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**MEASURING
EXPATRIATE RETURN ON INVESTMENT
IN GLOBAL FIRMS**

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**INDUSTRY REPORT
FOR PARTICIPATING FIRMS
AND THEIR EXPATRIATES
APRIL 2009**

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ABOUT THIS REPORT

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An appropriate citation for this report is:

McNulty, Y. (2009). *Measuring Expatriate Return on Investment in Global Firms: Industry Report for Participating Firms and Their Expatriates*, Technical Report, Monash University, Australia.

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EXECUTIVE SUMMARY

The study upon which this report is based found that large global firms do not formally measure expatriate ROI and instead rely heavily on the employee performance appraisal process as the main tool for assessing both expatriate performance, and in turn, international assignment success. However, from the perspective of expatriate employees, the performance appraisal process is considered a flawed tool, in which getting an appraisal done ('ticking the box') overrides any real value that could be gained from it¹.

Specific complaints about the performance appraisal process center on the lack of relevance as to what is actually measured or assessed, a failure to acknowledge and take into account the unique stressors expatriates face during their international assignments relative to their domestic counterparts against whom they are being compared and assessed, the rigid nature of the process, and the lack of integrity that is often lacking from appraisal discussions.

A key concern is that the performance appraisal process does not capture sufficient data to justify the increased investment in international assignees beyond only financial outcomes. Yet, a substantial number of expatriates say that their performance, in terms of ROI, is often exclusively measured in financial terms, or that financial measures are a mandatory part of the assessment along with other criteria.

¹ Employee concerns about the effectiveness of the performance appraisal process are not new, as many studies have previously found that employees from all walks of life and locations are generally dissatisfied with how their performance is measured and assessed. However, as the primary tool for assessing expatriate ROI, the overwhelming view that the performance appraisal process is a waste of time for international assignees is an important finding which warrants our attention. Given the additional costs of deploying expatriates in comparison to their domestic counterparts, and the rise in international assignee numbers over the past 10 years, utilizing an effective expatriate ROI measure becomes critical.

Our evidence suggests that what seems to be important to expatriates is a performance appraisal process that captures and assesses non-financial outcomes, which many expatriates believe constitutes their real worth or contribution to the firm. Failing to account for non-financial performance outcomes seems to contribute to the view that the performance appraisal process is ineffective and inappropriate as an expatriate ROI tool.

This is an important finding, particularly when comparing the data that shows the reasons why expatriates perceive they are sent on assignment, coupled with the reasons why they accept international assignments, as well as the value expatriates perceive they bring to the firm and themselves as a result of their expatriate experiences. Expatriates perceive that the purpose of international assignments, and the value to be derived from them, lies predominantly in non-financial areas.

In terms of the variables that expatriates perceive will influence changes in ROI to the firm (that is, what will cause expatriate ROI to increase and decrease?), three broad categories are identified²: *environmental* (variables external to the firm); *individual* (variables attributable to the expatriate); *organizational* (variables internal to the firm's structure and operations).

Not surprisingly, the impact of the global financial crisis is seen by expatriates as an important environmental variable that will likely influence negative changes in expatriate ROI, particularly in terms of mobility spending cut-backs, increased localization efforts, and reduced compensation packages.

² Evidence is found that expatriate ROI is influenced by multiple variables in one or more categories rather than a single variable alone.

EXECUTIVE SUMMARY

Corruption, and the handling/management of corrupt economies, is also an important environmental variable.

In terms of organizational variables, career management support emerged as important. Findings show that for the most part, career development for expatriates is an adhoc and reactionary process, in which last minute decisions and poor planning is commonplace. From an ROI perspective, poor career management support is more likely to lead to expatriates seeking job opportunities external to the firm, and decreased engagement.

In terms of individual variables, the motivation for undertaking an international assignment will likely influence expatriate's return on investment from an engagement and retention point of view. When expatriates are motivated to undertake an international assignment for personal gains, a boundaryless career perspective is more likely to be adopted; that is, the expatriate's loyalty to the firm is diminished in favor of increased loyalty to oneself. Pursuing a career with multiple firms is often the driving force for these expatriates.

Additional analysis of the data demonstrates other new findings of importance to the measurement and management of expatriate ROI. First, repatriation support did not emerge as an important variable for expatriates, which is perhaps best explained by the changing nature of the traditional expatriation model. That is, re-assignment to another location, rather than repatriation to a home country, is the preferred and expected outcome for many expatriates at the end of an international assignment. Thus, career management support in terms of 'what's next' is far more important to expatriates.

An additional finding is that, with few exceptions amongst the respondents,

expatriates believe that their marketability to other employers increases as a result of undertaking an international assignment. Whilst this may be an expected finding, of concern is that more than one third of expatriates in the study are leveraging their increased marketability by seeking external job opportunities *during* their assignment, which includes attending job interviews with competitors locally or internationally, considering job offers, or actively transitioning out of the organization (resigning) at the time of the interview. In addition, nearly a third of expatriates have been actively pursued by international headhunters and corporate recruiters during their assignment, and most commonly during home leave.

On the basis of the findings, what is most needed in the assessment and attainment of a satisfactory ROI from expatriates is a shift in determining where ROI matters most. Prior research, and indeed the findings from the first industry report, demonstrate that practitioners tend to view ROI as a retention outcome only at the conclusion of an assignment. However, the evidence in this report clearly shows that retention *during* an assignment is equally, if not more, important, particularly with the rise in re-assigned (as opposed to repatriated) assignees. For this reason, ROI during the final year or months of an assignment (before an assignment ends) seems to be a critical point, where career management support is cited as the most important variable likely to contribute to retention (what encourages expatriates to stay or re-assign), and turnover (what leads expatriates to leave and join a competitor). This is an important finding as it ties directly to the emerging research on boundaryless careers and building 'career capital', and the reasons why expatriates are moving away from repatriation as a career choice, and instead towards re-assignment, either with their firm or a new employer.

INTRODUCTION

The study upon which this report is based examines expatriate ROI practices from the perspective of the expatriate employee. Three key questions are explored:

1. How do expatriates define their return on investment to the firm?
2. How do expatriates perceive their return on investment to the firm is measured?
3. What factors influence changes in expatriate return on investment to the firm?

This report complements the first report released in January 2007³ in which expatriate ROI practices were examined in 51 global firms across 18 industries, with headquarters in six world regions. The first report provides statistical data to explain the challenges associated with defining and measuring expatriate ROI in global firms from the perspective of HR and mobility managers (that is, managers responsible for managing expatriates)⁴.

This second industry report provides, possibly for the first time, statistical data to capture an alternative (but no less compelling view) of expatriate ROI from the perspective of the expatriate employee. The report examines questions that have rarely been asked of expatriates, such as how they believe expatriate ROI should be defined and measured, and the value that they feel they bring to global firms in their capacity as

international assignees. Equally compelling is expatriates' views about the factors likely to increase their return on investment to their firm, and the issues and problems that would likely make them leave their firm, either during or at the conclusion of an international assignment. The ongoing challenges of employee retention and career management are two key findings.

A key strength of the current study is the diversity and representativeness of the views expressed by all levels of expatriates, from rank and file junior staff (10%), to middle managers (45%), to very senior staff in roles such as senior vice president and country manager (45%). The fairly even spread of respondents across junior/middle and senior positions is important, to allow us to overcome 'elite' bias when analyzing the data; that is, avoiding over-weighting data from well-informed, articulate, and high-status respondents and under-representing data from perhaps less-informed and lower-status respondents. For this reason, we use quotes liberally throughout the report to illustrate that findings are universal to all expatriates, regardless of position and title⁵.

A further strength of the report is the diverse profile of the expatriates in terms of life and mobility experience. Expatriates range from junior staff in their late 20's undertaking their first assignment, to married working mothers with young children, who took maternity leave during their assignment. We interviewed middle managers accompanied by a wife and four school-aged children, to married but unaccompanied middle managers who split their time between the host and home locations. From over-stretched and worn out expatriates who are weary from too much travel, to young expatriates who see their assignment as the chance of a lifetime.

³ McNulty, Y. (2007). Measuring expatriate return on investment in global firms: Industry report for participating firms. Technical Report, Monash University, Australia.

⁴ Other publications of interest include:

McNulty, Y., De Cieri, H., and Hutchings, K. (Accepted). 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*, Vol. 20, Iss 6, 2009.

McNulty, Y.M. (2008). How a major multinational is working to overcome the barriers to improved expatriate ROI. *Global Business and Organizational Excellence Journal*, Vol 27, No. 3, pp38-47.

⁵ Readers are encouraged to note the position of expatriates when reading quotes contained in the report.

INTRODUCTION

There are those who are just starting their career to those who are preparing for retirement. Some are single and unattached, and others who have been married for 30 years, or have lived in defacto relationships for decades. Some expatriates are divorced and on second marriages, with blended families and step-children to care for both in the host and home location. Others are in their 50's and have never married and have no children. There are those who will only do one assignment, compared to those who refuse to go home, and those who are on their 6th assignment (and counting). For some expatriates, tenure in the firm exceeds three decades, whereas others have resigned (on assignment) and joined a competitor after only 18 months on the job.

In addition, we are pleased to present a report to the participants that is heavy on both the 'what' (the findings, the descriptions), and the 'how' (how we got to the 'what'). For this reason we have included in this report theoretical explanations for our research design, and explanations of our approach to collecting & analyzing data. These procedural accounts allow us, as researchers, to explain how we came to draw our conclusions from more than 700 pages of transcripts & notes, thereby instilling greater confidence and credibility in our findings.

We are also pleased to present a report that is driven by narrative description as well as statistical and numerical findings. It is our strong belief that the combination of first-hand story-telling along with statistical analysis provides a much richer and in-depth account of mobility on a day to day basis than mere numbers alone.

As we expected, expatriates are brutally honest in expressing their views, due largely to the anonymous nature of the project and assurances of confidentiality. During the interviews we were asked a few times to stop

recording (to allow sensitive personal stories to be told), and in two instances expatriates requested to see transcripts before allowing us to use the data for publication. For the most part, expatriates used the interview process as an opportunity to discuss international assignment matters that are close to their heart (money, family, and other problems). Many times we were asked to quote verbatim and to promise that feedback would be reported back to their firm (confidentially, of course). Thus, whilst expatriates didn't hold back in communicating freely with us as researchers, we are pleased that we can share with you not only complaints but also equal amounts of constructive criticism and compliments.

The report commences with a brief overview of the methodology, a profile of the expatriate population from which the data is drawn, and data analysis techniques. Key findings are then presented. We conclude with a final word from the expatriates, along with references & notes about the researcher.

We would like to thank ORC Worldwide for their ongoing support of the research. We would like to thank the five HR managers who allowed us access to their expatriate populations for the purpose of conducting this study (and who shall remain anonymous per the protocol established for this research project). Each gave freely and generously of their time over the 6-month data collection period, for which we are very grateful. We are equally grateful to the 74 expatriates who participated in the study for volunteering their time so generously and without hesitation. We are indebted to them for their trust, interest, co-operation, and patience in enabling this study to take place. Feedback on this report and the research in general is both welcome and appreciated.

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WHY INTERVIEW EXPATRIATES?

This report is the second in a series of industry reports about Expatriate Return on Investment in global firms, conducted at Monash University, Australia. The inclusion of the expatriate perspective, which forms the basis of this report, is based on a number of important considerations.

First, the literature is clear that most firms utilize a number of HR practices to manage their international assignments (as reported in the first Industry Report, January 2007), but it remains unclear the extent to which these HR practices actually exist, how they are perceived, and how they impact expatriate behaviour. In reality, little is known about how expatriates perceive and interpret the combination of HR practices that constitute a mobility program. Whilst some previous studies of HR practices have focused on expatriates' perceptions and views of individual practices, such as training (Hutchings, 2005), and spousal support (Shaffer & Harrison, 2001), these studies are limited because none have considered the impact of a system or combination of HR practices within an expatriate context (Guest, 1999).

Of critical importance is that the link between HR practices and firm performance cannot be explained only from a manager's perspective. As Bowen and Ostroff (2004) suggest, employees are likely to interpret HR practices in different ways to managers which can sometimes lead to unintended outcomes. Thus, in order to understand how employees interpret HR practices, their views must also be sought. As end-users of the HR practices implemented by firms (Clark, Mabey, & Skinner, 1998), and 'insiders' of the international experience (Osland, 2000), expatriates can provide a more balanced view of additional variables that may impact expatriate ROI, particularly at the individual level, which firms may overlook or not be aware of.

In addition, research on the link between HRM and firm performance has provided some evidence that certain HR policies and practices are associated with positive productivity and performance (Huselid, 1995; MacDuffie, 1995); yet, *how* these links occur has not yet been found. Some scholars (Boselie, Dietz, & Boon, 2005; Guest, 1999) posit that these links may be facilitated by 'hard' (financially process-driven) or 'soft' (behaviorally-driven) HRM approaches, or a combination of both, but evidence as to which HR practices (either soft or hard) sustain the relationship is still lacking. Research has, however, tended to favor hard HRM approaches to explain firm performance, and in doing so has generally ignored the views of employees.

Soft HRM takes the view that employees are enablers rather than objects, whose commitment enables corporate goals to be achieved; organizational culture/climate (Bowen & Ostroff, 2004), organizational commitment (Farid & Buda, 1998), motivation (Kopf, 1992), and the psychological contract (Guzzo, Noonan, & Elron, 1994; Yan et al., 2002) therefore play a more dominant role in understanding the link between employee behaviour, HR practices and firm performance (Guest, 1999). Yet few studies have focused on 'soft' HRM (Guest, 1997) to inform analysis regarding the impact of these variables, despite recent calls to fill this gap (Paauwe & Boselie, 2005; Wright & Haggerty, 2004). This is despite acknowledgement that the 'hard' HRM approach is yet to uncover how firm performance is influenced by HR practices *in reality* (Gibb, 2000; Wright & Haggerty, 2004).

METHODOLOGY

This study examines expatriate ROI practices among a sample of 51 expatriate employees drawn from 5 global firms. The 5 global firms are drawn from a larger sample of 51 firms that participated in the first study of this research project thus providing a 'matched sample'.

Firms are drawn from 5 industries – banking, financial services, transportation services, media, and pharmaceuticals - with headquarters in three world regions (North America, UK and Europe). Table 1 summarizes the 5 global firms and 51 expatriates who participated in the study. Assurances of confidentiality and voluntary participation were given to the expatriates and their firms and as such none can be identified.

In-depth interviews were conducted with 51 expatriates over a 6-month period from January to July 2008. All interviews were conducted by phone to allow for time-zone and geographical differences and ranged in length from 30 minutes to 3 hours. Only expatriates on a long-term assignment were chosen to participate.

Interviewees include expatriates of all titles and positions such as junior managerial and technical staff (10%), middle managers (45%), and senior vice presidents, presidents, managing directors, and country managers (45%). The sample represents 80 percent male and 20 percent female expatriates, which is consistent with data on gender diversity in mobility (GMAC 2008).

More than half of the expatriates (63%) are on a second or subsequent international assignment. For 78% of expatriates it has been 2 or more years since they last lived in their home country, with 36% having spent 5 or more years abroad since last returning home to live.

Average tenure in the global firm is 12 years, with the shortest tenure at 6 months and the longest at 28 years. Expatriates range in age from 26 to 62 years, with the largest majority of expatriates between the ages of 40 to 49 years (39%), followed by 30 to 39 years of age (37%). Twenty percent of expatriates are 50 years or older, and 4% are under the age of 30.

Seventy-eight percent of expatriates have a partner (wife, husband, defacto or married) of whom 12% did not accompany the expatriate on their current assignment. Nearly 40% do not have children.

The sample has extensive regional coverage with expatriates originating from five world regions including Europe & UK (49%), North America (29%), Asia Pacific including Australia & New Zealand (16%), South America (4%), and Africa (2%).

The range of host countries is equally extensive with expatriates being assigned to four world regions including Asia Pacific (including Australia & New Zealand) (59%), Europe & UK (33%), Middle East (6%), and South America (2%). Average length of time in the host country is 2 years (45%), with 35% being in the host country for only 1 year, and 8% being in the host country for more than 5 years.

The combined total employee population for the five represented firms is 653,000 employees worldwide. Expatriate population size ranges from 180 to 1,240 assignees, with a total population of 3,760 international assignees. Long-term assignees range from 125 to 1,200 assignees, with a total population of 3,341 long-term assignees. The expatriate population of each firm represents approximately 0.11% of the total headcount for employees worldwide.

METHODOLOGY

Three of the five firms are classified as a Fortune 500 company, consequently these are very large, well-established organizations who have utilized expatriates for a considerable period of time. Four firms are public companies, with one being a private partnership. One firm has recently undergone a merger, whilst another has recently been deeply affected by the global financial crisis.

As the size of the data set is large (785 pages of transcripts), computer-aided qualitative analysis software (NVIVO version 7) is used to assist in data analysis by reducing, sorting and clustering the data, and then developing key themes. Content analysis and frequency counts are used to determine how strongly the key themes are manifested.

An inter-rater procedure was used to eliminate single-rater response bias and to

check for accuracy of the data collected. The procedure involves utilizing a researcher external to the project who checks a substantial percentage of the categories and themes, transcripts and codes, and scores agreements and disagreements against those of the principal researcher(s). This is an important technique in qualitative research to maintain validity and reliability of the data; that is, to ensure that we do not generalize wrongly from specific data. The inter-rater reliability procedure took place over a period of 4 weeks in February 2009. The inter-rater reliability agreement in this study was 94%, which is consistent with the minimum acceptable inter-rater agreement of 80% used in academic research. Whilst the goal was to identify common themes, it is recognized that not all of the variation can be explained through this procedure.

SAMPLE

TABLE 1: SAMPLE CHARACTERISTICS

FIRM			
<u>Firm industry</u>	n=51	<u>Total number of employees</u>	653,000
Financial Services	11	Average	130,600
Banking	10	Lowest	15,300
Media & Communications	10	Highest	346,000
Pharmaceuticals & Healthcare	10		
Transportation Services	10	<u>Total number of expatriates</u>	3,767
		Average	753
		Lowest	180
		Highest	1,240
<u>Firm company type</u>		<u>Total number of long-term assignees</u>	3,341
Public	4	Average	668
Private / Private-Partnership	1	Lowest	125
		Highest	1,200
<u>Headquarters location of firm</u>			
North America	2		
Europe	2		
UK	1		
EXPATRIATES			
<u>Gender</u>	%	<u>Home country by region</u>	%
Female	20	Europe & UK	49
Male	80	Asia Pacific incl Australia & NZ	16
		North America	29
		South America	4
<u>Position in firm</u>		Africa	2
Junior staff	10	Middle East	0
Middle manager	45		
Senior VP, country manager	45	<u>Host country by region</u>	
		Europe & UK	33
<u>Tenure</u>		Asia Pacific incl Australia & NZ	59
1 to 5 years	16	North America	0
6 to 10 years	29	South America	2
11 to 15 years	21	Africa	0
16 to 20 years	24	Middle East	6
20 years plus	10		
<u>Age</u>		<u>Last time lived in home country</u>	
Under 30	4	1 year or less	22
30 to 39	37	2 to 4 years	42
40 to 49	39	5 or more years	36
50 plus	20		
<u>Number of previous assignments</u>		<u>Length of stay in host country</u>	
0	37	1 year or less	35
1	27	2 to 4 years	57
2 to 4	30	5 or more years	8
5 or more	6		
<u>Children</u>		<u>Partner</u>	%
Yes	63	Yes	78
No	37	No	22
		<u>Accompanied</u>	%
		Yes	88
		No	12

KEY FINDINGS

THE PURPOSE OF INTERNATIONAL ASSIGNMENTS

In order to examine the reasons why expatriates are used in global firms, expatriates were asked to describe the reasons given to them by their firm for sending them on an international assignment. Eight major reasons are identified:

- Filling a skills gap/providing technical expertise
- Development purposes for career planning
- Leadership or management required in a specific location
- Globalization, such as building global networks
- Knowledge transfer
- Retention (prevent key talent from leaving and joining a competitor)
- Political reasons (to move an employee into or out of a sensitive situation)
- Self-initiated request

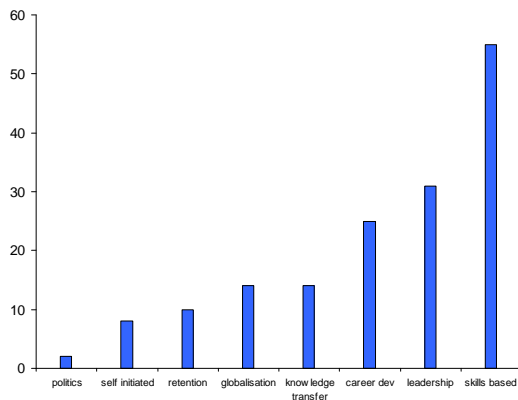
WHY EXPATRIATES ACCEPT INTERNATIONAL ASSIGNMENTS

Expatriates were then asked to describe the reasons why they accepted an international assignment. Four major reasons were identified:

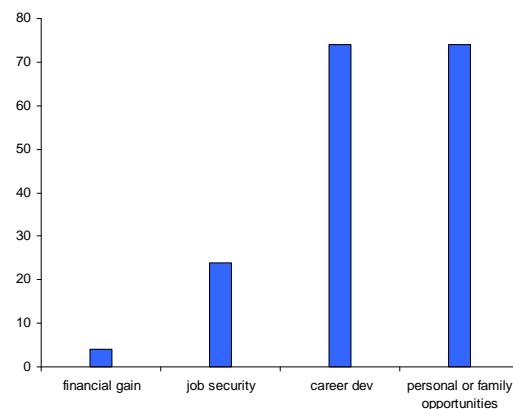
- Career development
- Financial gain
- Job security
- Personal or family opportunities

I've always been clear, right from when I started working that I wanted to do stints abroad. I really wasn't bothered about where that was, it was just the need to work in a different environment, different culture, all of that. And a decent stint, not a six month period but a good three to five year period, which would allow me to experience something different and broaden myself

Middle Manager, Middle East



REASONS FOR SENDING ON INTERNATIONAL ASSIGNMENT (N=51)



REASONS FOR ACCEPTING AN INTERNATIONAL ASSIGNMENT (N=51)

KEY FINDINGS

For me it was purely a personal decision, a family decision, that yeah, let's get out there [because] I can't get promoted anymore, I'm a managing director. And we really enjoy it here ... from a personal point of view it's been an absolutely fantastic assignment.

Senior VP, Asia Pacific

My reason for being an expat is first of all, financial ... it's very simple. I'm one of these people that are a realist. At [my age] you don't have a big part of your career ahead of you and so I want to maximize my earnings until I retire ... so I'm being honest with you. Money first for me and, frankly, if a competitor walked in the door and said, "Come and work for us and we'll give you maybe as little 30 per cent more", I'd probably move because I've got to be loyal to me first.

Senior VP, Asia Pacific

A comparison of the data shows that expatriate's perceive that firms mostly send employees on international assignments to fill a skills gap, for knowledge transfer, and for career development purposes. Expatriates mostly accept international assignments for personal and family reasons, for career development purposes, and job security.

PERCEIVED VALUE OF INTERNATIONAL ASSIGNMENTS

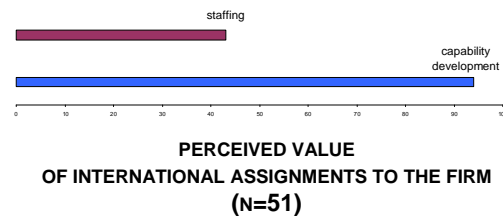
To further explore how expatriate ROI is defined by expatriates, respondents were asked to describe the perceived value of the international assignment to their firm, and the perceived value of the international assignment to themselves.

Expatriates perceive value to the firm in two areas:

1. Capability development, in areas such as building broader networks through improved communication, developing a

global perspective, improving cultural understanding, knowledge transfer, and developing new/fresh ideas

2. Staffing development and expertise, in areas such as boosting local morale, retention of good employees, and maintaining strong leadership (in terms of stability).



Findings show that 94 percent of expatriates perceive capability development to be the predominant value firms will obtain from international assignments. That is, the firm benefits most from international assignments by improving its internationalization efforts in areas such as improved global networks, cultural understanding, and knowledge transfer. Career enhancement of the expatriate, which can subsequently lead to improved staffing capabilities for the firm, was cited by 43 percent of respondents as being of value to the firm. None of the respondents identified financial gain as being of value to the firm, although it is sometimes identified as an indirect benefit, subsequent to the firm achieving its broader internationalization goals.

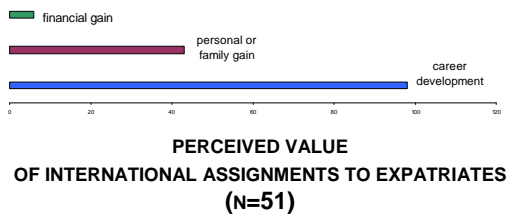
In terms of the perceived value of international assignments to expatriates, three areas of value merge from the data:

1. Career development as a source of personal competitive advantage, in areas such as building a CV, developing leadership and management capabilities, building professional networks, gaining more visibility and exposure, and obtaining a global perspective

KEY FINDINGS

2. Personal or family gains, in terms of improved lifestyle, personal growth, and travel opportunities
3. Financial gain

In terms of the perceived value of international assignments to expatriates, 98 percent of respondents indicate that the greatest value from international assignments is career enhancement, followed by family or personal opportunities (43 percent), and financial gain (6 percent).



I think the value in the long term is that I gain an international experience, and that is something which is valuable as a professional because it makes me probably in the top market and a candidate which is in demand. So if I find it's time to do work for somebody else because somehow in [the firm] something has happened which makes me feel to look around, it's easy to find an alternative.

Senior VP, Asia Pacific

I'm building my resume, I'm showing direct impact over forty-two countries. I'm shaping the image of [my division]. I'm adding to myself as a professional and I'm bringing global skills to the organization.

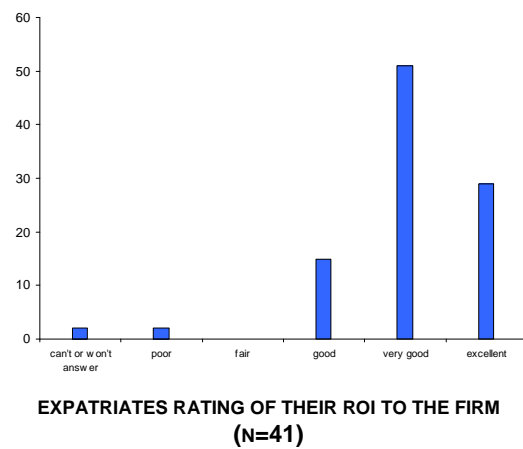
Middle Manager, Asia Pacific

A comparison of the data reveals a strong emphasis on career development. Whereas 43 percent of expatriates perceive career development to be of value to the firm, nearly all respondents (98 percent) perceive it is of value to expatriates. That is, expatriates perceive the value of career development to

themselves to be far greater than the value of career development to the firm. From this perspective, there can be serious implications for staffing decisions and mobility planning on the part of the firm, in terms of gauging an employee's motivation for undertaking an international assignment, managing career development expectations during an assignment, and managing the return on investment from expatriates expected by the firm either during or at the completion of an assignment.

RATING EXPATRIATE ROI

In terms of assessing their own return on investment to the firm, expatriates were asked to rate their ROI using whatever measure or data they have available to them - either a success measure, an informal ROI measure, or an intuitive measure based on feedback received in a performance review. Based on the responses of 41 expatriates (80 percent of the respondents), 29 percent rate their ROI as 'excellent', 51 percent as 'very good', and 15 percent as 'good'. No expatriates rate their ROI as 'fair', with 2 percent rating their ROI as 'poor', and 2 percent who could not (or would not) answer the question.



KEY FINDINGS

As the majority of expatriates (80%) rate their ROI as very good to excellent, they were asked to justify their rating by identifying specific outcomes from their assignment that could be viewed as constituting a positive return. The outcomes include:

- Overall client satisfaction
- Retaining them as a high potential employee
- Increased financial revenues to the firm
- Grooming a successor
- Increased internationalization of the firm
- Increased stability to the firm (by having an expatriate in the role)

Words used to describe a ‘very good’ to ‘excellent’ return on investment include: *they’re getting a bargain, they should pay me more, they have a fantastic return, I’m even more brilliant now, I’ve delivered back, I significantly exceed expectations, I’ve worked my ass off, they got their money’s worth, and my return is exceptional.* However, for a few expatriates who felt their return on investment is poor, the explanation is that ROI may increase over time, but currently the transition period of settling into a role and making progress on stated objectives is proving more difficult than originally planned, as the following expatriates explain:

My own gut feel is that if the company was expecting a 15 percent return on investment, I’ve probably delivered maybe a 5 percent return but climbing towards that 15 percent, which I don’t expect I will deliver until maybe another year to 18 months in this role. So I feel there is still a lot of work to do in terms of a return investment

Middle Manager, Middle East

In the beginning I would say there was no ROI. The first year I was just coping, and possibly I was left alone a bit too much, so

from that point of view they weren’t supporting me. And therefore I wasn’t able to perform exactly what they perhaps wanted. Lately I think I’m definitely fulfilling. I still think I have more to fulfill; I don’t think I have fulfilled everything. Maybe 80%.

Middle Manager, Middle East

MEASURING EXPATRIATE ROI

Expatriates vary in the degree to which they perceive expatriate ROI measures are operationalized in their organizations. Sixteen percent (16%) indicate that formal ROI measures are in place, 6 percent don’t know, and 12 percent believe that no ROI measures exist, as one expatriate explains:

There is no measure, no discussion on the overall assignment objectives and the achievement with regard to the overall assignment. So there is no follow up on the achievement of the steps defined within this three year contract ... it doesn’t exist.

Senior VP, Europe

Formal measures are perceived to capture ROI outcomes such as increasing financial revenues, grooming a successor, achieving an outstanding performance appraisal rating, and forecasting a positive projected ROI outcome.

Notwithstanding the above, analysis of the data suggests that expatriates do not typically view, or place importance on, ROI measures being either formal or informal; interviews with expatriates show that both types of measures are in use, even if they are inconsistently applied. What seems to be of greater importance to expatriates is the distinction between financial and non-financial measures of ROI; that is, whether their contribution to the firm is measured in

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financial or non-financial terms⁶. Financial ROI measures identified by expatriates include:

- Assessments of revenues and profits
- Overall business growth

Non-financial ROI measures include:

- Assessments of management and leadership capabilities
- Operational quality, such as client satisfaction and network expansion
- Staffing, including building relationships, career development (particularly promotion), grooming a successor, and overall people management

Interviews with expatriates' show that a key concern is the extent to which financial measures of ROI can accurately assess an expatriate's real worth or contribution to the firm. That is, if an ROI measure assesses only a financial contribution, what other important contributions are excluded? As these expatriates in the transportation services firm explain, an exclusive focus on financial assessments of ROI can often fail to capture what may be most important about an expatriate's contribution in any given role, and may therefore be an ineffective and inappropriate measure:

I don't think we would know how to measure the return on investment. I think the measurement would be a very shallow scratching of the surface approach. It would be 'okay, he cost \$x and in his time there we've seen the profit increase x something, so he's paying for himself'. That would be the sort of attitude.

Senior VP, Asia Pacific

I think they measure my return on investment based on where I'm from, not where I'm going. Everything is based on equalization back to [my home country] and we all know that it has got high taxes and reasonably low executive pay levels. I mean if I was sitting next to an American doing exactly the same job that person would net 70% more than I would doing exactly the same job and that's because he's an American and I'm from [home country] and that really tells me a lot about how the company measures me. They measure me in terms of where I'm from and they don't really measure me in terms of what I can contribute to the business.

Senior VP, Asia Pacific

Importantly, when comparing the data (above) that shows the reasons why expatriates perceive they are sent on assignment, coupled with the reasons why they accept international assignments, as well as the value expatriates perceive they bring to the firm and themselves as a result of their expatriate experiences, 'making a financial contribution to the firm' is not a response that is given. Instead, expatriates perceive that the purpose of international assignments, and the value to be derived from them, lies predominantly in non-financial areas, with the exception of some personal financial gains. Yet, as shown, 41 percent of expatriates say that their performance, in terms of ROI, is often exclusively measured in financial terms, or that financial measures are a mandatory part of the assessment along with other criteria.

⁶ Note that in answering the question 'Are you aware of any expatriate ROI measures being used by your firm, either formally or informally?', only 34 percent of respondents provided a useable answer in terms of answering the question that was asked. This suggests that respondents either did not understand the question (which, if the case, was rephrased and asked again), or that the wrong question was being asked. A better question – and the question that seemed to generate a greater number of responses - avoided asking about formal or informal measures, and instead simply asked expatriates to explain any measures that are currently in use. An answer to this question led to the conclusion that whether measures are formal or informal is not really of importance to expatriates. Rather, whether a measure is financial or non-financial seems to be far more important.

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In addition to the above, responses to the question about measuring expatriate ROI prompted discussions with the interviewer about the appropriateness of the annual or semi-annual performance review process, which is seen by 55 percent of respondents as the primary tool for assessing their return on investment. Almost all expatriates in the study follow a strict procedure for completing an annual appraisal, with many adhering to quarterly or 6-monthly reviews. Yet, despite such adherence, discussions during the interviews, as shown below, sparked a lot of debate, criticism, concern, and suggestions for improvement about the review process, with some expatriates stating it is a flawed and pointless process in which getting it done ('ticking the box') overrides much of the real value that could be gained from it:

I don't think the actual formal review process has ever really offered me much ... if I'm totally honest, it is going through the motions and doesn't really make me change anything, the way I work, or particularly break my way of thinking, so I don't really find it a very rewarding experience.

Middle Manager, Asia Pacific

I'm sure it's a very good appraisal process as a process but it doesn't work because a lot of people hesitate from putting the truth down on a piece of paper ... what's written on the paper is not what's always said in a room. People get all these motherhood and apple pie statements made to them which they look at and are very happy with, thinking they are doing very well (and I've never met an individual who thinks that they're not doing well), until the bonuses come out and they suddenly realize 'oops I'm not doing so well'. The appraisal process doesn't work.

Senior VP, Asia Pacific

We're not walking the talk. We're not delivering. My boss has never sat down

and had an Individual Development Plan with me. My annual review took three minutes. When I asked them for feedback about when we do the motivating sessions or the panel reviews, he said 'no, everybody loves you, just stay where you are for the next year'. I don't get that 360 counseling feedback; I find it's almost soul destroying.

Senior VP, Asia Pacific

Specific complaints about the performance review process center on:

- the lack of relevance as to what is actually measured or assessed
- a failure to acknowledge and take into account the unique stressors expatriates face during their international assignments, relative to their domestic counterparts against whom they are being compared and assessed
- the rigid nature of the process
- the lack of integrity that is often lacking from appraisal discussions

The most common complaint from respondents is not so much whether participation in the performance review process should take place, but rather what is actually assessed. A key concern is that the performance review process does not capture sufficient data to justify the increased investment in international assignees beyond only financial outcomes:

The degree of difficulty is something that is not really assessed well. The degree of complexity in dealing in a foreign environment, dealing with a set up of a joint venture, multiple government restrictions, multiple human resource inefficiencies because the local population is not yet attuned to a capital market situation, language, purely logistics. The degree of difficulty is not really taken in account; it's simplified to a revenue based assessment.

Senior VP, Asia Pacific

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As the same expatriate explains below, a more effective ROI measure needs to include measures of performance that are specific to the international assignment itself, not be comparable to domestic or home-country peers, and not be exclusively tied to financial indicators of success. The assumption is that such a measure would more accurately capture an expatriate's real contribution:

The networking that has to take place in this organization, interaction with government bodies and so on, I mean you can't do this during working hours, so my team, a large part of their job is making sure they drive the good relationships between these people and us, because they facilitate what we do. We will frequently have to have dinners with them, we'll have to bring them out, we'll have to send them off to Karaoke ... they're like university students, they don't get paid a lot of money so what you do is satisfy them through dinners and making them feel good. But when they go out they're socially very immature so you have to play the game and that's what we do ... I had one of my [expat] staff actually resign a month ago because he said he felt that having to do this was outside of his area of comfort and he felt he was being compromised ... so at all points in time we're asking people to be multiculturally flexible. And that in itself is a challenge, these people have to put extra time in ... it's quite a large imposition on their family lives and on their lifestyles [but] that's what you have to do.

Senior VP, Asia Pacific

Expatriates were asked during the interviews to list what else they would like to see assessed in the performance appraisal process which is not currently measured. Five items, none of which are directly linked to financial indicators of performance, are identified:

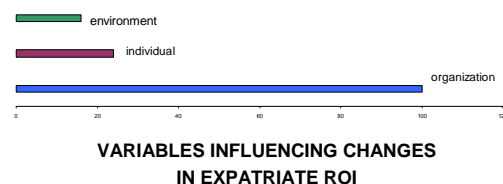
- increasing knowledge transfer as a direct result of the assignment

- cultural contribution, in terms of building or strengthening ties between regions
- achieving broader firm-wide strategic objectives as a direct result of the assignment
- staffing accomplishments such as developing subordinates' careers, increased engagement, advantages of hiring locals versus expatriates or external (local) hires versus internal hires, leadership development, and successful retention
- individual strategic gains such as building networks, client relationship building, innovation, and increasing local visibility and public relations.

VARIABLES INFLUENCING CHANGES IN EXPATRIATE ROI

Our third research question is interested in understanding the variables that influence changes in ROI to the firm, that is, what causes expatriate ROI to increase and decrease? Expatriates were asked to identify what they believe affects their ability to deliver a satisfactory ROI to their firm. Three broad categories of variables are identified⁷:

- *environmental* (variables external to the firm)
- *individual* (variables attributable to the expatriate)
- *organizational* (variables internal to the firm's structure and operations)



⁷ Evidence is found that expatriate ROI is influenced by multiple variables in one or more categories rather than a single variable alone.

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Environmental Variables

Expatriates cite factors such as corruption, language barriers, and location of the assignment (in terms of the degree of cultural complexity) as influencing their return on investment. For example, this senior vice president explains why his return on investment to the firm is perceived to be very high, taking into account the corruption that is inherent in the location where he is expected to do business:

Six, seven years ago we were paying tea money ... there's a whole kick back scheme. So I think that's the benefit to [my company], the fact that they've got somebody here they can trust ... my management maturity is giving them a sense of comfort and stability ... I know how to operate in this environment ... [I] know how to work my way around the political scenario ... I guess you could say I'm fairly skilled at it.

Senior VP, Asia Pacific

The greatest environmental concern, however, is the expected fallout from the global financial crisis⁸. Expatriates expect that their personal return on investment, as well as the ROI expected from expatriates in general, will likely decline as a result of organizational cutbacks to mobility spending. Whilst some respondents attribute mobility cutbacks to a cyclical event that is common in industries such as banking and manufacturing, concern about the likely effect of the global financial crisis was

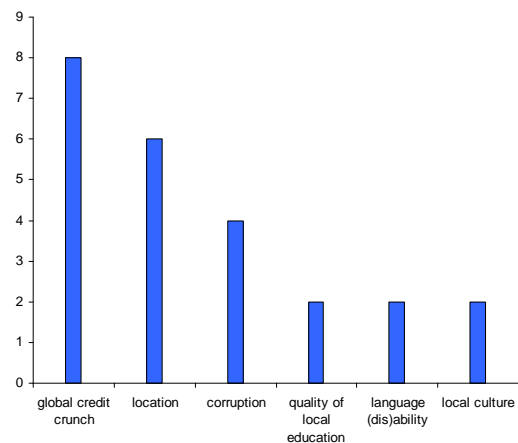
⁸ Note: The interviews for this study were conducted between January and July 2008, and in some instances up to 8 months before the official financial crisis began on 15 September 2008 as reported by The Wall Street Journal*. These concerns expressed by expatriates are therefore very insightful and demonstrate the effect to which the global financial crisis was already being felt in global firms at around the same time as the collapse of Bear Stearns on 16 March 2008, and some months before official recessions, rising unemployment rates, and job losses were announced in the media.

* 'Lehman files for bankruptcy; Merrill is sold', New York Times, 14 September 2008. Retrieved 19 March 2009 at www.nytimes.com/2008/09/15/business/15lehman.html.

spread across all industries represented in the study. Nonetheless, expatriates in the banking industry seemed to represent the most affected respondents, as this comment shows:

I can tell you two or three years ago a lot of people were sent out. Now where we are in a downturn, it has stopped and from my perspective that's also not sustainable because it's kind of very volatile, economic-driven. I think when it comes to people, the economic environment shouldn't be the main driver because we want to develop the organization, to make it more sustainable. I think from a development perspective it's very important that we have a sustainable mid-term and long-term plan regarding developing strategies and this should be independent of the market ... it shouldn't directly correlate if there is a market down turn or upturn ... sometimes I feel that return on investment is not taken into consideration the right way especially from a long term perspective. That has to do with especially all companies which are driven based on quarterly results or yearly results, with that balance between a long term view and short term results. You have to define the right balance.

Middle Manager, Asia Pacific

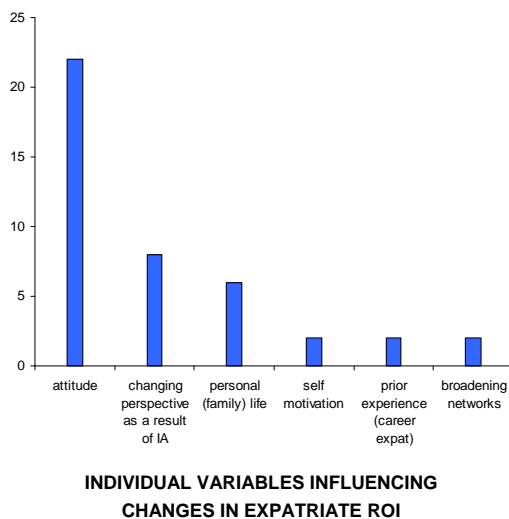


ENVIRONMENTAL VARIABLES INFLUENCING CHANGES IN EXPATRIATE ROI

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Individual Variables

Individual variables focus on the personal characteristics of expatriates in terms of their suitability and motivation for undertaking an international assignment, and their capacity to perform. Expatriates cite individual factors such as prior assignment experience and personal/family life as influencing their return on investment to the firm.



However, the most frequently cited individual variable is attitude (22 percent), in terms of expatriates' commitment to the firm, as well as self-motivation. Attitude can have a potentially positive and negative influence on return on investment, as the following respondents explain:

I'm a fluent Chinese speaker who doesn't have any intention to go work for an investment bank, so I kind of have them over a barrel. 'Cause I think it would be different if I wasn't in this position.

Junior Staff, Asia Pacific

I'm the kind of person that generally tries to make things happen, rather than just let things happen ... I take the initiative, because if you do that you can generally have a very close involvement in the overall solution. If I was not of that

characteristic or trait, I could well see myself coming to the end of my three-year contract here, saying to HR a couple of weeks before I'm due to return, like 'I'll see you back in [the UK], where should I report?' There'd be no job for me, and I'd end up leaving the [firm]. That's simply not an appropriate return on investment.

Middle Manager, Europe

Organizational Variables

The largest number of variables impacting expatriate ROI is at the organizational level in terms of a firm's internal activities and practices. Expatriates identified twelve organizational variables likely to influence changes in expatriate ROI (see Table 1 for a full statistical summary):

1. **Planning the assignment** (administratively and strategically), in terms of having clear assignment objectives, having a long term orientation about the assignment and its likely benefits to the firm and the expatriate, having an appropriate and flexible assignment policy, managing economic volatility (such as that experienced by the global financial crisis) which can often lead to uncertain planning, and the associated cost cutting measures that often result.
2. **Selection**, in terms of choosing suitable candidates, and decisions regarding when to use expatriates versus locals and/or external versus internal hires.
3. **Support on assignment**, including overcoming language & communication barriers, managing excessive business travel, lack of integration support for the first few weeks, lack of adequate and appropriate training for the assignment, and lack of top management support for the vision and expected outcomes from the assignment (particularly for senior VP and country manager roles).

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Table 1: Variables Influencing Changes in Expatriate ROI

	%		%
<u>Environment Variables</u>		<u>Organizational Variables cont'd</u>	
Global financial crisis	10	HR Support	
Location (degree of cultural complexity)	6	Quality of support	16
Corruption	4	Attitude	2
Language barriers	2	Non-work and Family Support	
		Spouse and family support	24
		Children's education	4
<u>Individual Variables</u>		Performance Management	
Increased marketability / career capital	84	Customizing appraisals	12
Attitude	26	Repatriation	
Re-assigned (career) expatriates	4	Identifying next role	14
Personal/family life	4	Retention	
		Turnover	14
<u>Organizational Variables</u>		Career Management Support	
HR Practices		Career planning & management	24
Planning		Knowledge transfer	14
Administrative:		Talent management	4
cost cutting	14	Organizational Structure	
managing economic volatility	10	Joint venture, M&A activity	8
appropriate policy	6	Management turnover	4
Strategic:		Size of firm	2
setting clear objectives	12	Centralized vs decentralized vs flat	2
long term orientation	8	Organizational Culture	
Selection		Cronyism	12
Choosing suitable candidates	16	Cultural changes (JV)	4
Expatriate versus local hire	6	Psychological Contract	
External versus internal hire	2	Relationship to employer	81
Support on Assignment		Engagement	20
Top management support	18	Reward for effort	16
Transition & integration support	14	Loyalty	12
Training	10		
Excessive business travel	6		
Language/communication barriers	4		

Note: Respondents provide multiple responses so percentages do not add up to 100.

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4. **Quality of HR support**, in terms of the practical support provided to undertake a relocation to a new location including HR's attitude towards assignees.
5. **Non-work and family support**, in terms of finding suitable education facilities for children, and managing spousal and dual career issues.
6. **Performance management**, in terms of customizing performance appraisals to the context of an international assignment.
7. **Repatriation**, in terms of developing a plan to leverage an expatriate's knowledge and experience, and how an assignment integrates into an employee's overall career development⁹.
8. **Retention**, in terms of retaining key employees, and managing expatriate turnover.
9. **Career management support**, in terms of career planning, talent management, and knowledge transfer capabilities.
10. **Organizational structure**, in terms of size of a firm's operations, joint-venture activity, and centralized versus decentralized versus flat operational structures. Issues include successfully coordinating regional activities on a global basis, and managing and adapting to new management structures in JV activities.
11. **Organizational culture**¹⁰, in terms of the degree to which expatriates accept or disapprove of a culture that provides either a supportive and stimulating work

environment or one in which cost-cutting and an 'old boys network' influences the manner in which important personnel decisions are made and communicated. Outcomes include how much additional discretionary effort to provide, and whether to stay in a job or resign to join a competitor.

12. **Fulfillment of the psychological contract**, in terms of whether expectations have been met, the extent to which promises have been fulfilled by both the firm and the expatriate, and the likely impact of both fulfilled and unfulfilled expectations.

CAREER MANAGEMENT SUPPORT

Findings show that career management support is an important issue for 31 percent of expatriates. Data indicates that for the most part, career development for expatriates is an adhoc and reactionary process, in which last minute decisions and poor planning is commonplace. A more in-depth exploration of career support, which forms part of the original research design for this study, investigates the following areas:

- Whether career management meets expatriates expectations, and problems that are encountered
- Whether mobility is perceived by expatriates as essential for career progression
- The extent to which expatriates believe internal and external job marketability has increased as a result of undertaking an international assignment
- Whether expatriates are currently seeking external job opportunities as a result of undertaking an international assignment
- The extent to which expatriates are contacted by 'headhunters' during their international assignment

⁹ Career support and development emerged as an important variable for 31 percent of expatriates and is investigated and explained in more detail in the following section. It is described in this section to illustrate expatriate's views that career planning should be an integral part of overall assignment planning.

¹⁰ Culture is defined by expatriates in the study as the underlying attitude an organization adopts towards its employees, which is manifested in how it treats them on a day to day basis.

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- The factors that would lead an expatriate to leave a company, either during or at the conclusion of an international assignment
- The factors that encourage expatriates to stay with a company
- Whether undertaking an international assignment instills a greater sense of loyalty to a company

Why It's Important

Scholars (Cappellen & Janssens, 2005; Dickmann & Harris, 2005; Parker & Inkson, 1999) agree that the long-term retention of expatriates is primarily intended to leverage the international knowledge and expertise of these employees to the firm's strategic advantage over a long period of time. Studies and industry surveys show that these strategic advantages may be aligned to long-term talent management (ORC, 2004b; The Conference Board, 2004; 2005), succession planning (Scullion & Starkey, 2000), and career development programs (Parker & Inkson, 1999). Research (Dickmann & Harris, 2005; Lazarova & Cerdin, 2007; Lazarova & Tarique, 2005; Stahl, Miller, & Tung, 2002) has shown that central to most of these programs is the effective management of an expatriate's career to facilitate the transfer of international learning and retention of talent that is critical to a firm's future success.

From this perspective, career management can significantly influence expatriate retention, and therefore expatriate ROI, in two ways. First, studies (Stahl & Cerdin, 2004; Suutari & Brewster, 2003) have found that poor management of an expatriate's career, on the part of the firm, can lead to increased career uncertainty, usually arising from insufficient repatriation support (Lazarova & Cerdin, 2007), or changing the nature of international employment during an assignment to achieve greater strategic flexibility (Cappellen & Janssens, 2005;

Suutari & Brewster, 2003). Mercer (2005-2006) reports that 50 percent of firms cite career management as the main obstacle to their international mobility program. Stahl, Miller, and Tung (2002), in their study of 494 German expatriate managers, found widespread dissatisfaction with career development programs, in terms of the programs ability to integrate an international assignment into a logical career path. Dickmann and Harris (2005) found similar findings in their case study of expatriate managers in a global UK firm. Thus, failure on the part of the firm to offer a career development program (Stahl et al., 2002), to provide a program that can effectively achieve its objectives (Dickmann & Harris, 2005), or to provide flexibility in career management support (Suutari & Brewster, 2003), can influence turnover intentions. Offering effective career planning for expatriates is therefore an important variable which can influence retention, and in turn, expatriate ROI.

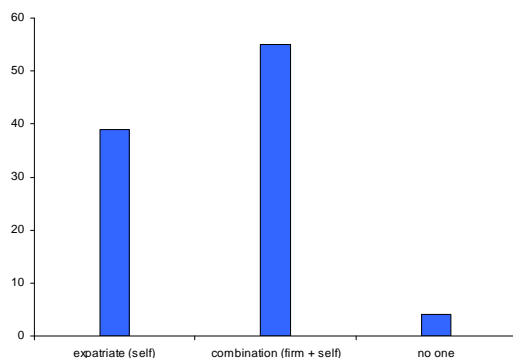
Second, the boundaryless career concept has shown that some expatriates undertake a series of career changes, with multiple firms, as part of a deliberate career path for their own personal development (Arthur & Rousseau, 1996; Cappellen & Janssens, 2005; Vance, 2005). Expatriates pursuing a boundaryless career can significantly influence a firm's retention strategy, and in turn, expatriate ROI, if their career development is not consciously and deliberately managed and communicated as part of a broader mobility strategy (Larsen, 2004; Parker & Inkson, 1999).

Does career management support meet expectations?

More than half of respondents (55%) say that they manage their own career, offering comments such as '*who knows better what I want to do than me*'. Another reiterated, '*you*

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should never assume somebody else should manage your career for you'. Twenty percent of expatriates believe that career management is a combination of self and the firm, with 4 percent stating no one manages their career. No expatriates felt that the company managed a career on their behalf. Comments suggest that the collaborative (firm + expatriate) career management approach works well and is the preferred style of career management, however, as one expatriate stated, 'the question is whether [the company] gives me the opportunities or the tools'.



**WHO MANAGES YOUR CAREER?
(N=50)**

When expatriates are satisfied that their career needs have been met, areas of importance include:

- Providing workshops and seminars to help employees plan their career
- Progressing in one's career at an acceptable rate
- Listening and being open to career management ideas and initiatives
- Providing career plans in terms of prospective future roles
- Providing appropriate and timely feedback
- Having a good talent review process

- Having a sponsor within the firm who can champion and advocate on an expatriate's behalf

Two weeks ago I've been interviewed by a head hunter employed by the company, went through interviews with HR people and so on and then also with the President of Europe so if you have been identified as a key person in the company then they look after you ... they do discuss it with us and they know what my aspirations are.

Senior VP, Europe

[The company] is particularly strong on its mobility and career development programs and, along with that, it's very strong on transparency. There's a strong preference that the potential new line manager should be able to have conversations with your existing line manager. The starting point should be you yourself going to your line manager and saying, 'Hey, I'm potentially interested in this role. Is it okay if I go and pursue those discussions?' That's the sort of corporate standard that is meant to apply here.

Senior VP, Europe

When expatriates are dissatisfied with career management and believe that their expectations have not been met, concerns center on the following issues:

- Adhoc and unplanned career moves ('leaving it all to chance')
- The risk of relying on one individual (who may leave or retire) to champion one's career and open up suitable opportunities
- Not having Plan B, if Plan A fails
- Paying lip service to career management, that is, there is an expectation that promises or commitments will not be honored

The impact of unmet career management expectations can be significant, including de-

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motivating expatriate's to perform, failing to engage them to 'go the extra mile', and increasing turnover¹¹.

Lack of repatriation support is of particular concern to expatriates, however not so much in terms of actually relocating back to a home country, but in terms of leveraging international experience in an appropriate and challenging 'next role'. Whilst repatriation support did not emerge as a major variable influencing changes in return on investment (e.g. it was cited by only 14 percent of respondents as an important variable), this is perhaps best explained by the changing nature of the traditional expatriation model, which became clearer as the interviews progressed. That is, re-assignment to another location, rather than repatriation to a home country, is the preferred and expected outcome for a number of expatriates at the end of an international assignment¹². This is an important finding as it ties directly to the emerging research on boundaryless careers and building 'career

capital', and the reasons why expatriates are moving away from repatriation as a career choice, and instead towards re-assignment either with their firm or a new employer. Consequently, findings show that many expatriates do not wish to repatriate. For some, expatriation has changed the way they view not only their career, but also their life, for which returning to their 'old life' is undesirable. For others there is a sense that they have outgrown their home-country market in both skills and position and therefore finding a suitable role they would be satisfied with would be near impossible, as one senior VP explains:

Repatriation doesn't fit into the scheme of my career. Unfortunately I think there's one job in [Asia Pacific] that's equivalent to my current role and I may or may not have the skills to do it, may or may not be available. The chances of me repatriating would be less than 5% with this company. And yet I'm still being managed as though I will be repatriated and I just think it's a dumb thing, it's holding me back in my view.

Senior VP, Asia Pacific

¹¹ Notwithstanding the above, a small but important number of expatriates remain realistic about career management support, recognizing that they don't live in a perfect world and that the future is uncertain and volatile, especially for global companies. With this in mind, career planning for 3, 5 or 10 years is often an unrealistic expectation, which they embrace and manage accordingly, with comments such as 'I think this place is too fluid to expect that kind of forward planning', 'it's not really meaningful in a place like this; no one knows what can happen', and 'I have my broad outline, but not too concrete'.

¹² In response to the question 'what are your expectations of career progression after your assignment has concluded?' 57 percent of expatriates believe that there will be a positive outcome. That is, the majority of respondents believe they will be assigned to a bigger role either in their home country or abroad, will be offered another assignment, be offered a challenging role, or will willingly repatriate to their home country to a suitable role. However, 38 percent of respondents are unclear about their career progression post assignment. Fourteen percent (14%) have few or no expectations, whilst 2 percent believe they will be repatriated to the same role they have now, and 18% believe there will be a negative outcome once their assignment has ended. Specific concerns in this regard are centered on having to localize in the assignment location in order to remain employed, and accepting a redundancy package and/or resigning, and then being repatriated.

Overall, evidence of poor career support in terms of a lack of 'what's next' discussions is demonstrated across all five firms represented in the study, as the following comments illustrate:

I've stumbled through a career ... it has developed in a totally ad hoc and unplanned way ... at no stage in the twenty-eight years that I've been with the company has anyone made a serious effort to give me some career progression. Most of the changes in my career have happened through my own choice but a lot of it has been by chance rather than any sort of a plan ... and I've told them so on many occasions and there's always the platitudes, and then there's, 'oh well yes it's too difficult for us to do that'. I think at the end of the day the company thinking is not long term enough. It's totally driven

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by annual targets and therefore the people are thought of in that way too. There isn't a proper long term approach to things ... [so] I'm a lot less willing to go on conference calls in the middle of the night or travel on overnight flights. I actively resist that now. I take day flights because I give my pound of flesh I believe.

Senior VP, Asia Pacific

The assignment doesn't fit into a bigger picture. So that is the big missing component to the career planning here. It is very obvious how you go and benefit the company by doing the assignment. Where there appears to be no thought is, how do we then take that profound experience you have to continue to benefit the firm? What is the next career step? That is just missing. It is just gone.

Senior VP, Asia Pacific

Obviously I want to keep my career going and pay the bills so I take personal responsibility for career management but at no point has anyone from here come to talk to me about what I'm going to do next so I struggle with what's [the company's] responsibility versus my personal responsibility. My concern is that there's a risk that you invest a lot of money in people to go and do an assignment and then they don't move to a position where they can add value afterwards based on what they've learnt. The risk is that they leave. I don't want that to happen to me.

Senior VP, Europe

We've never been particularly good as a company at career planning, and I think that the merger has made it even worse just because of uncertainties about the philosophy going forward.

Middle Manager, Middle East

[The company] has had an involvement of 10 to 20% in terms of management of my career, and I've done the rest. I can't remember an example Yvonne, of them coming to me and saying 'right, you're six months away from your contract

terminating, what are we going to do, why don't we consider A, B and C?' And similarly I don't remember them coming to me and saying 'right, you've been doing the job that you've been doing for three or four years, do you think it's time for a move, maybe you would like to think of moving in this direction, we see an interesting opportunity here.' That's not happened, but that's what I would think about in terms of if they were managing my career or having an influence over my career. It would be proactive, providing me with specific opportunities. That doesn't happen.

Middle Manager, Europe

Of further concern to expatriates is an 'old boys network' which is seen as a major career enabler – or destroyer - and very much in existence despite reports to the contrary by mobility managers in the first study. Whilst such cronyism is certainly evident in some industries more than others, it nonetheless exists across the board in every firm represented in the study in subtle ways that are often overlooked. For example, in the transportation services firm there is a widely held belief that if you are senior enough, career management will consist of a tap on the shoulder simply because you have earned it. For others, there is a clear 'it's not what you know but who you know' mentality. And for some there is a feeling that unless you 'brown nose' your way to the top, you're not going to get very far. However, many expatriates in the study are members of an 'old boys network' themselves and whilst they have personally experienced these types of career management styles, which they recognize and are thankful for, they also at times condone it. For those expatriates who belong to an 'old boys network' or whose tenure with a firm provides them with the CEOs ear, there is still a feeling that nepotism or cronyism brings with it additional problems and issues, as these expatriates attest:

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Nepotism or cronyism is probably the preferred method of moving on within the organisation ... I would say most positions in [the company] are reactive anyway. They're not actually very good as an organization of getting rid of the wrong people. There's a lot of procrastination, consensus building or sometimes they give people hints to say 'look within the next year you need to go and try and find something else to do'. And then certainly when you get to my level and above, most of the jobs are a tap on the shoulder anyway. I don't think it's a very open market where you put your CV in or jobs are posted ... I don't think that's actually a very transparent process ... there's still a lot of arrogance about perceived ability versus actual ability ... it goes back to that old boys network ... I'm in it but even then they don't get it right. Honestly, this is an organization where I see career decisions made at two or three o'clock in the morning in a bar, so it's a bit scary.

Senior VP, Asia Pacific

I assume that with the seniorities that I have now in the company I could actually kind of sway a decision to go to a place where we can settle for awhile. I think I have that clout now within my department and within my kind of seniority at work.

Middle Manager, Middle East

On the basis of what appears to be considerable dissatisfaction with the career support offered to expatriates, an important question is, 'why undertake an international assignment at all?' Findings show that in spite of poor support, international assignments are viewed by respondents as necessary for career progression. For example, when expatriates were asked to explain to what extent they view mobility as necessary for career promotion and advancement, equal numbers of expatriates believe that mobility is either essential (45%), or desirable but not essential (47%)

for their career, as the following comments attest:

If I look at all the senior finance managers within [the company], all of them, I think without exception, have all had experience overseas or a stint on an international assignment. So definitely yes, it's important.

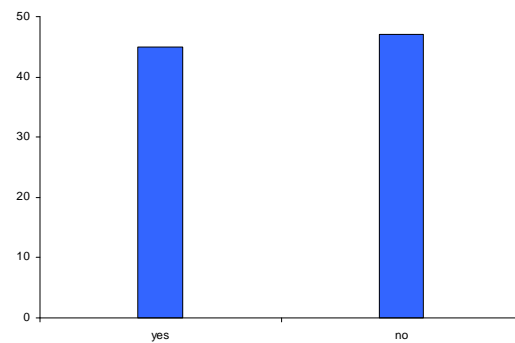
Middle Manager, Middle East

I think we've basically got two strikes. If you don't take the first assignment, that's fine, but if you don't take the second one there's a question mark. Everybody's expected to be mobile. But you won't find that in any HR manual.

Senior VP, Asia Pacific

I don't think it's a necessity, I think it's an advantage. If you're willing to do it and successful in doing those kinds of things I think it should help you.

Senior VP, Asia Pacific



MOBILITY NECESSARY FOR CAREER ADVANCEMENT?
(N=47)

The importance of this finding lies in who benefits most from the international assignment experience overall. With few exceptions amongst the respondents¹³, there

¹³ For example, where international knowledge does not make one marketable for roles that require local knowledge, or

KEY FINDINGS

is agreement that regardless of whether mobility is essential or desired, the impact of an international assignment on one's career is positive, even if the impact to the firm is less positive. That is, expatriates believe that even when a firm does not benefit from mobility in ways that it had hoped (e.g. through increased retention or performance), expatriates nevertheless will benefit from the experience. When asked 'what role do you feel expatriation has played in your career development', a majority of expatriates (65 percent) believe mobility and going on international assignments has played a positive role in their career progression and advancement in areas such as being exposed to more in their company, gaining more visibility, professional growth, securing a promotion, and being retained by the firm. Six percent believe mobility has played a negative role in terms of slowing down their ability to be promoted and losing their home country network, whilst 4 percent say it depends on the location and whether the market is in a boom or bust cycle. Two percent say that it has not really changed their career progression¹⁴.

On the strength of the findings that the majority of expatriates believe international assignments have a positive impact on career progression, respondents were asked the extent to which they perceive their marketability on the international labour circuit has increased as a result of undertaking an international assignment and acquiring international skills and experience. Respondents were also asked the extent to which they are likely to act upon external job opportunities. That is, does mobility pose a threat to the retention of key staff during an international assignment? In terms of

marketability, an overwhelming majority of expatriates (84 percent) believe that their marketability to other employers increases as a result of undertaking an international assignment, with responses showing tremendous insight into the mindset of expatriates and how they personally view their 'career capital' as a result of their international assignment experience. The responses from a variety of expatriates in each representative firm speaks for itself:

I think working in Asia for a global organization is sexy. Showing off the mobility aspect is something that sells and is good on your CV ... you're going to find more possibilities just because of the mind set change. Hopefully it makes me more marketable within the organization and not outside.

Middle Manager, Asia Pacific

I would be obviously a lot more marketable. It wasn't an initial objective, but it's become increasingly important and reality has set in as well; it's obviously been a huge advantage for me.

Middle Manager, Middle East

Hugely so, the marketability is huge.

Junior Staff, Asia Pacific

I'm sure it is of high value [so] the chance that expats will be bought by an external company is big. By definition an expat is someone on some kind of a talent list otherwise you wouldn't be an expat, because we cost alot of money so it is a huge investment of a company to do it, so therefore that is being noticed by the head hunter and therefore you are on their list by definition.

Senior VP, Europe

You're adding another skill, aren't you? It's a competitive differentiator.

Senior VP, Europe

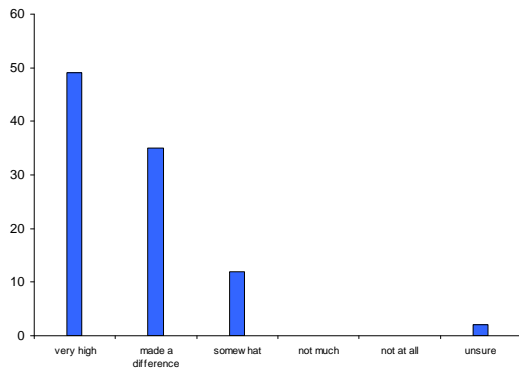
No expatriate felt that an international assignment would not increase their marketability overall, although some were

where repatriation is poorly managed leading to uncertainty and anxiety about job satisfaction.

¹⁴ 23 percent chose not to answer the question.

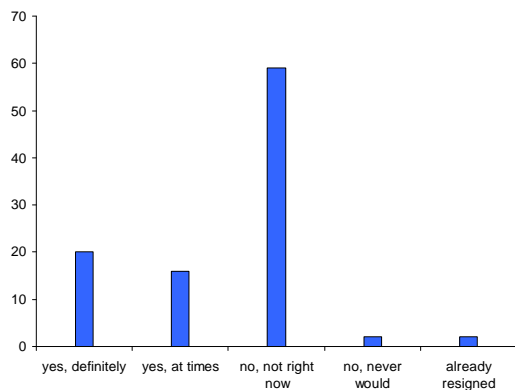
KEY FINDINGS

unsure. For 12 percent there is a feeling that increased marketability depends on the job one might be applying for. If the job requires international skills then marketability is increased, but should a new role require local knowledge, then international experience can be a short-term setback.



HAS YOUR MARKETABILITY INCREASED SINCE UNDERTAKING AN INTERNATIONAL ASSIGNMENT? (N=50)

In terms of seeking external job opportunities, more than one third (36 percent) of respondents indicate that they have been seeking external job opportunities during their assignment by keeping their ‘ears to the ground’ for opportunities which they will act upon if the timing is right.



ARE YOU CURRENTLY SEEKING EXTERNAL JOB OPPORTUNITIES? (N=50)

Within this cohort, 20 percent were actively searching or transitioning out of the organization at the time of the interview (that is, are involved in interviews with competitors either locally or internationally, considering job offers, or about to resign), as the following comments representative of each firm in the study demonstrates:

I've just handed in my notice. I was head hunted and I've recently accepted, as in only like a few days ago.

Middle Manager, Europe

Absolutely I am seeking external job offers, because one of the things that I've been thinking about in the past six months is do I need to leave entirely to get to where I should be competitively based on my scope and experience? I'm kind of getting to the point where to make that big jump, I have to leave to do that.

Middle Manager, Europe

I get approached a lot by head-hunters, by people, by search agencies and if there is something extremely interesting, I would even consider to take the opportunity to go there and take a closer look into it. I'm not saying whether this would materialize afterwards but I'm open to it.

Senior VP, Europe

As head of this business I get a job offer a week and these range from being head at a big financial institution down to being head in the same industry, to being head at a big corporate. So let me put it this way - I have a standing offer from at least two [competitors] to join them the day I want to join them.

Senior VP, Asia Pacific

I got headhunted about six months ago for a job back in [Asia Pacific], a really good job and I got down to the final two and I missed it. So if someone comes to talk to me about something then definitely, I'll consider it.

Senior VP, Asia Pacific

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From the above comments, it is clear that it is not only expatriates who seek alternative job opportunities but also companies that look for suitable candidates on the international labour market. In response to the question, ‘Have you been contacted by head hunters or recruiters during your international assignment?’, nearly a third of expatriates (31%) have been actively pursued by international headhunters and corporate recruiters, as the following respondents attest:

I’m probably phoned every week by head hunters in my current role. So I know broadly what’s out there.

Senior VP, Europe

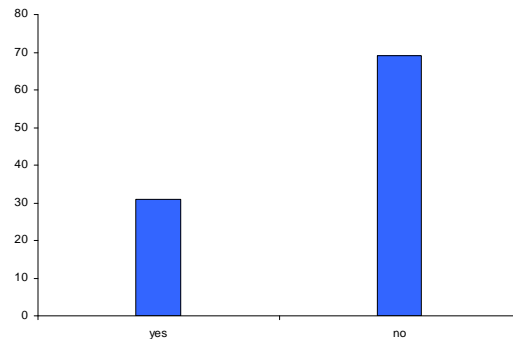
I was back in [Europe] for two weeks last month and during that time I got a phone call from a head hunter offering me essentially double my current salary. I think it is a measure of the fact that I’m reasonably happy with the company at the moment that I politely declined to take that any further.

Middle Manager, Asia Pacific

People working in the talent space or in the development space are highly sought after so I get a number of calls from head hunters for roles locally, and within the region.

Middle Manager, Asia Pacific

For 59 percent of respondents who are not currently seeking alternative employment outside the firm, many had done so at various times in the past whilst on assignment, but were not actively looking for alternative employment at the time of the interview. Responses to the question are therefore not as clear cut as ‘currently looking’ or ‘currently not looking’. That is, some expatriates have researched external job opportunities during their assignment but not acted upon them only because they are committed to a 3 year contract which carries with it certain financial obligations if they are to resign.



HAVE YOU BEEN CONTACTED BY HEAD-HUNTERS DURING YOUR ASSIGNMENT?
(N=51)

For others, mobility itself has presented an opportunity, often for the first time, to look outside their company for other possible opportunities (without acting on them), where once they would not have taken such a risk or considered it. Mobility has, in a sense, opened their eyes as to what else may be possible, as some expatriates explain:

I think there are certain things that I am interested in right now [but] at this point it’s not like they are all that attractive that I would leave, but I could see that some day, maybe I would. But I wouldn’t have thought of it had I not done this.

Middle Manager, Asia Pacific

I like the golden hand cuffs and in the past I would only consider moving if I knew that I was moving into another position. Whereas now perhaps I’m not as scared to leave ... my relationship with [the company] has matured; I’ve lost some of that naivety ... I have been around other expats and learnt quickly that loyalty to companies is actually not that important, or not that helpful ... I’m more confident of my own worth, so therefore I am slightly less loyal to the company from that point of view.

Middle Manager, Middle East

In terms of loyalty as a variable that can influence changes in expatriate ROI,

KEY FINDINGS

expatriates were asked to what extent undertaking an international assignment instills a greater (or lesser) sense of loyalty towards their employer. Findings show that 35 percent of expatriates believe their loyalty to their employer increases as a result of undertaking an international assignment, whereas 14 percent believe it decreases, and 29 percent believe it stays the same. Factors that contribute to a greater sense of loyalty include feeling grateful to the firm for having the opportunity to undertake an assignment, being proud of an organization and what it stands for, and a belief that the organization treats its people well. Factors that contribute to a decreased sense of loyalty to the firm include a change in culture as a result of a merger, missing a promotion, and failing to honor contractual or perceived psychological promises.

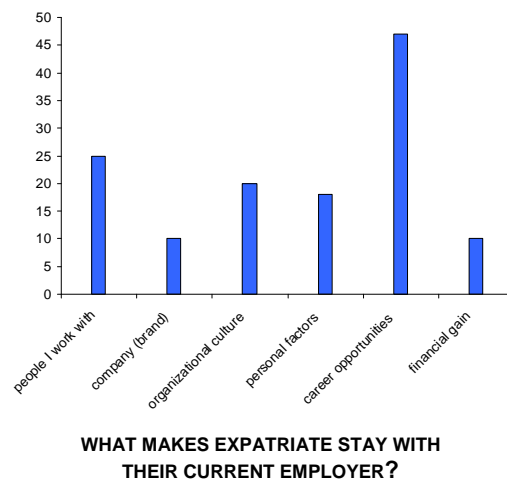
What encourages expatriates to stay with an organization?

Having explored whether international assignments are necessary for career advancement and promotion, the extent to which expatriates are likely to act upon and search for external job offers, and the extent to which loyalty changes as a result of undertaking an international assignment, one final question about career management support asked expatriates to explain what would make them stay with their employer, and conversely what would make them leave their employer, either during or after an international assignment. The data provides evidence of six major factors contributing to expatriate retention:

- Organizational culture, in terms of being valued and treated fairly, promoting a sense of belonging, having a ‘promote from within’ attitude, and being able to achieve a satisfactory work-life balance
- Career opportunities, such as ongoing career planning, providing challenging

roles and promoting mobility as an opportunity

- People, in terms of one’s colleagues and managers who support personal goals and ambitions
- Financial gain
- Personal factors, such as personal loyalty in terms of a personal management philosophy or ‘being a company man’, and age, seniority, and proximity to retirement¹⁵
- Company, in terms of its brand or reputation



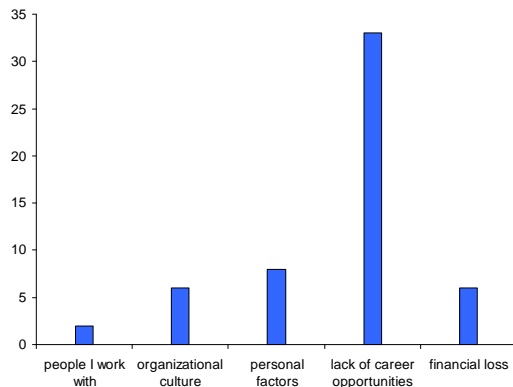
What leads expatriates to leave an organization?

In terms of what factors would lead expatriates to leave their employer to join a competitor, the data provides evidence of five factors contributing to expatriate turnover:

¹⁵ On the one hand some expatriates say that being close to retirement increases their desire to stay with the company (in order to maximize pension benefits), but for others, especially where pension benefits are not location-restricted, there is a feeling that one should go where the money is, either with a current or alternative employer.

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- Lack of career opportunities, in terms of being forced to accept an inappropriate next job, lack of career planning, lack of mobility opportunities to enhance one's career, and missing an important promotion
- Poor repatriation support, particularly in terms of 'what's next' for career progression
- An organizational culture that is lacking in reward for effort
- Personal factors, such as location, family concerns, children's education and age, and personal ambition
- Loss or decrease in financial incentives



WHAT MAKES EXPATRIATES LEAVE THEIR CURRENT EMPLOYER?

QUALITY OF HR SUPPORT

Findings show that the quality of HR provided to expatriates is an important issue for 20 percent of respondents as an organizational variable that would influence changes in their return on investment to the firm. Do expatriates believe that poor HR support will affect their performance, and in turn, the expected ROI from their assignment? With few exceptions, the answer is no; there is no perceived direct influence on expatriate performance overall (i.e. over

the duration of an entire international assignment), regardless of whether the quality of HR support is excellent or poor. There are, however, critical times during an assignment when the quality of HR support can influence ROI for short periods of time. On this basis, it is important to understand which are the critical times during an assignment when ROI can be most affected by a variable such as the quality of HR support ¹⁶.

A more in-depth exploration of the quality of HR support, which forms part of the original research design for this study, investigates the following areas:

- A. Expatriates' rating of HR support received from their organizations
- B. How HR support is communicated to expatriates
- C. Gaps in HR support pre-assignment, on assignment, and post-assignment

Why is HR Support Important?

Some scholars suggest that the HR practices offered to an employee may represent a form of indirect communication in the employer-employee relationship, in terms of signaling an employer's commitment to an employee and how it will treat them.

Drawing on psychological contract theory, Rousseau (1990) suggests employees can

¹⁶ HR support' is defined in this study as a separate type of support from organizational support, as HR support is limited to a specific department (albeit often in more than one region), whilst organizational support can span many departments within the firm. The rationale for exploring HR support is based on clear evidence that the HR department is the most frequent provider, and often the most influential, in terms of the quantity and quality of relocation support offered to expatriates, either in a directly hands-on role, or as an administrator of third-party/vendor services. For this reason, it is likely that the quality of HR support can affect expatriate performance, and in turn, expatriate ROI..

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determine the terms of their psychological contract in three ways: (1) through persuasive communications encountered during recruitment and selection procedures or new hire stages of employment; (2) through the observation of how other coworkers and supervisors behave and are treated; and (3) from structural signals via handbooks, mission statements, and **the policies and programs the organization provides**. These structural signals represent *anthropomorphization* or personification of the organization, in which employees relate to organizations as if they have human qualities (Aselage & Eisenberger, 2003; Rousseau & Wade-Benzoni, 1994). Actions taken by agents of the organization then become representative of the organizations intent. Agents of the organization can include recruiters, coworkers, supervisors, upper-level managers, organizational literature, and **human resource practices**.

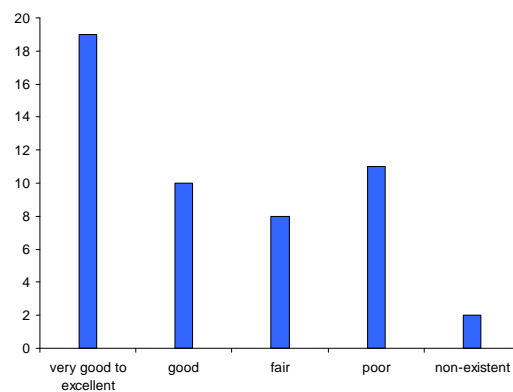
Eisenberger et al. (2002b) found that employees identify actions taken by a supervisor as indicative of overall organizational support; this includes the HR practices a supervisor is authorized to provide. Guest and Conway (1997) found that employees attribute broken promises and contract violations to senior managers, immediate supervisors, entire departments, or the firm itself. Thus, how employees perceive the quality of HR practices, irrespective of who delivers it, can influence their overall evaluation of fulfillment of their psychological contract, and in turn, their behaviour. For example, an appraisal process can signal who gets promoted or who receives a bonus. Access to a compensation program (including benefits) can indicate who is more highly valued by the firm.

Expatriates' rating of HR support

Findings show that more than half of the respondents (57%) rate the quality of HR

support they receive as either 'good' or 'very good to excellent'. Words used by expatriates to describe HR support in these categories includes: *superb, pretty good, quite organized, I felt very supported, quite responsive, no problem, nothing short of very good, very well done, very smooth, it was 10/10, very happy, very satisfied, an efficient machine, it exceeded my expectations, a very painless experience, extremely positive, quite impressed, wonderful, very strongly supported, very well indeed, and absolutely brilliant*.

Whilst this is a good result and indicates a high quality of support for international assignees, the finding must be qualified; in many instances, only certain types of HR support were rated highly by expatriates (such as third party/vendor support), whilst other types of support (such as policy provisions or communication) were rated 'fair' or 'poor'. However, for the purposes of statistical analysis, a binary result was required, thus a positive answer was recorded where the expatriate leaned more towards overall satisfaction rather than overall dissatisfaction with HR support, with notes being taken to code partial negative responses to another category ('gaps in support') for further analysis.



EXPATRIATES' RATING OF HR SUPPORT
(N=50)

KEY FINDINGS

The following quote, from a middle manager based in Europe, is a typical answer given by many of the respondents who feel the quality of HR support is high:

I felt like a rock star; they offer you so many services and just try to help you ... so whilst I think there is always going to be room for improvement, realistically looking over the past two and a half years I've been extremely satisfied.

Middle Manager, Europe

In terms of unsatisfactory support, 16 percent of expatriates rated the quality of HR support as 'fair', with 22 percent rating it as 'poor', and 4 percent as 'non-existent'. Overall, 42 percent rated the quality of HR support as less than satisfactory (fair to non-existent). Words used by expatriates to describe HR support in these categories includes: *disgraceful, ratshit, appalling, not sufficient, absolute debacle, pretty shocking, leaves a lot to be desired, disappointing, substantial challenges, hit and miss, they don't care, a nightmare, very frustrating, stressful, not great, horrible, and lousy*. The following quotes, representative of all firms in the study and mostly from Senior VPs based in Europe and Asia Pacific, illustrates the strong words used by expatriates to convey their disappointment with the quality of HR support received¹⁷:

I would say HR support is higher in quantity than quality. There are a lot of different supports, there were a lot of service providers, but I had to coordinate the whole thing myself, and they wouldn't talk to each other. There was nobody I could go to to say 'can you just manage this whole move for me? There's too much

you have to manage yourself. It takes a lot of time.

Senior VP, Europe

You're just another file in the queue to get processed and you feel that sometimes. And you know, nobody likes to be treated like that.

Senior VP, Asia Pacific

Overall I'm not too happy. The responsibilities weren't really clear. The process internally is organized in a fairly non-transparent way so it's very hard to understand. You're basically just given some contact and hopefully they can resolve things for you. But you have no visibility on what's going on so you're often left just wondering, 'how is this going to be resolved? when is it going to be resolved? who's going to take care of it?'

Middle Manager, Asia Pacific

The move itself was horrible ... a horror trip, I remember it pretty well. It didn't impact my performance; it impacted my personal evaluation of the company.

Senior VP, Europe

There was no support, nothing, I had to do everything myself. All the company did was give us names of three movers and said, 'Ok now it's up to you.' In my view, global mobility did nothing more than write down what we told them on a piece of paper and got us to sign it, and then created more bureaucracy around it. If somebody had asked me, I'd hire a good executive secretary that could do a better job, and I'd fire the whole of global mobility. Sorry, it's an extreme view but that's my view. I think global mobility should be reduced to one person. I don't think as a team they do anything. Having spent 13 years in [this industry] I've never seen any HR department in any company that I've been in (and there's three of them) be a constructive contributor to anything really.

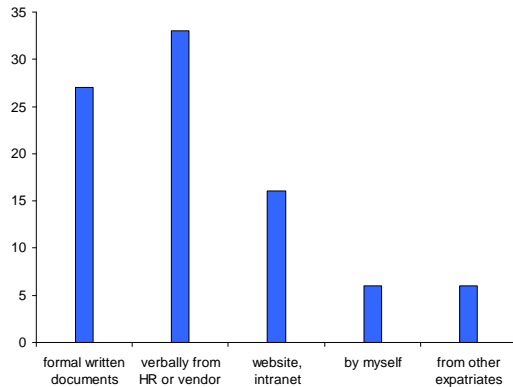
Senior VP, Asia Pacific

¹⁷ An interesting point to note is the position of the expatriates; where one would expect Senior VPs to receive excellent HR support (due to their status as 'top management'), this often did not occur which indicates that HR support is often not position-dependent, and if deficient, seems to be a systemic problem.

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Communication of HR support

Findings show that the major form of communication of HR support to expatriates is verbally from HR or a third-party (external) vendor (33%), followed by formal written documentation (27%), and accessing information from a website or intranet (16%). Six percent of expatriates obtain information about HR support from other expatriates (verbally) or find out by themselves through other informal avenues. The most satisfactory types of communication about entitlements are verbal meetings with HR, along with access to a well organized global website or intranet; the least satisfactory type of communication is a written document or letter from HR without an opportunity to meet and discuss entitlements.



COMMUNICATION OF HR SUPPORT AVAILABLE TO EXPATRIATES (N=45)

Gaps in HR Support

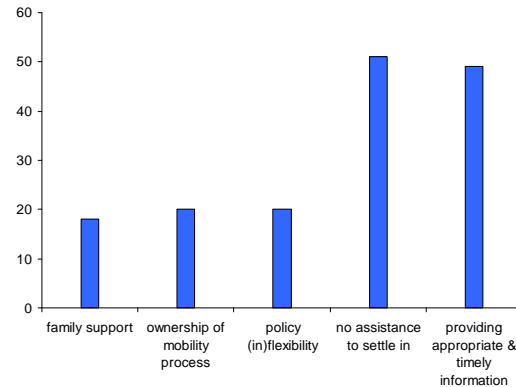
Gaps in the quality of HR support provided to expatriates are coded into three categories: pre-assignment, on assignment, and post-assignment¹⁸.

¹⁸ Findings show that gaps in post-assignment support rest entirely on repatriation difficulties. This includes career, financial, and functional support to return home. As

Pre-assignment

Findings show that the majority of gaps in HR support occur in the pre-assignment stage, in the following areas:

- Unclear ownership of the mobility process
- Failing to communicate appropriate and timely information
- Policy (in)flexibility
- Lack of family support particularly for children’s education, and support for the spouse



GAPS IN HR SUPPORT TO EXPATRIATES (N=51)

Of particular concern to expatriates is, who owns the mobility process? The problem is that often there is no central area or person to go to for advice and information. Instead, expatriates find themselves seeking information from up to a dozen different people and departments, which is time consuming and inefficient, particularly when they are attempting to wind down a role in one location and prepare for another elsewhere. There is also the risk that information given in one region or office conflicts with information and advice given in another. As these expatriates explain

repatriation is explained in detail previously, it is not described in this section.

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below, having to take ownership of the mobility process means they are distracted from performing in their current or new role. Consequently, there is resentment towards HR, which is seen by many expatriates as the department that should own the mobility process, but whose lack of ownership leads to a perception of failing to deliver any real value:

You have to go talk to four, five, or six different people to get different answers. In theory they supposedly streamline everything through a mobility director but realistically he is overwhelmed. He is not able to answer all these e-mails. So I end up having to have six or seven conversations with six or seven different people around a dental benefit question. When I don't get an answer for weeks from that person, that is a failed solution.

Senior VP, Asia Pacific

They should have a dedicated person. I have to go to procurement and ask for the car lease, go to somebody else to get the housing contract. You'd think HR should be taking care of that, but they don't, which means that for an hour and a half yesterday, I am not creating any return on investment. I'm there drawing files, photocopying, scan it, and email it, which is actually information HR hold [but] they don't want to own it.

Middle Manager, Asia Pacific

Another important gap in HR support pre-assignment is policy (in)flexibility. Expatriates cite many examples where policy inflexibility can incur more costs in the long term as a result of ineffective practices and employee resentment, as the following middle manager explains:

Listen, there's a very earnest effort, and an expensive one. They do try [but] it's a very inflexible system. And some of it just doesn't make sense. I had to fight with the company to save them about \$8,000 on temporary accommodation because I had

a friend who was here who had half of a flat to rent. And I said to the company 'Look, I can go and live there and be far more comfortable than we'd be in the crappy hotel that you've suggested that we stay in for a month, and it would save you \$8,000.' And I had to jump through every single hoop just to do that. So it's that kind of inflexibility. In the end you actually have to sort of turn your back on the services that you know that [the company] is paying a lot of money for, because they're just not what you need.

Middle Manager, Middle East

Another concern for expatriates is the timely communication of appropriate information. Areas of dissatisfaction include the attitude of HR staff towards international assignees (e.g. resentment, hostility, hands-off approach), and responsiveness to problems and challenges.

On-assignment

Findings show that the main gap in HR support on-assignment is lack of assistance to settle in during the first weeks or months of an international assignment, particularly with personal (practical) matters. This particular item is the most important gap in HR support for expatriates across every stage of the assignment (pre-, on- and post-assignment), with more than half of the respondents (51%) citing it as a major issue. The problem is that many expatriates feel abandoned once they arrive in a new location. And whilst the problems they encounter may not be serious or life threatening, transition issues can nonetheless be numerous, often to the point of posing a serious distraction for an individual who is meant to be learning (and performing in) a new role.

A FINAL WORD

Sit down with the leaders before you leave and force them to take on the question of career path after the assignment.

Senior VP, Asia Pacific

Start talking about what's going to happen at the end of the assignment or who is going to be responsible for that. I know that's a very tough thing, because three years is a long time in this world, but I think there needs to be a process that somebody should go through. Maybe that's unrealistic. [So] go on the assignment and don't be surprised if you will not be with the organisation at the end of the assignment. If you still are you will be pleasantly surprised.

Senior VP, Asia Pacific

Sit down with HR and map out completely what needs to be done and in some respects you set the target for them, not they set it for you. You have to take ownership, you can't be mollycoddled.

Middle Manager, Asia Pacific

Don't just plan just the move to get there, but the potential move home or the next move from there. Where do you want to be after this job? How long do you really want to be here, and what do you want to do next?

Middle Manager, Europe

Go for it! You will take something out of it, even if it can be painful. It's worth going for it.

Senior VP, Europe

Ask more questions. Read the documents thoroughly. And maybe it's a personality thing as well, be more confident of your own self-worth. The company is not doing you a favour, they are lucky to have you, and if you choose to stay with them, they are lucky to have you. Be aware of your rights, ask questions, don't be ashamed to claim something. You are worth more than you might think you are.

Middle Manager, Middle East

Don't do too much evaluation about how things are going in the first six months or so that you're going overseas. Keep an open mind, and don't spend every day deciding whether this was a good or bad thing to have done but to give it time to settle in. The tendency – especially in the first six months of an assignment - there is a lot of ups and downs of how things go. Focus on learning.

Senior VP, Asia Pacific

Really, really don't underestimate how difficult it is transitioning to a new country, even if it seems fairly similar to your home country.

Middle Manager, Middle East

If you speak to people who have never been expats, they always say "Oh, you have such a good life, you could move to a new place". But there are sacrifices ... when you look back it was a fantastic roller-coaster. But sometimes you have really situations when you sit on the balcony with your wife, it's raining and everything is bad and the kids are not happy and your friends are far away and you don't like it and you say "Damn what did we do?"

Senior VP, Europe

Make sure you find a place where your family is content. The most important thing is that your kids and your spouse can survive wherever you go. Make it a family decision as much as you can.

Senior VP, Europe

I would have thought a bit more carefully about a couple of the decisions that I made when I changed jobs and roles. I suppose I would have been less impulsive and probably negotiated a bit harder. I was very trusting and naïve.

Senior VP, Asia Pacific

I wouldn't do a thing differently, I've had a fantastic career. I think I've done what I set out to do. I can't think of anything I would have rather done with my life so far.

Middle Manager, Middle East

ABOUT THE RESEARCHER

Yvonne McNulty is a PhD Candidate in the Department of Management, Faculty of Business and Economics, Monash University, Australia. She holds a Bachelor of Business degree in Human Resource Management, and a Bachelor of Business with Honours degree in International Human Resource Management from Southern Cross University, Australia. Yvonne's PhD research focuses on the management and measurement of international assignees and their impact on firm performance for global organizations. She has broad corporate experience with over 9 years in large US, Australian and UK corporations in financial services, corporate travel, and engineering, and 5 years fulltime service in the Royal Australian Navy. She has lectured in International Human Resource Management and International Management at Cabrini College (Philadelphia, USA) at undergraduate level, and been invited to guest lecture at both undergraduate and MBA levels in various universities in the US, Asia, and Australia.

Yvonne has presented at local and international conferences in USA, Europe and Asia Pacific, including the Deloitte Annual Global Employer Services Conferences in Barcelona (June 2007), Athens (June 2008), and Hong Kong (September 2008), the ORC/Deloitte Talent Management Conference in London (October 2007), and the 11th World HR Congress in Singapore (May 2006). She has published over 20 articles in the academic and practitioner literature including a book chapter in "New Directions in Expatriate Research" (Palgrave-MacMillan), The International Journal of Human Resource Management, Global Business and Organizational Excellence Journal, and Journal of International Studies of Management and Organization. She has also featured in the New York Times, International Herald Tribune, Financial Times, HR Monthly (SHRM), Mobility (ERC), HR Executive Magazine, UK Weekly Telegraph, and Elle Magazine. Yvonne has been interviewed numerous times on BBC Radio London and ABC National Radio Australia. In 2004 she was awarded "Best Paper", and in 2005 and 2007 was presented with the "Best Reviewer Award", by the prestigious international management division of the US Academy of Management. Yvonne is a member of the US Academy of Management, Academy of International Business (AIB), Australian and New Zealand Academy of Management (ANZAM), and Australian Human Resources Institute (AHRI).

When not busy raising her two young daughters, she lectures at her local university, takes regular naps, and dreams of one day playing golf again.

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