country". Local network will aid in cultural adjustment and work issues, but in future it can provide further career benefits as well.

## **10. Managing Repatriation**

Repatriation refers to the homecoming of an expatriate after completing his or her assignment in a host country. Bringing expatriate employees home and back into full participation in the company remains a difficult problem for many organizations.

## 10.1. Reasons of Repatriation

10.1.1. Most Common Reason: The period of posting got over.

10.1.2. Second Common Reason: The expats want their children study in a home country school.

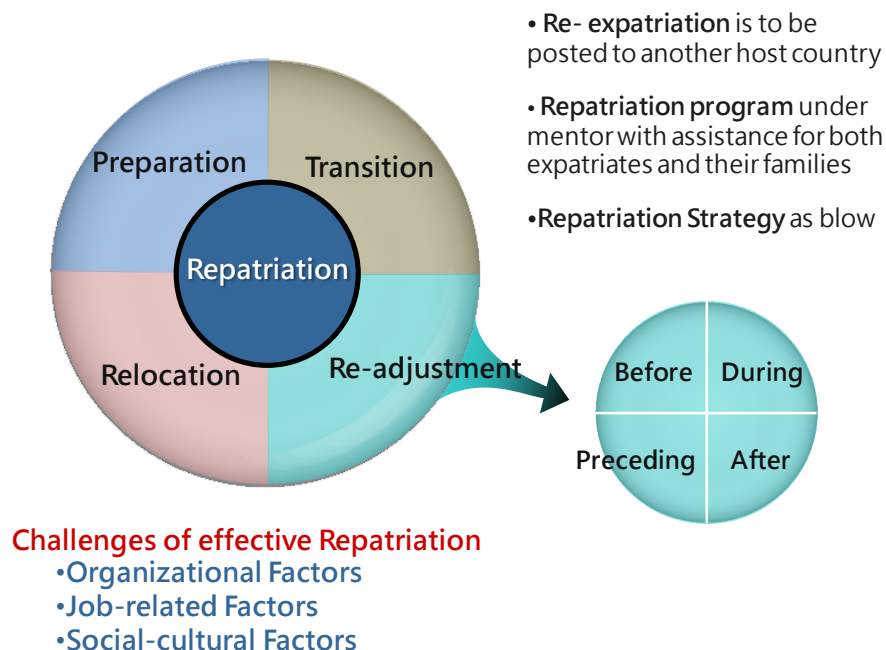
10.1.3. Third Common Reason: The need for the expats to move on to another global assignment of a similar kind – where he/she would have the opportunity to use the skills and expertise acquired.

10.1.4. Forth Common Reason: The assignees are not happy in their overseas assignment. Un-happiness can be result of:

- Inability to adjust to host country environment.
- Spouse's or children's unwillingness to stay.
- Lack of moral support from HQ at the time of crisis.

## 10.2. Phases of Repatriation

Repatriation process involves such steps as: preparation, relocation, transition and readjustment:



### Repatriation Management

Source: Stroh, L.K., Black, J.T., Mendenhall, M.E., & Gregersen, H.B. (2005). International Assignments. Lawrence Erlbaum Associates.

### 10.2.1. Preparation

Successful assignments begin with repatriation planning at the time of expatriation. Several researchers suggested that at the onset of an overseas assignment a repatriation agreement should be determined between the employee and the employer in order to develop a repatriation process to help manage the employee's goals and expectations. The elements of a repatriation agreement are very likely to include provision of a specified period of the assignment and a return incentive payment.

On return, the expatriate should have an assurance of a job that is mutually acceptable (i.e., one equal to or better than the one held before leaving), and a provision of re-entry training combined with a repatriation program to support the repatriate and help the family readjust back into their home country. Relocation benefits such as arranging pre-repatriation home country 'house hunting', school registration and the shipment of personal goods, would further reduce the problems associated with a return home.

Approx. 5-3 month before the expatriation-returns to the home country, he or she should be taken through a re-entry phase, followed by actual repatriation. This involves developing plans for the future and collecting information about the new position the expat is likely to occupy after returning home. During the pre-re-entry phase, the mentor can play an advisory role in finding the expat a suitable position within the organization. The company may provide a checklist of items to be considered while leaving the host country.

### 10.2.2. Physical Relocation

This stage involves removal of personal belongings, breaking ties with colleagues and friends and traveling to the next posting, usually the home country. Professional re-entry training should also be given to expat and his or her family that covers social cultural contrast orientation, an updated political and social issues and changes in the home country, job opportunities for the partner, an evaluation of the experiences in the host culture and the psychological aspects of repatriation.

### 10.2.3. Transition

Phase in which the expatriate and his or her family readjust to their return to the home country. Some companies hire relocation consultants to assist in this phase also. Typical activities include acquiring temporary accommodation, arranging for housing

and schooling, performing necessary administrative tasks (e.g. renewing driver's license, applying for medical insurance, opening bank accounts)

#### 10.2.4. Readjustment

This phase involves coping with reverse culture shock and the expatriate's career demands on the organization. Generally, the more the host country culture differs from the home country culture, the more difficult there integration process will be. Likewise, the more successful the expat was in the host culture, the more difficult it is to adjust to the work environment at the home base.

### 10.3. Challenges of effective Repatriation

Repatriation poses greater challenges than expatriation. Challenges present from the employer and the assignee side. What the management should appreciate is that repatriates offer several benefits to the organization. Most returnees are likely to quit if not handled carefully.

#### 10.3.1. Organizational Factors

Recent research indicates that the majority of organizations have no formal repatriation program to help expatriates readjust on return to the home country. Only a small proportion of the repatriation programs have consideration for the spouse. The typical reasons given by organizations for not having a repatriation program include:

- Lack of the requisite expertise
- Program cost
- Lack of a perceived need by top management

Some organizations provide a form of repatriation assistance in the form of a "mentor". The mentor is usually a superior to the expatriate and provides assistance in the form of information, by maintaining regular contact with the expatriate, and by taking the expatriates interests regarding promotion and job placement on return etc. into account.

Research indicates that the likelihood of an organization using mentors depends on the size of the expatriate workforce, the organizational unit responsible for handling expatriates and the nationality of the organization.

#### 10.3.2. Job Related factors

The re-entry phase may include a number of problems that are related directly to

the repatriate's attitude about the effect that an international assignment has on future employment prospects. The job-related factors include the following:

**Career anxiety:** Perhaps for the majority of repatriates, the overriding concern is the effect of international assignment on the person's subsequent career path. For most expatriates, a major reason for accepting the international assignment is its value in terms of career progression. Anxiety over the re-entry position may begin long before repatriation occurs. The expatriate may fear that the period abroad has caused a loss of visibility and isolation from the parent company as captured in the phrase: "Out of sight, out of mind." Upon repatriation, the expatriates may find that these fears have materialized. The peers have been promoted ahead of the returnees, and the repatriate is placed in a position that is demotion.

**Devaluing the International Experience:** Career anxiety is compounded if the re-entry position does not appear to be connected with the person's international experience. Often in 'holding' positions, such as a task force or a project team, or in temporary positions, they are engaged in duties that do not appear to exploit their newly gained, international expertise.

The perceived degrading of the repatriate's recent experience may be coupled with negative career progression; that is, the re-entry position is a less challenging job with reduced responsibility and status than that held either during the international assignment or prior to the period abroad. This combination can have a demotivating effect on the repatriate as well as affect the multinational's ability to attract potential expatriates. Moreover, the devaluing of the international experience has been linked to repatriate turnover.

**Coping with new Role Demand:** It is not surprising that re-entry poses a challenge for the repatriate and frequently reveals a mismatch of expectations, which affects the repatriate's perception of the new role, especially if an anticipated promotion does not materialize.

The experiences of living and working in another country can affect the person's self-efficacy (the degree to which an individual believes that he/she can execute a set of behaviors). As well, the expatriate position commonly involves a more demanding job position. Learning how to successfully cope with the various challenges encountered during the foreign assignment may give the person more self-confidence, along with a broader perspective. These changes may be subtle for some people; for others they can be profound and may be influenced by factors such as length of time spent abroad, country of assignment, and individual differences such as age and personality.

**Loss of Status and Pay:** Usually, the international assignment is a form of promotion. It carries greater autonomy, a broader area of responsibility (because of the smaller size of the international subsidiary) and, at the top management level, a prominent role in the local community. The result is higher status. Some expatriates use the term 'kingpin' to describe their positions abroad. Upon return, the repatriate is expected to resume his or her position within the home company - with the loss of status and autonomy. In effect, the repatriate is treated as just another company executive. This shift may cause readjustment problems.

Compounding the problem is the loss of expatriate premiums. More commonly, employees are brought home to resume life on a scale that may be significantly less comfortable than what they had grown used to abroad. Pay is usually lower in absolute terms. Another contributing factor is that the returning manager may no longer be able to afford to buy a home similar to the one sold a few years before.

#### 10.3.3. Social-cultural factors

If an expatriate served in a foreign assignment in a high-profile position where he or she enjoyed considerable and sustained interaction with the social, economic and political elites of the host country, a feeling of disappointment may emerge after return to the home country.

In addition to the expatriate's social readjustment problems, the social readjustment problems of his or her accompanying family members must also be taken into consideration as well.

Reestablishment of social networks in the home country may be difficult if, for e.g., the expatriate and family are repatriated to another locality in the home country. It may be that friends have moved away while the expatriate was on assignment and that other friends may have joined the workforce and have no time for social activities.

Children may encounter social readjustment problems in school because they are not update on latest trends, and may have problems adjusting to their home country educational system.

#### 10.4. Managing Repatriation:

The effectiveness of a repatriation program rests on its ability to address the following questions: "Will I get a good job when I return? Will my career be enhanced and will my newly acquired skills and perspective be valued and well utilized in the home organization?" Repatriation programs that are likely to be

based on knowledge acquired from the responsiveness phase of an organizational crisis consist of activities that provide a comparable position or a promotion from the job held before repatriation and assistance for the employee and family in assimilating back into their home culture, these programs are crucial in demonstrating supportiveness to the returnees. These repatriation strategies are likely to improve repatriation success rates by emphasizing the commitment of the organization to its expatriate staff and may encourage expatriates to feel that their best interests were a priority, leading to enhanced expatriate commitment to the parent firm. In addition, it helps to develop commitment to the new local work unit, thereby facilitating the retention of these strategic human resources. Management of repatriation requires action in three areas: re-expatriation, repatriation program, and repatriation strategies:

#### 10.4.1. Re-expatriation:

A returnee is likely to be posted to another host country unit. Re expatriation is, therefore, a common phenomenon and the international HR Professional should handle it effectively. When an expatriate succeeds on an overseas assignment, the individual's competitiveness has been established and he/she proves to be the ideal choice for re-expatriation. Re expatriation offers several benefits to MNC:

- Contributes to Skill of expatriates whose skill and abilities can be used as and when the need arises.
- Relocation of competent people in international assignment.
- The normal difficulties and challenges of managing expatriation and repatriation are few as the MNC has a pool of international managers who are ready to fly to any part of the globe at any time.

#### 10.4.2. Repatriation program

MNCs need to have mentoring program under the care of mentor. Alternatively designated as company contact, sponsor or godfather, the mentor is usually a senior person and knows the expatriate personally. The mentoring duties include:

- Maintaining contact with the expatriate throughout the assignment.
- Ensuring that the expatriates are kept up-to-date with the development in the home country.
- Ensuring that the expatriates are retained in existing management development program.

- Assisting expatriates with the repatriation process, including helping them with a repatriation position.
- Parallel to having mentors, MNCs also will have a repatriation program in place, a typical repatriation program is given below:
  - ✓ Preparation, physical relocation and transition information (that the company will help with).
  - ✓ Financial and tax assistance, e.g., benefit and tax changes, loss of overseas allowances, etc.
  - ✓ Re-entry position and career-path assistance.
  - ✓ Reverse cultural shock, including family disorientation.
  - ✓ School systems and children's education and adaptation.
  - ✓ Workplace changes, e.g., corporate culture, structure, decentralization, etc.
  - ✓ Stress management and communication-related training.
  - ✓ Establishing networking opportunities.
  - ✓ Help in forming new social contracts.

#### 10.4.3. Repatriation Strategy

- Pre –expatriation
  - ✓ Agreement outlining the type of position expatriates will be placed in upon repatriation.
  - ✓ Agreement about the duration of stay overseas.
  - ✓ Keeping the post back at home vacant until the assignee comes back.
- During the assignment
  - ✓ Continuous communication with expatriate.
  - ✓ Visit to headquarter when on vacation to maintain visibility.
- Preceding Repatriation
 

Career guidance between 6-12 months before the end of assignment. Ensure that all elements of the repatriation process are transparent. Such elements to

include company policies with regard to travel reimbursement leave period, shipping of household goods, and contact information about the mentor.

- After repatriation
  - ✓ Training seminars to help returnees cope with reverse culture shock
  - ✓ Financial counseling and financial / tax assistance
  - ✓ Reorientation program about the changes in the company policies, practices, personnel and strategies.
  - ✓ Reassurance that the company values international experience

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### ***Part Three: Expatriate Performance and Measurement***

#### **1. Performance of International Assignment**

Every few years the debate over the return-on-investment (ROI) of international assignees resurfaces among global mobility professionals. The debate is never quite put to bed and re-emerges during periods of organizational cost-containment. Everyone knows their roles: senior executives make statements about reducing the number of international assignees while questioning the high cost of their international relocation programs; tax professionals are called in to identify savings; relocation vendors' contracts are squeezed; global mobility professionals respond with reports and sage advice on why it is fiscally unwise to break leases (and unkind to remove children from schools mid-year). There is angst for a period but, once the cost-containment dragon is asleep again, the need to demonstrate ROI is temporarily suspended. The truth is that an organization can never accurately understand the ROI for any international assignee without fully understanding what he or she is being sent to do, and develop.

According to opinions of an expert who has worked with numerous global mobility professionals on the topic of international assignee performance management, they are receptive but far too busy juggling cost-containment, vendor management and other substantial tasks to begin to act on it effectively. The advice on performance management and ROI had traditionally been lost – until now, that is.

"This shift towards greater collaboration between global mobility and talent management enables the foundation for ROI to be more accurately assessed".

So, what has changed? In the past, talent management and global mobility were complementary HR functions, with their collaboration being, more or less, a hand-off, as the international assignees' cases were passed from one to the other. Now, in organizations with a more strategic-minded human resource focus, talent management and global mobility professionals are working together as integrated functions.

This shift towards greater collaboration between global mobility and talent management enables the foundation for ROI to be more accurately assessed. Global mobility professionals can provide specific details on the cost-side of the ROI equation. For the benefit-side to be assessed, the talent management professionals will need a system for managing performance of assignees – both in terms of what they are being asked to do and what they are being asked to gain. In other words, we need to understand what strategic goals are to be met before the assignment's return can be assessed.

This is starting to happen. Some leading global mobility professionals have worked together to develop a tool for international assignee performance management and ROI through the Expatriate Technology Forum (ETF). Whether a tool such as the one developed by the ETF is adopted, or a performance management process is built internally, the process should be used to guide the identification of specific performance dimensions and a method for assessing performance should be created.

As an international assignment is a job context and not a job description, there is not one set of dimensions that cover all international assignees within any organization. Most international assignee performance dimensions, however, are included within four broader categories of performance dimensions: task, organizational, intercultural, and developmental dimensions. The first two, the technical and organizational performance dimensions, are present among all international assignments whereas the intercultural and developmental performance dimensions are present in only some international assignments:



International assignee performance management

Source: Caligiuri, P. (2010). International assignee performance management (and the elusive quest for ROI). *ECA International Online Press*.

### 1.1. Technical performance

This represents tasks or duties international assignees perform. They are the easiest to identify and most tangible because they mirror the technical dimensions of those with the same title in a domestic context. For example, within the same business unit, stage of product maturity etc. a brand manager relocated from Italy to Ireland for a product launch should have responsibilities comparable to the Indian brand manager in India doing the same product launch. The fundamental outcome (or performance dimensions) of the job are likely to be similar. However, the way in which these jobs are conducted may differ dramatically as a result of the country or cultural context.

### 1.2. Organizational performance

As with technical dimensions, all international assignments will include organizational performance dimensions, representing those aspects of the position that are not directly related to the technical tasks of the job but to the broader organization. These may include adhering to safety rules, maintaining an ethical code or integrity norms, following organizational procedures, promoting a positive image of the organization, etc. These are less tangible but may be well-established across all positions within a given organization.

### 1.3. Intercultural performance

With respect to intercultural performance dimensions, some assignments will have an extensive need for intercultural communication or intercultural effectiveness in order for the assignment to be deemed successful. Others will rely on technical performance alone with less variation as a function of the cultural or country-level context. Some performance dimensions are bound by the assignees' ability to be effective in the host country specifically. Examples include negotiating an international joint venture, conducting training seminars in another country, working on a multicultural research and development team, presenting to internal or external clients in different countries, adapting a marketing plan to a local context.

### 1.4. Developmental performance

While many international assignments are developmental experiences, developmental dimensions are not always an organizationally-desired outcome of the assignment. Developmental dimensions may be knowledge-based, such as language acquisition or understanding the worldwide structure of the organization.

They may be ability-based, such as learning how to lead a team, negotiate, run a meeting, conduct a product launch, institute a process, etc. in another country. A performance dimension is intentionally developmental when there is a plan for the competency gained to be used on subsequent assignments. Examples include knowing the cultural limits of one's knowledge (and knowing when to bring in local expertise) and knowing what to do with cultural, political, and local market knowledge in subsequent situations. These developmental performance dimensions are more intangible and the most difficult to embed into the ROI equation. They should not be overlooked because their implications are that they build global competence, over time, in the organization.

These four sets of performance dimensions can help guide the discussion for performance criteria to be developed and performance management systems to be put in place. This is a first step and not a small one. To identify performance dimensions prior to an assignment it (minimally) helps to have agreement regarding the expectations between the sending and receiving units and the international assignees themselves. Is everyone in agreement on the goals for the assignment and the assignee? Anyone who has ever tried to gather this agreement is smiling right now at the challenge inherent in that question. Challenging, however, does not mean impossible and this is becoming easier among organizations with more strategic alignment for talent management. "Before ROI can be assessed effectively, what an assignee is being asked to do and what they are being asked to develop has to be clearly articulated."

The next steps are typical of performance management systems, with some challenges specific to international assignments. Once the performance dimensions are identified, how will each be measured? Some of the more subjective performance dimensions are culturally bound and may lack conceptual equivalence. For example, when rating the performance dimension "leadership", Asian managers may emphasize cooperation and teamwork whereas American managers may emphasize assertiveness and independence. Thus, the same manager may be rated as highly effective on a leadership dimension in one country but highly ineffective demonstrating the same behaviors while in another country. This is one example of a key strategic decision to be made: whether a global (i.e., company-wide) or culturally-specific set of metrics and standards will be used. There are others, such as who should be conducting the assessments, what method of assessment should be used, when assessments should be conducted, and the like.

While this is only a brief introduction to the challenges of international assignee performance management, the implications for the ROI of international assignments should not be understated. Before it can be assessed effectively, what an assignee is

being asked to do and what they are being asked to develop (if anything) has to be clearly articulated. This need for better international assignment performance management, and the associated challenges, has changed the necessary collaboration between global mobility and talent management professionals within a broader HR system. The fact that this collaboration is beginning to occur is giving me greater confidence that assessing the ROI of international assignments is becoming less elusive and more possible.

## **2. Expatriate Performance Appraisal**

When it comes to expatriates, performance management is increasingly important as firms become more internationalized. However, several recent articles stress that enough research has not been devoted to the performance management of expatriates, especially when it comes to the relationship between the management strategy of the MNCs and their policies and practices regarding expatriate evaluation. In a quantitative study, no evidence was found for an alignment between management strategy and human resources strategy implementation in the case of expatriates. They concluded that “Researchers and practitioners alike will need to better understand how to maximize performance and development of this critical human resource and how to integrate expatriates into an overall human resources strategy”. In addition, the researcher emphasizes that the performance evaluation of expatriates is much more complicated than that of domestic employees due to both geographic and cultural distance.

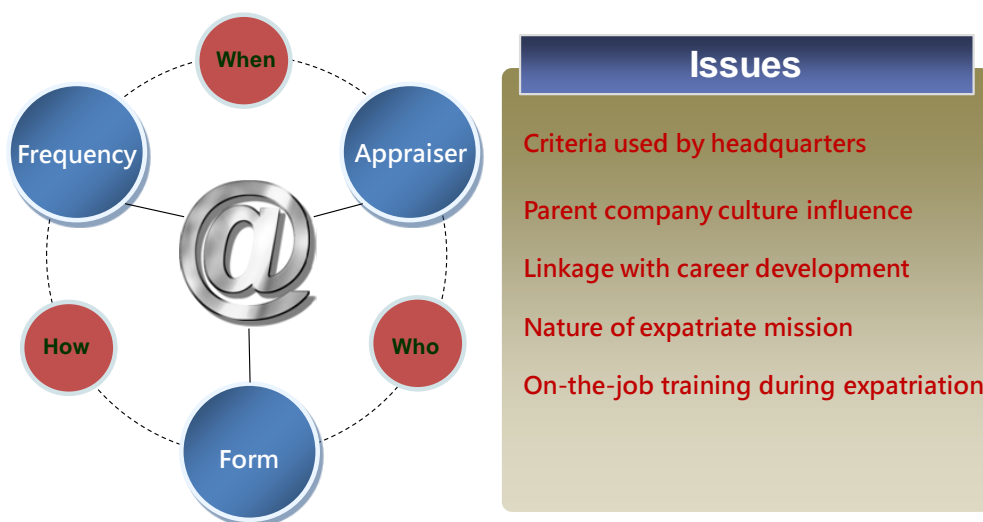
Although research indicates that the importance of expatriate performance management is increasingly evident, there is still a gap between formal HR evaluation strategies and how firms assess expatriates in practice. For example, a survey-based study investigating 51 global firms showed that none of the interviewed managers stated that they were using a formal way of measuring return on investment for expatriates. The reason was that few had been able to develop an appropriate measure, and instead some informal measures of success were commonly used. Also, a researcher hypothesized that customized appraisal forms should be perceived as more accurate. However the results of their study showed the opposite and the authors mention lack of clear baselines as one reason for the negative relationship.

Because of the complex nature of performance evaluation in a global context, expatriate performance appraisal systems are an important tool when it comes to managing MNCs. A scholar claimed that companies that succeed with global integration tend to have the support of global human resource systems, such as performance appraisals. According to a researcher’s opinion, measuring performance in a global environment is nevertheless far from easy. Another researcher underlines further that deciding what good performance

actually is, as well as how low performance should be dealt with can be problematic for operating managers since the appropriate answers and solutions may vary tremendously in different cultures.

An example of how a US manager in Chile used negotiation to avoid a strike which would have been very costly as the entire production would have stopped. As a result, the production was still running, so the huge costs of a strike were avoided, although the demand for the firm's products decreased for a period of time. For the latter reason, the manager's performance was evaluated as low since the fact that strikes are very common in Chile was not taken into consideration by his superiors. This example shows that if the performance appraisal just uses the same measures as for domestic employees and does not take cultural factors and national characteristics into consideration, the result of the evaluation will be inadequate. Despite the evidence suggesting that performance appraisals need to be different when it comes to expatriates, a researcher find that, although often meticulously designed, the appraisal systems that are used in practice are alarmingly often too static.

Scholars conclude that in order to enhance expatriate performance appraisal systems, the organization needs to look into specific criteria such as the performance expectations, the fairness of the evaluation and the career development of the expatriate. Nevertheless, the authors also stress that there is a need for a better understanding of what makes a good expatriate performance appraisal system.



Issues of Expatriate Performance Appraisal

Source: Shih, H.A., Chiang, Y.H., & Kim, I.H. (2005). Expatriate performance management from MNEs of different national origins. *International Journal of Manpower*, 26(2), 157-176.

In a survey of American expatriates, A researcher found that annual evaluation is most popular in MNEs (82 percent), followed by biannual or quarterly intervals (9 percent). Other researchers reported similar findings. However, neither was able to show whether MNEs arrange performance appraisal for different purposes at specific time periods.

### 2.1. Appraisal frequency

Formal performance appraisal can be accomplished after any period, although it is normally conducted on an annual basis. Sometimes organizations require that it be done more frequently, quarterly, or semiannually. When performance feedback is received in a timely manner, changes can be made and goals that otherwise may not be achieved might be realized. According to many studies, both semiannual and annual expatriate performance appraisals related positively to perceived expatriate performance appraisal accuracy. However, researchers found that divergent arrangements in appraisal frequency relate to differences in the nature of the expatriate's mission.

### 2.2. Appraiser

The immediate supervisor is typically regarded as the person in charge of evaluating an employee's performance. To help enhance the fairness, objectivity, and credibility of the PM system, scholars contend that performance appraisal can be carried by multi-raters, such as supervisors, peers, subordinates, self-appraisal, and customers. Using multiple resources is seen as a good idea since different individuals can see different facets of an employee's performance.

Owing to geographic and temporal limits, the international environment produces additional challenges for MNEs to evaluate expatriate performance accurately. Therefore, multi-evaluators are recommended as an appropriate method. In their study of US-based international consulting firms found the expatriate's chief appraisal rater to be his immediate supervisor in either the host or home country. Some MNEs also allowed expatriates to review their own performances. Other scholars also showed that the expatriate's organizational position influences whether the home country manager participates in the performance review. The higher the position, the more likely the home country manager will become involved.

### 2.3. Performance form

The decision of whether to adopt a standardized or customized performance form and criteria in evaluating an expatriate may significantly influence the accuracy and fairness. The standardized performance form can make comparisons between expatriates at different sites much easier for subsequent managerial decision making. The available empirical evidence appears to support this assumption. A researcher reported that over three-quarters of their survey sample used a standardized performance form. However, this practice may sacrifice the validity of the performance review since local situational contexts are neglected in the appraisal process. Scholars argue that the performance criteria should be adjusted as appropriate to reflect the expatriate's organizational position, assignment site characteristics and even his knowledge about the company's foreign operations.

Once the appraisal has been completed, organizations normally require supervisors to discuss the appraisal results with their subordinates. Feedback provides a communication channel to help clarify and improve work processes, workplace conditions, expected performance, and staff training and developmental needs on regular basis.

### 2.4. Contingency Factors

The similarities and differences in expatriate performance appraisal practices are discussed as below:

#### 2.4.1. Criteria used by headquarters

Some MNEs use expatriate personnel as informal and subtle control mechanisms to coordinate business action between headquarters and subsidiaries. Since PM practices can significantly influence employee behavior, MNEs tend to use expatriates as a vehicle to convey corporate cultural messages. Local adjustment, therefore, may not be necessary for these MNEs.

#### 2.4.2. Parent company culture influence

Some MNEs tend to exert corporate subtle influence on subsidiaries through international transfer of managers, that is, MNE headquarters' cultural factors affect certain aspects of EPM practices.

#### 2.4.3. Linkage with career development

If MNEs transfer international managers to nurture global management talents, one may expect that these companies will have an integrated plan for the training and development of these overseas personnel. However, a substantial percentage of repatriates feel dissatisfied because their companies fail to capitalize on their overseas experience.

#### 2.4.4. Nature of expatriate mission

Some MNEs adopt different arrangements in the goal setting process, in appraisal frequency, in performance raters, and in the provision of pre-departure training. From our interviews, we learned that these different arrangements are based on sound reasons that can be traced to the different nature of expatriate missions.

#### 2.4.5. On-the-job training during expatriation

Some MNEs do not provide on-the-job training for expatriates on their overseas missions. The lack of on-the-job training may be because these MNEs do not have a comprehensive plan for capitalizing on their global management capital. If so, expatriate personnel have to improvise in this process to overcome their own challenges.

### 3. Success of International Assignment

International assignments are often seen critical to the strategy of the company and the success of international assignment often determines the success of the company itself. Both companies and individuals experience the challenges related to international assignments. Success of international assignments depends not only on organizational arrangements but also on the extent to which such arrangements are in accordance with the individual's expectations about the international assignment. Therefore, the outcomes of an international assignment can be assessed from both parties' perspectives (individual and organization) and by considering both immediate and longer-term effects.

#### 3.1. Short-term success

One widely used measure for the immediate outcome of an assignment has been completion of the full term of the assignment (versus premature return). For the firm, therefore, one important criterion for a successful assignment is the timely and effective completion of organizational tasks. An assignment would be recorded as a

failure if the key organizational objectives attached to it were not achieved. For the individual, however, success would mean strong performance, experienced learning, and growth, as well as the experience of high job satisfaction.

### 3.2. Long-term success

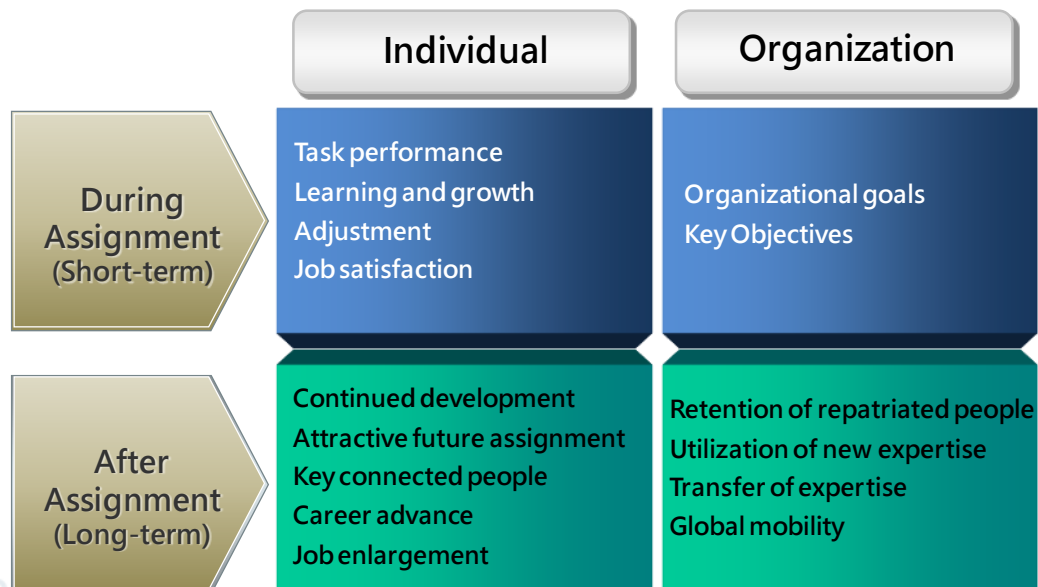
However, success in expatriation tells only part of the story. Since the entire process of an assignment consists of both the expatriation and repatriation stages, the assignment would be considered unsuccessful if repatriation failed. From a career theory point of view, repatriation is particularly critical, because the employee's assessment of success will be based on how the completion of the particular assignment impacts his or her subsequent career development and whether his or her initial expectations around the assignment are met or unmet. Such an assessment can be conducted only after the individual has completed the tasks overseas and has reentered the home country.

From the individual's perspective, success in repatriation can be measured in terms of his or her longer-term career growth and continued development opportunities, such as challenging job assignments, promotions, or enlargement of responsibilities. (These opportunities could be either within the present firm or in other organizations.)

In a similar vein, there are also longer-term measures of success for the organization. From a human capital perspective, because the firm has invested large sums in developing the employee through the international assignment, effective future utilization of the new expertise may be critically important. Therefore, a longer term success measure would be whether this new expertise were institutionalized and utilized through retaining the repatriated manager, applying the individual's learning in future assignments, or transferring that manager's new expertise to other employees.

### 3.3. Success Criteria

These success criteria are arrayed on two dimensions in the following figure, showing the benefits to the individual and the organization, as well as the shorter- and longer-term effects. The criteria from both rows in the figure, then, integrate the assessment of success from the two stages of the international assignment: the expatriation stage (top row) and the repatriation stage (lower row).



### Success Criteria for International Transfers

Yan, A., Zhu, G., & Hall, D.T. (2002). International assignments for career building: A model of agency relationships and psychological contracts. *Academy of Management Review*, 27(3), 373-391.

By defining international assignment success this way, we can assess any particular assignment as a success, failure, or mixed success (e.g., successful in short-term measures but unsuccessful or uncertain in long-term measures) or in terms of a certain level of success (e.g., high, moderate, or low). It is important to note that such assessment can be conducted from either the individual or the organizational perspective.

#### 4. Failure of International Assignment

Generally, the failure of an international assignment, or sometimes referred to as an 'expatriate failure', is defined as the expatriate's premature return to his or her home country prior to the completion of his or her actual assignment duration. However, the definition of expatriate failure should be more pluralistic to include under-performance and repatriation failure.

##### 4.1. Cost of Expatriate Failure

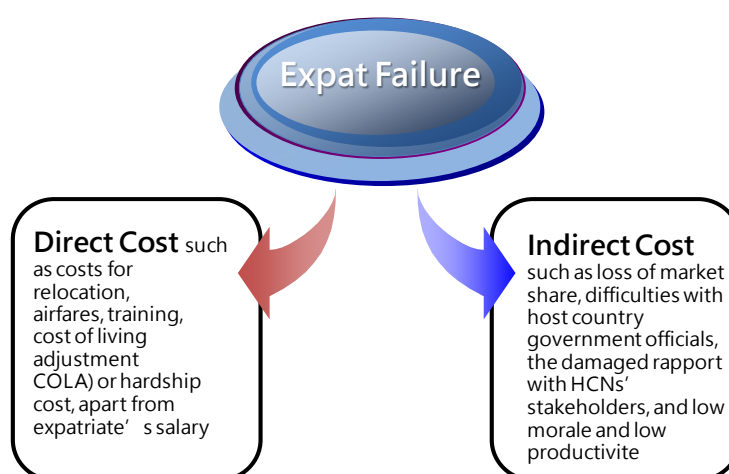
Expatriate failure is usually defined as a posting that either ends prematurely or is considered ineffective by senior management. Most research into the matter has concluded that failure rates are high and can vary between 20% and 50% depending

on the country. Emerging countries such as those of Southeast Asia are considered higher risk than so-called advanced nations.

The costs of failure have been estimated by numerous means with widely varying results. Despite the lack of clarity, it is clear that a failed assignment in an overseas location is considerably more expensive than one occurring closer to home. Some consulting firms calculated that an expatriate costs, on average, 2.5 times the salary of an equivalent local employee. If we assume that locally hired middle managers are paid around £40,000, then according to this ratio, an expat will cost at least £100,000 – with the entire expat population costing £140M based on the average number of expatriates per organization. Therefore, expatriate failure results in high cost. In addition, the indirect cost of expatriate failure is substantial.

The direct costs associated with international assignment failure such as costs for relocation, airfares, training, cost of living adjustment (COLA) or hardship cost (sometimes applicable); apart from expatriate's salary and allowances, etc. are usually quantifiable.

However, it is the indirect costs such as loss of market share, difficulties with host country government officials, the damaged rapport with HCNs' stakeholders such as local employees and customers, low morale and low productivity from both HCN and the expatriate, severed relationship with overseas customers, etc. which will impact more long-term negative consequences to both the MNCs as well as the expatriate concerned.



#### Cost of Expatriate Failure

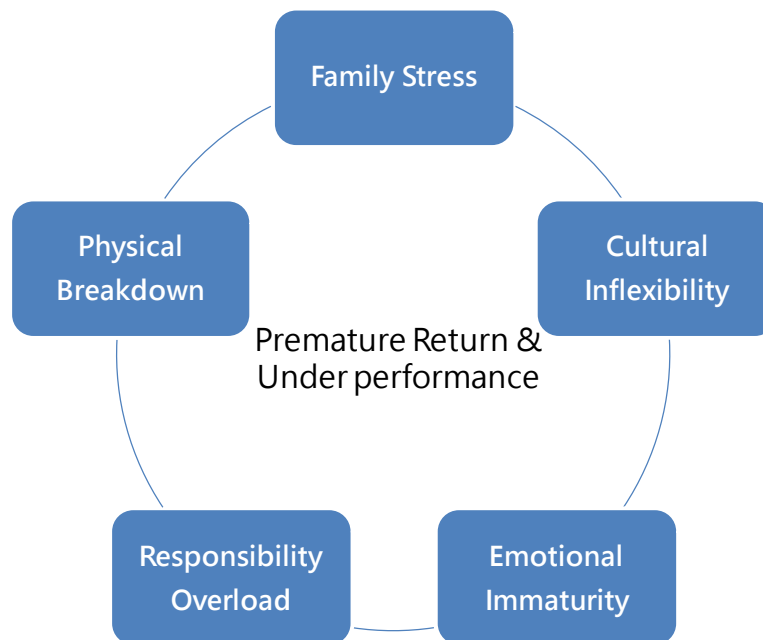
Source: Thoo, L. & Kaliannan, M. (2013). International HR Assignment in Recruiting and Selecting Challenges, Failures and Best Practices. International Journal of Human Resource Studies, 3(4), 143-158.

## 4.2. Main Reasons of Expatriate Failure

A significant factor that may lead to expatriate failure is the comfort of the assigned expatriate and his/her family adjustment in the new environment. This is often a major determinant of success or failure as immense psychological stress from family members can affect the overall performance of the expatriate on the job.

Over the years, many researchers have reported high failure rates among expatriates since neither they nor their families are ready to deal with the magnitude of doubt that goes with the whole expatriation process. Personal comfort is also a major issue because this will affect the measure of success or failure of the expatriate.

In addition, expatriate managers must feel like the parent company is accommodative of their concerns about the difference in environment, cultures and customs. There must be a solid line of communication between the two parties and appropriate management of any pressing issues should occur to prevent negative repercussions on the company as a whole. Below are the chief factors resulting in an unsuccessful expatriate assignment:



**Five Main Reasons of Expatriate Fail**

Source: Chalre Associates

### 4.2.1. Family Stress

Most expatriates are challenged and excited to be in their new postings. They need

to spend a lot of time at work since they are under pressure to adapt to the new culture and their overall responsibilities are often larger than they have experienced before.

As a result, the wives of expatriates spend a lot of time by themselves – and yes, trailing spouses are still usually female – and are cut-off from their own family and friends. At the same time, the wife is usually dealing with problems for which she has no previous experience. She may catch a maid stealing or get stopped by a policeman who wants a payoff for a non-existent offence. She may have been told that internet connectivity is available but then finds it takes 6 months to install. All through this, she will probably discover that suitable employment for herself is next to impossible in an emerging country – seriously damaging her own long-term career.

It is no surprise that it is generally the trailing spouse who suffers the greater culture shock in the new country. The result can be an unhappy spouse who does her best to impair the performance of the expatriate manager.

#### 4.2.2. Cultural Inflexibility

It is common for inexperienced expatriates to be taken completely by surprise at the deep cultural differences in their posted country. Expatriates can find that, after a seemingly open conversation about improvements to be made, staff members do not show up for work for 2 days. In meetings, local staffs think it is acceptable to spend hours talking on and on until every possible issue is agreed to by everyone. If expatriates are to be successful, they will need to learn how to adapt to concepts such as “saving face” (the cause of staff members not showing up for work) and “building consensus” that are important in Asia.

Expatriates also need to realize that transforming their staff into Americans or Japanese workers has been tried and it does not work. All expatriates maneuver a narrow path between accepting local conventions on one side and aspiring to international standards on the other.

Southeast Asia has a rich variety of cultures. The differences in religion are one example. Thailand is graciously Buddhist, Indonesia is gently (but intensely) Islamic and Philippines are completely Catholic. As for Singaporeans, some say their only religion is work. Managing such varied peoples obviously requires very different tactics.

#### 4.2.3. Emotional Immaturity

In their home countries, most expatriates are middle managers with relatively

ordinary lives. Once relocated to Asia, they are suddenly thrust into the national spotlight as the Country Manager of a high profile multinational organization. They have more people reporting to them than ever and often have more control over them.

On the personal front, expatriates may have household servants for the first time, are called upon to meet senior government officials and are generally made to feel important. Further, some expatriates may be attracting enthusiastic attention of certain local females seeking their own type of fame and fortune by landing a high-status foreign boyfriend or husband.

The combination of greatly expanded responsibility and social status can be difficult to handle for people lacking the emotional maturity to keep themselves grounded. It is not uncommon for expatriates to either destroy their career opportunities and/or marriages by ignoring responsibilities and succumbing to self-destructive temptations.

#### 4.2.4. Responsibility Overload

In almost all cases, the responsibilities of expatriates in emerging countries will be larger than they are used to overseeing. Given the nature of emerging countries in Southeast Asia, expatriates may supervise 5 to 10 times more people than ever before.

In other words, a German IT Manager who managed 15 people in his home country could have 100 in Malaysia. An American call center manager with 100 people in the US can find himself soon overseeing 800 in Philippines.

Such large increases in responsibility are difficult for anyone to handle. Added to that, are the new challenges of managing expectations of head office managers and clients in other countries and who may not understand the cultural differences that are impacting results.

#### 4.2.5. Physical Breakdown

Expatriates are generally motivated to succeed and excited about gaining international experience. As a result, they often work long hours in the early part of their postings to do “whatever it takes” to be successful. They are also adapting to seemingly overwhelming cultural differences with local staff and greatly expanded responsibilities.

On the home front, the families of expatriates are almost certainly going through their own severe cultural adjustments and may be clamoring for the managers’ time

and attention to help them through it.

The combination of emotional despondency and physical exhaustion from elevated stress levels and overwork is a common problem for new expatriates otherwise known as burnout. Unless alleviated, the result can be dramatically reduced effectiveness or work-interrupting illness for managers.

#### 4.3. Prevention of Expatriate Failure

Working overseas as an expatriate is a challenge role that can either make your career a success, or failure. Researchers provide an overview of three types of issue that can prevent expatriate failure.

##### 4.3.1. Choose the right expatriates

First, the wrong selection process of the "most appropriate" candidate for overseas assignment. The most common mistake of companies is choosing an expatriate who has good technical skills, but may lack human relation skills. A company should not send an expatriate overseas just because he/she is a good accountant. Hence, the candidate should have the ability to communicate, interact with people and adjust to the local environment of cultural, ethical and language differences in order to succeed. For example, when choosing the expatriates, companies pay attention to their technical activities, their ability to adjust to new environments, their willingness to accept new culture and be ambassadors of their own culture. Every country has its own style of conducting business, and even if an expatriate is representing his/her company, he/she has to take into consideration local customs and traditions.

##### 4.3.2. Provide cross-cultural training

Secondly, poorly developed or the complete absence of cross-cultural and other training. This could mean that overseas assignment can serve to make or break a talented expatriate manager or executive unless he/she received pre-departure training before going overseas and follow up company support. Researchers found that the trained candidates reported to have been better equipped to face the challenges on the expatriate mission.

##### 4.3.3. Support expatriates' family

Thirdly, spouse and family issues are an important component issue that has more "power" to lead to expatriate's failure. Usually when an expatriate receives that assignment, he/she travels with spouse and children. The spouse may have to give up his/her career to accommodate the move. In addition, living abroad is difficult for children. They too are adjusting to a new culture for quite a long time and it gets

even worse when they are returning home. Hence, if the expatriate does not receive support from family and hears daily complaints about "how bad everything is," then he/she will return without completing the assignment, which lead to constitute an expatriate failure. The lack of formal cultural, professional, and personal training and follow up support from the company can only lead to potential expatriate failure.

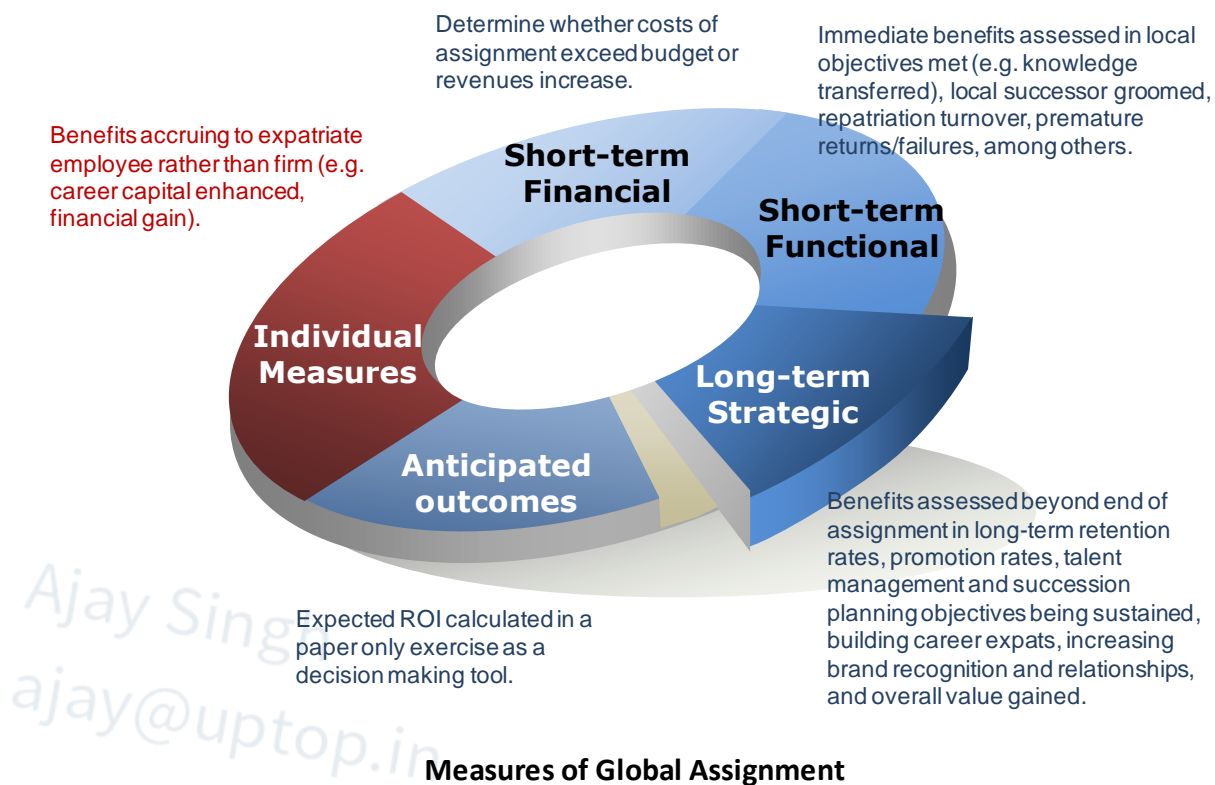
Researchers found out that companies consider family factor not as deriving expatriate's success, but as helping to avoid expatriate's failure. Supportive family leaves a huge influence on expatriate's job quality and ability to "stand till the end" and not become homesick. The notion is that the expatriate success depends on both the company's and the candidates' ability to communicate and work together. It is also noted important facts as to what can a company do to guarantee its employees success. These include: (1) Freedom of choice that means an expatriate should be free to make a decision and not forced to go overseas. (2) Realistic job previews that provides expatriates more likely to succeed his/her assignment. (3) Having an advocate, or mentor who will take care of expatriates interests while away. Because of increasingly international business operations, that is, globalization, the expatriate's adjustment or how the expatriate adapts to the unfamiliar environment and the firm's ability to remain its employees after the completion of the assignment are now significant determinants of international business success.

## **5. Accessing ROI of Global Assignment**

Expatriation is more than simply a financial 'cost' – there is also a non-financial cost and value that needs to be. Undoubtedly, the objectives of an international assignment may be too nebulous for some companies to identify, making expatriate return of investment (ROI) clearer for some organizations than for others included. Indeed, investments in expatriation are likely to be defined differently across various assignment types within different business units, industries, and regions.

### **5.1. General Measures of ROI**

Measurement is in some way driving the desired organizational actions expected from expatriates, even if the impact is not visible or is misleading. At worst, careless measurement may drive the wrong actions and create long-term problems of improper resource allocation and increased costs. The general measures of expatriate ROI that have been used include:



Source: McNulty, Y., De Cieri, H., & Hutchings, K. (2009). Do global firms measure expatriate return on investment? An empirical examination of measures, barriers and variables influencing global staffing practices. *International Journal of Human Resource Management*, 20(6), 1309–1326.

#### 5.1.1. Anticipated outcomes

Expected ROI calculated in a paper-only exercise as a decision making tool.

#### 5.1.2. Short-term financial measures

Determine whether costs of assignment exceed budget or revenues increase.

#### 5.1.3. Short-term functional measures

Immediate benefits assessed in local objectives met (e.g. knowledge transferred), local successor groomed, repatriation turnover, premature returns/failures, among others.

#### 5.1.4. Long-term strategic measures

Benefits assessed beyond end of assignment in long-term retention rates, promotion rates, talent management and succession planning objectives being sustained, building career expats, increasing brand recognition and relationships, and overall

value gained.

#### 5.1.5. Individual measures

Benefits accruing to expatriate employee rather than firm (e.g. career capital enhanced, financial gain)

### 5.2. Expatriate ROI

Corporate ROI is defined as the return on investment to companies arising from expatriation, whereas individual ROI is a construct that draws on individuals' motives for undertaking and accepting international assignments and the benefits they expect to gain by doing so. Individual ROI is defined as the perceived benefits that accrue to expatriates arising from international assignment experience in relation to professional and personal gains. In simple terms, expatriate ROI, then, is an amalgamation of corporate and individual costs and benefits that combine to impact on the overall return on investment from expatriates companies expect.

### 5.3. Hidden costs and benefits

What matters for expatriate ROI is whether, and how, this change in career orientation occurs – are expatriates pulled by a deeply held desire to 'work and travel abroad' over which companies have no control, or pushed inadvertently by employers who are unresponsive to their personal and career needs? The often hidden but long-term cost in terms of expatriate ROI to the company can be significant if expatriates leave and take their newly developed expertise to other companies, particularly competitors.

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