

Reducing the Cost of Expatriation in Austere Times: A Case Study of Two Organizations

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ABSTRACT

The purpose of this paper is to explore ways in which the cost of expatriation can be reduced by contrasting expatriate management systems in two successful American companies. Data are gathered using in-depth interviews with international human resource (IHR) managers and analyses of company archival information. Comparative analysis shows striking differences between the two approaches--one more traditional and expensive, the other non-traditional and considerably less expensive. These differences suggest that a wide range of approaches to managing expatriates may be successful, arguing against a set of "best practices." The analysis suggests less expensive ways of managing expatriates may be possible in some organizations and predicts several contingency factors to consider when designing expatriate management compensation and benefit packages.

INTRODUCTION

Businesses typically develop through four phases: domestic, international, multinational, and global (Adler & Gunderson, 2007). Today, there are fewer organizations competing solely on a domestic basis, and more operating globally in one form or another. Electronic media and decreased transportation costs allow even small businesses to compete internationally (Furnham, 1997), and increased competitive pressures frequently require a global presence even if a firm seeks to remain primarily domestic. This expanding global reach of many organizations has increased interest in the issue of expatriate management (Black & Gregersen, 1999; Toh & DeNisi, 2005).

Expatriates are home country nationals sent abroad by the parent company to live and work temporarily in another country. In the initial stages of international expansion it is quite common to send expatriates to oversee the development of appropriate systems and procedures consistent with the parent company's approach and outlook. While subsequent decisions on the extent of use of expatriates are a function of the nature of the business, the country in which the subsidiary resides, and even the culture of the parent country, there is still the need in even advanced stages of international development for a home country presence in many cases.

Original work on the management of expatriates focused to a great extent on the cost of a "failure" in a global assignment. Failure was typically defined as an "early return" to the home country (prior to the time originally planned). Early returns were generally estimated to be very high, at around 25-40% per year. Further, it was frequently argued that these early returns were very expensive, and this was the basis for a focus on the cross-cultural adjustment of the expatriate and his/her family to the international assignment (Copeland & Griggs, 1985; Mendenhall & Oddou, 1985). While more recent evidence suggests early return rates are not nearly as high as originally estimated (Brookfield, 2010; Harzing, 1995), expatriate assignments continue to present challenges for organizations. For example, a recent survey of 180 organizations by GMAC Global Relocation Services (GMAC, 2007) found that 24% of posted expatriates left the company during the international posting. Many of these left for better jobs at other companies, utilizing the experience and network gained in the overseas posting. Very few returned early in the sense of encountering cross-cultural adaptation difficulties, though some returned early because the assignment was accomplished before the originally anticipated completion date and some returned early to take another position in the company. Neither of these outcomes would be considered "failures."

Clearly, given the discussion above, a critical issue in the expatriate management literature is the choice of an appropriate criterion. What is meant by "successful assignment completion?" Without a clear answer to this question, academic researchers are likely to utilize dependent variables that may be either outdated (e.g., early returns) or of little

interest to practitioners (e.g., cross-cultural adjustment). In this paper I have adopted the expanded definition of expatriate assignment success suggested by McEvoy and Parker (2000). They proposed looking at success or failure in the form of a two-by-two matrix, as in Figure 1. The two general dimensions of success are adjustment and performance. Adjustment is more internally and personally focused, and refers to the general degree of psychological comfort the individual has with various aspects of a host country, including working in the country, interacting with the locals, and critical features of the host country such as education, food, climate, and medical facilities. Performance is more externally and organizationally focused and, while it may include early returns, it is more indicative of achievement relative to established organizational objectives (e.g., the development of host or third country nationals to assume greater responsibility) or subsidiary or joint venture performance indicators (e.g., market share, revenue, costs, cash flow, turnover). Viewed this way, performance incorporates the possibility that the expatriate may return early because the assignment was finished ahead of schedule, and thus is a success rather than a failure. Overall, this model incorporates the notions of both employee satisfaction and employee “satisfactoriness” with the assignment.

		PERFORMANCE	
		Low	High
ADJUSTMENT	High	Host Country Orientation	Success
ADJUSTMENT	Low	Failure	Parent Company Orientation

Adapted from McEvoy and Parker (2000, p. 475).

Figure 1: Possible International Assignment Outcomes

Over time, as the work on expatriate management expanded and matured, it began to cover a wider array of possible problems and challenges. A book edited by Jan Selmer (1995) concluded with 86 specific recommendations on expatriate management, ranging from expatriate selection to training to compensation to repatriation. In another book representing broad coverage of the topic, Black, Gregersen, and Mendenhall (1992) provided numerous examples of cases where companies had ignored “best practice” in the expatriate management literature and negative outcomes resulted. Such standard advice would include selection of expats based on both technical and cross-cultural skills, training both the expat and the spouse, etc. The difficulty with this “best practice” approach is that it ignores the wide variations in circumstances that organizations may face in dealing with expatriate management issues.

PURPOSE AND METHOD

The purpose of this research was to examine ways in which expatriation policies and costs may differ by conducting an in-depth examination and comparison of two successful American companies that used very different approaches to managing their expatriate workforce. These two companies were identified as part of a larger interview study across multiple firms. Of all the organizations studied, one of these firms (“Company T”) used the most “traditional” and most expensive approach, while the other (“Company N”) used the least traditional (non-traditional) and least expensive approach. In conducting this comparative analysis, I hoped to identify some creative and leading edge organizational practices in the management of expatriates that might suggest alternate approaches for other firms to consider. I also hoped to identify “contingency factors” in each organization’s circumstances that would suggest why one approach may be more successful in one type of situation compared to another.

Research Method and Sample

Data were gathered through in-depth, on-site interviews of the IHR managers responsible for coordinating the expatriation process in these two companies. Expatriate management policy statements and process flow charts were obtained from these IHR managers. Company web pages and annual reports were consulted for additional information.

Interviews lasted three to four hours, and took place at the manager’s home office. Detailed interview notes were transcribed and returned to the IHR managers involved in the process for any corrections or additions. Then, two

graduate students were employed to review the interview notes and outline similarities and differences in approaches to expatriate management across the companies. Their outlines along with the original interview transcripts and other materials gathered served as the basis for the results reported below.

The two companies chosen for the study have a substantial international presence with expatriates stationed around the globe (a total of approximately 50 countries), although there was a concentration of assignments in English-speaking and western European countries. Both firms list international growth as a primary component of their long-term business strategy and both use expatriate assignments primarily to meet business needs (vs. employee development assignments). More information on these two firms is provided in Table 1.

Table 1: Descriptive Information

Firm	Company T	Company N
Based in	Houston, TX	San Jose, CA
Primary business	Oil and gas wholesale	High tech, computer
Annual revenue/earnings	\$15B/\$1.5B	\$12B/\$2.1B
Title of person interviewed	Manager, International and Domestic Relocation	International HR Manager
Most common job type for expatriate	Energy trader	Marketing/customer service representative
Assignment duration	2-3 years	"Indefinite"
Expat gender	95% male	"A mix"
Have family?	80% married, most with kids	Mostly single
Expat cost	3.5xSalary	1.5xSalary
Early return rate	Very low, nearly zero	Zero, by definition

RESULTS

Expatriate "Success"

Early in the interviews at both companies I showed the IHR manager the model of performance in Figure 1. Both indicated that the vast majority of their expatriate assignments were successful. Expatriates both met their performance goals and seemed to adapt successfully to the overseas culture. Both companies felt they hired very good people to begin with, so there was no surprise that they would be effective in an international assignment. Neither IHR manager could remember any reports filtering back of significant cross-cultural "faux pas" or serious problems with "culture shock." Consistent with recent reports on expatriation across many firms (e.g., Brookfield, 2010), early returns at both firms were nearly zero.

Of course, the lack of early returns in Company N is virtually by definition. This is because in this firm employees are not posted to an international assignment for a specific period of time, but rather they are designated as "indefinite international transferees." This is similar to how an individual might be moved from one domestic location to another with no specific commitment to how long the assignment in the new location would last.

In Company T, the minimal problems with adjustment and early returns may be due to the fact that in many cases the soon-to-be expat had been traveling on short business trips to the eventual posting destination for some time. This destination was usually a foreign subsidiary belonging to the company. At some point, the originating manager, often in consultation with the employee involved, began to think that it might be beneficial to simply transfer the employee overseas for an extended period of time to fill a particular role.

Differences in Expatriate Management Approaches

The interviews uncovered significant differences in the approaches taken by Companies T and N in managing their expatriate workforce. Company T took a fairly traditional approach with a very generous pay and benefit package in place, and an extensive set of support services to insure assignment success. Company N took a much less traditional approach, basically treating international assignees similarly to domestic transferees. Further, there were many fewer

support structures in place. Tables 2 and 3 summarize the differences in approach. The differences are discussed in two categories: a) pre-departure issues, and b) on location and repatriation issues.

Pre-Departure

Table 2 shows significant differences in the approaches taken prior to departure. For example, Company T pays for an exploratory trip (of up to 14 days) for the potential expat and spouse if the expat is in doubt about the spouse’s interest in living overseas. The IHR manager referred to this as a “look-see” trip and indicated that his company felt this was \$10,000 to \$12,000 well spent if it saved the cost of an incorrect decision either way. Company N, on the other hand, relies on the individual employee to make the decision without a company sponsored visit for the spouse.

One interesting finding from the interviews was the lack of interest in cross-cultural assessment instruments at both companies. In Company N, they were not even made available; in Company T they were, but the IHR manager reported that originating managers very rarely used them. This practice is inconsistent with academic research suggesting that there are a set of traits and competencies (beyond technical skills) that should be considered in the selection process to help maximize the probability of assignment success (Black & Gregersen, 1999; Mendenhall & Oddou, 1985). Specifically, research suggests that potential expats should possess language skills, cross-cultural awareness and sensitivity, flexibility, sociability, open-mindedness, high tolerance for both stress and ambiguity, a collaborative negotiation style, a cosmopolitan orientation, and a sincere interest in learning about other cultures.

The lack of interest shown in these traditional academic recommendations is perhaps understandable in an environment where there are no perceived performance, adjustment, or early return problems. Because the assignments were based on specific business needs, the selection process was generally driven by technical skills. Also, both IHR managers expressed skepticism about the validity and real value added of some of the assessment approaches being marketed by consulting firms.

As can be seen in Table 2, both companies provided destination country orientation training and language training if applicable. Cross-cultural training was available in both firms, but IHR managers found it a “tough sell” to expatriates and originating managers. Consistent with the “high tech” culture in Company N, such training was offered on-line rather than in a face-to-face training setting.

Both companies paid travel expenses to the new destination for the expatriate and his/her family, but only Company T provided any assistance in selling a home in the U.S. prior to departure. Both companies paid moving expenses and a one month relocation allowance upon expatriation, but only Company T provided similar benefits upon repatriation. (Recall that in Company N, expats are “indefinite international transferees,” so if and when they want to return home and the company has a job to offer them, their moving expenses would be paid in the opposite direction at that time.)

As can be seen, the policies of Company T are considerably more generous than those of Company N. This “generosity” extends both to the amount of money offered in different incentives as well as the type of support provided to the expat and his/her family prior to departure. In Company N, employees are clearly in charge of managing their own careers and making their own decisions. There is a culture of “self-help” in all HR systems, with many of them internet based (e.g., employees initiate their own performance reviews each year, using an internet-based performance evaluation tool).

Table 2: Comparison of Pre-departure Expatriate Benefit Packages

Pre-departure	Company T	Company N
Exploratory travel (“look-see”) prior to assignment acceptance	Yes, expat and spouse	No
Meet with accounting firm to clarify tax issues	Yes	Yes, but employee initiates this meeting based on information on website
Details of expat policies and procedures available on-line	No	Yes, and many activities “self-serve”

Cross-cultural assessment available for use in selection	Yes, but seldom used	No
Destination country orientation training	Expat and spouse	Expat and spouse (or same sex domestic partner)
Cross-cultural training available	Yes, “mandatory” but...	Yes, using e-learning
Language training if English is not primary language in destination country	Expat, spouse, children	Expat and spouse (or same sex domestic partner)
Travel to new destination, including airfare, visa costs, and temporary living expenses such as hotel, car, and meals	Expat, spouse, children	Expat, spouse (or same sex domestic partner), children (including adult disabled children)
Moving expenses, expatriation and repatriation	Yes, contract with Movers International	Yes, for expatriation “It depends,” for repatriation
Relocation (“transition” or “disturbance”) allowance	One month salary upon both expatriation and repatriation	One month salary upon expatriation
Assistance in selling home	Yes	No

On Location and Repatriation

As can be seen in Table 3, once the expat is on the ground at the new location, differences in support between Company T and Company N become even more dramatic. Basically, the expat in Company N is treated as if he or she were a local hired into the host country subsidiary. Pay and benefits are determined as if that were the case. There are no foreign service premiums, no allowances (e.g., housing, appliance, family education), no company car, no tax equalization, and no COLA. On the other hand, Company N has a generous stock option and bonus compensation plan in which all employees worldwide participate. The IHR manager explained that one of the reasons his company did not provide all the allowances of other firms was because of the substantial bonuses built into everyone’s compensation.

The IHR manager of Company N also argued that overseas assignments were taken by employees--mostly younger and unmarried--who were “looking for an adventure” early in their careers. As such, many of them wanted to live like locals in the host country of the assignment, and he felt that doing so actually increased their effectiveness in their assignments (as opposed to being isolated in “expatriate compounds” or communities). Further, he argued that this egalitarian approach reduced the equity issues found in many firms when an expat and a host country national are working side-by-side doing basically the same job and yet the expat is making much more money. Another problem that this “bare bones” approach may circumvent is expense account fraud. Unfortunately, this is an all too common problem as described by the IHR managers. For example, if the company reimburses employees a portion of housing and utility costs, the expat may be tempted to collude with a landlord to state a higher price than actually paid and then split the difference of the excess reimbursed by the company.

Table 3: Comparison of On Location and Repatriate Benefit Packages

On Location and Repatriation	Company T	Company N
Destination services	Yes, contracts with Formula Two	Yes, recommends local firms and maintains websites
Foreign service premium	15% of base salary per month	No
Housing and utilities allowance (paid directly to vendors)	Yes, after deduction for typical housing expenses back home (data from AIR Inc)	No
Education allowance for children	Yes	No
Commodities and services differential (COLA)	Yes, based on cost of living figures from AIR Inc.	No
Company provided auto, including gas, maintenance, and insurance	In some locations	No
Appliance allowance	\$3,000 to purchase small appliances if voltage different	No

Compensation and benefits “tax equalized”	Yes, subcontracted to an accounting firm	No
Staying in touch with others back home	Assigned mentor and home leave required annually	“Meeting Manager” software
Spouse education allowance (and job hunting expenses prior to repatriation)	If spouse was employed before assignment, education and job hunting costs reimbursed up to \$5,000	No
Repatriation training	Yes, provided by Cendant	No

It is important to note that Company N does not just abandon expats at the airport of the host country and expect them to fend for themselves. Like other firms, Company N uses outsourced relocation services in the destination country. These “destination services” provide not only help in locating suitable housing and schooling, but also help in getting in from the airport, opening a bank account, obtaining a taxpayer identification number, establishing credit, buying a car, obtaining a driver’s license, and locating an expat group from the home country. As an example of the latter, the Company N on-line policy for inpats points out that a group of British expats “gathers regularly on Thursday mornings at 10:30 am at Coffee Beans and Things on Main Street” in San Jose.

The IHR manager at Company T indicated that spousal career issues were one of the biggest challenges in getting someone to accept an international assignment. At this firm, most expats are married males with children. With the prevalence of dual careers today, a married expat may worry that he has to sacrifice his wife’s career, or at least put it on hold. This may be one reason for the intense interest in the financial “deal” that expats will receive, because if one is giving up a second income in the family, there is likely to be concern.

At Company N, on the other hand, the IHR manager indicated that there were more than enough employees eager for the adventure of going overseas, so there was “no need to bribe” employees to accept such assignments by offering extra premiums and allowances. The nature of “the deal” is spelled out clearly in on-line policies for all potential expats to see. It is the expat’s responsibility to understand the pay and benefits package and to make an appointment with the designated accounting firm to work through the tax issues involved. Building on the culture of self-service HR, all of these steps can take place without the involvement of the IHR manager, though he is available to answer questions if need be. Written policies and an agreement with a relocation and accounting firm helps assure all expats are treated the same in this company.

A frequent concern of expatriates is the negative impact on their careers of being “out of sight, out of mind.” Company T used a relatively “low tech” approach to this problem by assigning a back-home mentor to every expat. Also, each expat is expected to use some of the required annual home leave (four weeks of vacation) to check in at the home office. The IHR manager at Company T believes this home leave helps avoid problems of reverse culture shock upon repatriation. Company N, on the other hand, used software called “Meeting Manager” which allowed any employee to schedule a meeting with any other employee anywhere in the world (say, a back home originating manager). The company also had the technology to support and conduct “virtual” meetings. According to the IHR manager, the “tech-savvy” employees who worked for his firm were comfortable using these kinds of approaches for staying in touch.

The IHR manager at Company T noted that of all the potential problem areas in the expatriation process, repatriation worried him the most. The academic literature points out that most expats have no job guarantees at the completion of their assignments, and my interviews at both companies confirmed that fact of life. In both cases, it was the returning expat’s responsibility to locate a job for him or herself. However, even at Company N, where the expat was actually an indefinite international transferee, there was almost always a spot for the repatriate because “there’s always room for good people.” Both IHR managers pointed out that no job guarantees exist for those who remain in domestic positions, and there is no reason to treat expats any differently.

Are colleagues interested in hearing about--or better yet, learning from--the international experiences of the returned expat? Neither IHR manager thought so. Neither organization had a formal mechanism for sharing expat learnings with others upon return. In fact, the IHR managers indicated that it was not uncommon for the repatriate to receive a rather “chilly” (and in some cases, downright hostile) reception from colleagues. The repatriation training

provided by Company T recognizes this lack of colleague interest by teaching the expat to develop an “elevator speech” in which the important aspects of the overseas experience can be conveyed in the time it takes to ride up the elevator. This is the presumed attention span for those “interested” in hearing about the overseas assignment.

CONCLUSIONS

Trends in Expatriate Management

Traditional expatriate assignments are very expensive. Like Company T in this study, many firms offer their expats a variety of allowances and extra benefits as part of the assignment, typically bringing the cost to 3 or 4 times annual salary. Perhaps for this reason, many companies are reducing their traditional, 2-3 year, elaborately supported (i.e., costly) expat assignments. Even the IHR manager at Company T predicted more short term assignments (less than 12 months duration) in the future as a means to contain costs. He had, in fact, already developed a detailed set of policies for managing these shorter assignments.

Company N represents another trend, namely to use indefinite-term, host country-based international transfers rather than expatriates in the future. Employees who are considered “transferees” qualify for many fewer benefits, allowances, premiums, perquisites, and expense reimbursements than do “expatriates.”

Budgetary constraints are also evidenced by the fact that expatriation policies at both companies require the originating manager to check costs and determine if the budget exists to support the assignment. At Company T, the originating manager contacts the IHR manager inside the organization who prepares the cost estimate. At Company N, the manager consults the appropriate policy on-line and then contacts the designated accounting firm contractor who generates the cost estimate. It is Company T’s experience that when the originating manager finds out the likely cost of an expat assignment, he or she withdraws the request about half the time (and continues to use short term assignments to meet the business needs instead, or looks for a qualified local national to do the job).

Company N makes extensive use of intranet-posted policies and pre-arranged agreements with accounting and relocation firms to minimize the amount of time required from the IHR manager. The company has streamlined many of its internal administrative processes using the Internet. Expat expense reimbursements, for example, are all submitted and managed via the net. Further, almost all training--including cross-cultural and language training--is generally available in an “e-learning” format over the Internet.

Of course, this is just the tip of the iceberg in terms of how the Internet and company intranets may help in streamlining and simplifying the expat management process. One can envision on-line self-assessment cross-cultural instruments which would allow a potential expat and family to take a hard look at their readiness to go overseas. Cross-cultural and language training could be delivered on-line to the expat and family (both pre-departure and post-arrival). Further, on-line training and education could be used by spouses anywhere in the world who have put their careers on hold and wish to maintain or upgrade their job skills.

Study Limitations

Clearly, a comparative case study of two companies must be interpreted with considerable caution. The results may not be generalizable to the broader cross-section of firms with expatriates to manage. The organizations represented in the sample are large and well-regarded. Company N recently appeared on Fortune magazine’s “100 Best Companies to Work For” list. So while this particular firm may not be representative of an “average” American company, it does offer a perspective from the “high tech” sector and is perhaps a trend setter in terms of approaches to expatriate management. Further, as a check on the “robustness” of the expatriate management settings and procedures that existed at these two companies, I reviewed both the National Foreign Trade Council’s “Expatriate Program Manager’s Manual” and Windham International’s “Global Relocation Trends Year 2000 Survey Report” as well as others (e.g., Brookfield, 2010; GMAC, 2007) for comparison purposes. I found considerable similarity and overlap between the two companies in my sample and the typical expat assignment length and purpose, expat demographics and family issues, and normative expat policies described in these two documents, particularly as they related to Company T (the more “traditional” case).

Second, some of the results in this study may be a function of the desirability or perceived cultural and economic similarity of destination locations to which these companies frequently sent expats. As noted above, most destinations were English-speaking or western European countries. This characteristic of the sample may partially explain low early return rates and a lack of perceived performance problems, and it may also allow firms like Company N to offer few financial incentives for expatriation. However, the Windham International survey mentioned above found that the U.K. was by far the most common destination for American expats, which is consistent with the two firms in my sample.

Third, this paper reports only a single perspective on the issues in expatriate management--that of the IHR manager responsible for international assignments (supplemented, of course, with archival information as noted above). So, the relatively "rosy" assessment of how well the expatriate management process worked at both of these firms could be accounted for in part by self-serving bias. Other perspectives are certainly possible, including the expats themselves, spouses and families, originating managers, overseas managers, and peers. However, both IHR managers in the sample suggested that they talked regularly (and in some depth) with people in all these other roles and positions. In that regard, the IHR manager may be the single individual with the broadest, most well-rounded perspective on international assignments.

IMPLICATIONS FOR RESEARCH AND PRACTICE

Implications for Researchers

The comparative analysis showed striking differences, with Company N exhibiting a pattern of expatriate management practices that were much less extensive and much less expensive than Company T. Given concerns with the increasing costs of expatriation, it is reasonable to ask the question of whether or not other firms can follow the lead of Company N in redesigning a slimmed down version of traditional expatriate benefits packages. Along these lines, I offer the following hypotheses for testing. Organizations for which a reduced expatriate benefit package would be most likely to succeed would possess the following characteristics:

1. a workforce that is tech-savvy, mobile, adventurous, and cross-culturally curious
2. HR career development policies that are flexible and an organization structure that does not require home country presence in certain locations and in certain jobs
3. An advanced information system and intranet
4. Self-service HR and travel reimbursement systems operating through the web

Implications and Suggestions for Practitioners

The interview results reported above may provide some ideas for those seeking creative alternatives to expensive expatriate management policies. I reported how at least one organization has significantly reduced traditional benefits to expats without diminishing the interest in such assignments. I have also demonstrated that there is a fairly wide array of expat pay and benefits approaches used in practice, and that different organizations are headed in different directions in terms of policies.

My interviews left me with one major concern about the state of practice in the field of expatriate management. It is a strategic one, namely the apparent absence of concern about becoming true "learning organizations." In recent years strategy and organization development scholars have suggested the importance of viewing organizations as mechanisms for learning. Senge (1990) has argued that "The ability to learn faster than your competitors may be the only sustainable competitive advantage" (p. 4). A learning organization is one where people continually expand their capacities to create desired results, and where organizational memory is constantly revised and updated to be responsive to new challenges. Senge (1990) further goes on to suggest that most organizations are "learning disabled," crippled by one of several possible disorders. For our purposes here, the most relevant learning disorder is his fourth one, "the delusion of learning from experience." While most adults learn best from experience, learning only really occurs when conscious attempts are made to analyze, discuss, and debrief a learning experience.

Here is where the results of my interviews are most disconcerting. Neither of these two organizations has developed a formal--or even informal--means of capturing the learning acquired by returned expats and using these to

create competitive advantage. This is all the more disconcerting when one realizes two more things. First, the importance of capitalizing on the knowledge of internationalized employees has been widely recognized for almost 20 years. In Porter's (1990) seminal work on business strategy in a global economy, he argued that since innovation and learning were the only true sources of competitive advantage, the process of managing the expatriate workforce had to reflect that reality. Second, one of the firms in this sample has been recognized as having some of the best people management practices in the U.S. Both of these organizations considered international expansion to be a cornerstone of their long-term business strategy. One wonders how these organizations can, on the one hand, aspire to be successful in the global marketplace, while on the other hand, basically ignore a significant group of employees with direct knowledge relevant to this marketplace--their returned expats.

Two recommendations are offered for practice. First, part of the problem may be structural in nature. Both of the IHR managers in my sample were located in the HR department—specifically, in the compensation and benefit arm of the HR department. From this location, it may be difficult to bring strategic issues to the attention of key organizational decision makers. Relocating the expatriate management function to a more highly visible department and/or a more influential level in the organization may help. Second, another part of the problem may be outmoded managerial mindsets. Here, the concept of the learning organization suggests what organizations might do: develop a sense of the connectedness of all organizational activities and outcomes (systems thinking), build a shared vision about the importance of human capital and team learning relative to international experiences, and change managerial mental models to be consistent with this new vision. The organization quickest to do so is likely to be the most successful in the new global marketplace.

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