

# International training and development



It is widely documented that training and development are clearly linked with performance (Nikandrou, Apospori, Panayotopoulou, Stavrou & Papalexandris, 2008). Training & development of employees enables a multinational, (or any organisation for that matter) to build up its human resources (human capital) (Dowling, Festing & Engle, 2008), which can include things such as knowledge, skills, and intellectual property etc. It is also suggested that CEO's with international experience perform better (Ng, Van Dyne & Ang, 2009). As this presentation is based on international training and development, we will be relating the presentation to the training and development not only required by, but also that provided by expatriate employees in an organisation.

I will begin this presentation by firstly refreshing your memory about the definitions of some of the key terms in this subject, which you should all be somewhat familiar with anyway.

### Define Expatriate

Firstly I will define expatriate for you. An expatriate is an employee of an organisation, who is working and living in another country (Davidson & Griffin, 2006).

The term expatriate can include 3 types of employees (Dowling et al, 2008):

Parent country nationals: those employees who are recruited from the country in which the organisation's headquarters are based, yet are sent to another country by the organisation.

Host country nationals: those employees who are recruited from the ‘ host’ country into which the organisation has expanded.

Third country nationals: those employees who’s nationality originates neither in the parent country in which the headquarters are based, nor the host country in which the organisation has expanded into.

I will now move onto the definitions of training and development.

### Define Training

Training aims to improve an employee’s current work skills & behaviour (Dowling et al, 2008; Davidson & Griffin, 2006). This enables them to grow in their current position in order to perform better in the role that they were hired for.

### Define Development

Whereas development aims to increase an employee’s abilities in relation to some future position or job (Dowling, et al 2008; Davidson & Griffin, 2006). Skills or knowledge may be identified as being necessary in a role that the company anticipates an employee to move into at a later date.

Now that I have given you the definitions that will be used throughout this presentation, I just wanted to do a quick exercise to ensure that everyone understands the definitions that I have given.

An Australian (Bob) is currently working in America for an Australian company. His manager has decided that his skills in the current position need to be improved.

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What type of expatriate is Bob, and is it training or development that is required?

Answer: Bob is a parent-country national that requires training for his current role.

An American (Jane) works in Africa for a French company. Her organisation wants to send her to Australia in the future and they require her to become accustomed with the Australian culture and way of life. Her professional duties will remain the same.

What type of expatriate will Jane be once in Australia, and does she require training or development?

Answer: Jane will be a third country national, and she will require development to be able to successfully continue her current role in a new country.

Now that you all know the difference between training and development, and the different types of expats, I will move on to the role of expat training.

### The role of Expat Training

As you can imagine, the successful training of an expat is crucial for the success of any international assignment, and even successful training programs cannot guarantee that newly learned knowledge and skills will be transferred to the workplace (Cheng & Hampson). Effective expat training therefore plays a significant role in ensuring that the organisation's international goals are accomplished (Dowling et al, 2008).

Expatriate training may sometimes also include training of the expatriate's family that will be making the international move along with the employee themselves. This can include not only the spouse or partner, but children as well. The aim is to ensure that everyone settles into the new country and environment smoothly, which will in turn give the expatriate employee the best chance at a successful international assignment (Dowling et al, 2008).

Some of the key goals of providing expatriates and their families with training before they depart for the international assignment are:

To prepare & support imminent expatriate employees in international assignments

Training can provide support to enable the expatriate to adjust to the new country and everything that comes along with it, increasing the likelihood of successful performance within the new country.

Expatriates can be the trainees and also the trainers in international assignments. Therefore the more training that they themselves receive, the more likely that the expatriate is then able to successfully transfer this training on to any international colleagues that require it. For example, if an expatriate's assignment is to introduce a new technology to an overseas branch, the better the training that the expatriate has received on the technology, the better the training that the expatriate will be able to provide.

Pre-departure training can involve many aspects, which will depend upon the likelihood of difficulties arising in the host country. Issues and training techniques that may be covered can include: cultural awareness, preliminary

visits, language instruction, and day-to-day issues. Many of these topics will be covered in greater depth by later speakers.

Some multinational companies have even developed their own training ‘schools’ eg: Motorola, McDonalds, Disney.

This enables the training that the employees receive to be tailored to the direct requirements of their position and the organisation as a whole. It also ensures that all employees are getting the same training, which can increase standardisation across borders, improving the reputation of the business. In multinational organisations such as McDonald’s this is a huge benefit as the employees are trained in the aspects of McDonald’s that remain the same in every country, such as general service techniques, organisational values etc.

### Cultural Awareness Programs

When an expatriate enters another country for the first, or even the 10th time, they can become extremely overwhelmed by the cultural differences between the host country and what they are used to at home (Dowling et al., 2008; Ng et al, 2009). There is also evidence showing that educating an expatriate about the cultural differences that they should expect to encounter in the host country will increase their job performance in the expat role, and decrease the chances of the posting failing (Cullen & Parboteeah, 2008). This is equally true for the success or failure of the expat’s family adapting to the other culture.

Being an effective leader in the expat role is another important reason why cultural education and training is imperative to the success of an expat

posting (Ng et al., 2008). It is actually suggested that the development of ‘ global leader’ skills is one of the top 5 areas of expertise that affects the success of a multinational organisation (Ng et al., 2008). An effective leader in one country may be an ineffective leader in another country with a totally different culture (Cullen & Parboteeah, 2008). For example, a female senior manager in a country with a highly masculine culture, such as Japan, would not be well accepted or respected. Whereas a female manager in Australia is much more widely accepted due to our more Feminine culture. This is true for many physical and personal traits that expats are inevitably going to possess. By being aware of these differences the expat is able to tailor their behaviour, and even physical appearance, to better suit that expected in the host country.

The most effective way to educate a current or future expat on cross-cultural differences is to develop a sound and tailored cultural awareness program. This should be designed specifically for the culture of the country that the expat will be working in, and customized to meet any specific needs of the organisation, or the individual. The customisation process may include the development of specific strategies that will be more culturally effective for the expat to utilise in the chosen country, or the exploration of available and accepted leisure activities that would appeal to the expat in that country. The depth of the program will depend upon the level of cultural differences between the 2 countries (Dowling et al., 2008).

Table.... As you can see in this table from your text book, the trends in providing cross-cultural training to potential expats and their families has been changing slightly over the years.... go through table

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Usually this cultural training and development is provided internally by the parent organisation, or off-site by an external company. The training may include creating awareness of cross-cultural differences and issues; acceptable behaviour in the host country; business practices such as power-distance levels and bribery; and language training. Therefore by training the expat on the cultural norms of the other country, their success will be much greater than if they were to simply approach the posting without such an opportunity.

### Preliminary Visits

However providing cultural awareness training is not the only means implemented by organisations to get their employees ready for an international assignment. Another technique that may be used is to send the potential candidate (and perhaps their family as well, if they will be included in the final posting) on a preliminary visit to the host country. This will allow the employee and their family to assess whether they will be suited to living in this country, and they will be able to get a feel first hand of what it would be like to live there on a more permanent basis.

The true challenges of living and working in some countries may not be recognised until being exposed to the environment itself. Therefore, another benefit of preliminary visits is that the visitors may identify additional issues that need to be included in the cultural training, that the organisation themselves had perhaps not realised. On the contrary, the potential expat may realise that they do not want to accept the position overseas, allowing



the organisation to move on to a more suitable candidate for that particular overseas position.

Sometimes a short-term international assignment may be in itself a preliminary visit for a potential long-term expatriate task. Ultimately, the organisation needs to decide whether the costs of sending the employee on a preliminary visit will outweigh the costs of having the assignment underperform, be prematurely terminated, or even the possibility of needing to send a replacement employee if the first one doesn't succeed or adapt (Dowling et al., 2008; Ng et al., 2009).

I will now pass you on to Camille who will speak to you about language training.

## **PERSON: Camille**

Language Training

### **The role of English as the language of the business world**

English is the 3rd language the most spoken in the world (after Mandarin and Hindi). It is the official language in 53 countries and in some worldwide organisations such as the United Nation, the European Union, the NATO, NAFTA etc... You can see on the map the countries in dark blue are those where English is the official/national language, and those in light blue, where it is an official but not primary language.

These data show us that one-fourth (1/4) of the world's population can communicate to some degree in English: 400 million people speak English as a first language, 300 to 500 million as a fluent second language and 750

million as a foreign language. The largest English-speaking nation in the world, the United States, has only about 20 percent of the world's English speakers. In Asia alone, an estimated 350 million people speak English, about the same as the combined English-speaking populations of Britain, the United States and Canada.

However, some problems occur in the fact English is the world business language. Tung's report on 3000 corporations over 12 countries stated the following:

Respondents from US, UK, Australia and Canada consider the language skills as unimportant.

Respondents from Europe, Asia, and South America think that the knowledge of a foreign language is critical for success.

The fact to disregard the importance of a foreign language may reflect a certain degree of ethnocentrism (= tendency to regard one's own group, culture, or nation as superior to others). Hall and Gudykunst study stated that the lower the level of ethnocentrism in an MNE, the more training it provides in cultural awareness and language training.

There is no doubt that professional knowledge and experience is essential for entrepreneurs and managers. But reaching and staying at the top requires more than just being knowledgeable and experienced. One of the reasons why some entrepreneurs are successful may lie in the ability to communicate knowledge in a foreign language. Indeed, it is significant that employers realize the importance of learning (Business) English at the

workplace. Over the years, research and needs analyses have produced a wide range of the language-using tasks an employee should be able to do through his job:

the ability to communicate appropriately with superiors, colleagues and subordinates, and to representatives of other companies from abroad,

the ability to assist an English-speaking (native or non-native) person when hosting business partners from abroad,

To participate in the social life of the enterprise (e. g. sports and social clubs, etc.) when visiting business partners abroad.

### **Host-country language skills and adjustment**

Sociocultural adjustment relates to the ability to “ fit in” or effectively interact with members of the host culture. Notion of adjustment is based on cultural learning theory and highlights social behaviour and practical social skills underlying attitudinal factors. Paraphrasing the classical claim by Edward Hall that “ culture is communication” (Hall, 1973, p. 97), the reverse is also true: “ communication is culture.” Communicative ability permits cultural development through interaction with other individuals. Language becomes the means that promotes the development of culture. Language skills are very important for MNEs where English is not the first language: otherwise, there would be many translation issues. The ability to speak a foreign language can improve the expatriate’s effectiveness and negotiating ability. It’s a real advantage. Tung’s survey on 400 expatriates stated that the language skills are considered as a critical component in assignment performance:

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for the task performance

for the cultural adjustment. Indeed, respondents of the survey said that the ability to speak the local language was as important as cultural awareness in their ability to adapt and perform on assignment. Actually it provides a real insertion in both social and professional lives.

### **Knowledge of the corporate language**

Usually, the corporate language is English. Given its place in international business, quite often it becomes the common language within the multinationals. Thanks to the expatriates and their ability to speak the corporate language, communication conduits well between subsidiary and headquarters. An expatriate fluent in the parent-company language and the language of the host subsidiary can perform a gate-keeping role, whatever the formal position he may hold. It's a plus, very positive point: It gives added-power to his position.

For international training assignments, expatriates are usually required to know the corporate language (cause these trainings would normally be conducted in the corporate language). An exception to this practice occurs in emerging markets, where the key new line managers may be trained in their own language: it is the case in the McDonald's Corp with its corporate training facility in Chicago. Since 1961, it has become the company's global centre of excellence for McDonald's operations training and leadership development. This is the first restaurant company to develop a global training centre in both the corporate and host country language. However,

pre-departure training program often may need to include both the host country and corporate language.

Now, Patricia is going to talk to you about the practical assistance

## **PERSON: TRISH**

### **Practical Assistance & Training HCN**

Another important component of effective pre-departure training programs is providing information that assists in the relocation of the expatriate..

Providing practical information makes sure the expatriate does not feel left behind during the adaptation process. If they were to be left to fend for themselves the expatriates and their family may have a negative response towards the host country culture, which can contribute to a perceived violation of the psychological contract. Therefore, the main objective of providing the expatriate and their family with practical assistance is to help relieve any anxiety or pressure that may exist and to help overcome any negative feelings that may occur towards the host country.

It is now becoming regular practice that many multinational companies take advantage of relocation specialists that help the expatriate with accommodation, information about schools and possible employment for the spouse and children. As Camille has already mentioned, Language training is usually provided prior to departure, however further language training could be provided, particularly if such training was not possible before departure (Dowling & Festing & Engle, 2008). Another way of gaining information about the host country and its culture is from the people that are already working as expatriates in the area and whom are willing to help the spouse and

family of the new expatriate to adapt (Webb & Wright, 1996). Usually the company will organize practical orientation programs for the expatriate, their spouse and the expatriates family so that they can familiarise themselves with their new home prior to arriving (Dowling & Welch, 2004). However providing practical assistance is just one of the many tasks that need to be done prior to departure.

Not only is it important to ensure that expatriates are trained adequately, it is especially important when it comes to training others. Expatriates are often used for training because there is a lack of suitably trained staff in the host location. Therefore it is essential that expatriates are trained how to lead, motivate and develop employees, paying particular attention to the managerial training of Host Country National & Third Country Nationals as well as having the ability to transfer their skills and knowledge in a culturally appropriate manner. But how are these expatriates prepared for this training role? Unfortunately there is little research on this topic. However it has been suggested by Dowling, Festing and Engle (2008) that multinationals could improve the quality and content offered to expatriates in their role of training HCNs as their replacements would be to better utilise the knowledge transfer process when expatriates are repatriated.

In theory, all expatriates should be provided with adequate pre-departure training prior to their dispatch on an individual assignment. However, in practice, organisations often give priority to training their parent country nationals, while comparatively neglecting the training needs of their host country nationals who being transferred into parent country operations and third country nationals who being transferred to another subsidiary. This

could lead to perceptions of inequity, especially in situations where third country nationals do not receive the same level of training as others who are working in the same foreign location. But why should multinational companies use and go on to train host country nationals and third country nationals. According to Dowling, Welch & Schuler (1999) possible motives for MNCs to use HCNs, in particular, is that they can help to enhance a sense of corporate identity, help save on costs particularly when skills are needed and also to help facilitate firm based training. The use of HCN's may also help in broadening the outlook for PCNs within the company

From this it is clear that training for host country nationals and third country nationals is essential, as it helps facilitate an understanding about the corporate strategies, corporate culture and socialisation. This will help the MNC to achieve a competitive advantage, which is why it is important to ensure that knowledge and skills are distributed throughout the whole organisation. It is for that reason, that the main objective of international training should be to develop an understanding of cultural differences and an ability to work with host country nationals in order to facilitate management know-how transferred from the parent country.

Before I pass you on to Helena who will talk about training for non-standard international assignments and the effectiveness of pre-departure training, we'd like to take a quick break from our presentation and engage in a little activity we've created based on the topics we've covered so far...

#### ACTIVITY

**PERSON: Helena**

Increasingly, multinational companies, faced with cost issues and rising staff immobility, are substituting or complementing traditional expatriate assignments with other types of international assignments. These so-called non-standard international assignments include: short-term, commuter, rotational, contractual and virtual assignments. The most popular form of non-standard assignments continues to be the short-term assignment.

However, this important organizational activity has received limited attention compared to the burgeoning literature on traditional expatriate assignments.

**The Role of International Assignments in Managing Foreign Operations**

As mentioned above, it has long been recognized that international assignments play a critical role in the conduct of international business. For example, have been regarded as serving three purposes: filling a specific position or skills gap; for management development; and organizational development and for organizational development.

**What are Short-term International Assignments?**

Typically, the length of the assignment is a decisive factor in determining whether the assignment is defines short-term assignments as: " longer than a business trip, yet than the typical expatriate assignment.

Short-term international assignments are usually classified as assignments between one to twelve months". Results of studies relying on empirical data of company practices are in line with this definition.



According to a survey 50% of member companies required the assignment to be at least 1-3 months in order for it to be categorized as a short-term assignment. Furthermore, 81% of member companies limited short-term assignments as being 6-12 months at the most.

## **Implementing Short-term International Assignments**

(1) Recruitment and selection: It seemed to be a rule rather than an exception that formal selection is not conducted for short-term assignments. Commonly, short-term assignees work for specific international projects that demand certain skills and expertise.

(2) Training and development: In connection with international assignments, training typically refers to country-specific and cross-cultural training. Generally speaking, interviewees reported that country-specific or cross-cultural training is not provided for employees leaving for short-term assignments but for the assignment country involves high cultural distance.

(3) Compensation: two characteristic features of short-term international assignments lasting up to 6 months are: that salary payment remains in the home company; and that the company's travel policy forms the basis for compensating assignees. Accordingly, it is natural that the home country salary forms the basis for the assignment compensation. Depending on the situation, various additional elements can be added to the base salary.

(4) Performance management: A formal performance management system is used oftentimes. Short-term assignees are treated as any employee in the company. If, for example, the system in use includes twice-a-year goal

setting or evaluation discussions between the worker and the manager, this also applies to the assignees.

(5) Repatriation: Unlike what has been reported for long-term international transfers, in most of the cases repatriation from short-term assignments was regarded as unproblematic by the interviewees.

### **The effectiveness of pre- departure training**

The objective of pre- departure training is to assist the expatriate to adjust to the demands of living and working in a foreign location.

Organizational social support: Organizational social support encompasses supervisory, co-workers and home country organization social support.

Additionally, social support provide expatriates with information about what is acceptable and unacceptable in the new work context (Black et al, 1991).

Intercultural training: In most multinational corporations, intercultural training programs are generally superficial, incomplete or nonexistent (Brewster, 1995). And intercultural training enhances expatriates' intercultural adjustment. Besides, expatriates who had received cross cultural training had a better level of interaction adjustment and higher levels of skill development.

#### Language training

language is sufficiently important in its own right to warrant a more focused treatment (Welch et al., 2005). Indeed, the separation of language from cultural values has been beneficial in some respects because it has enabled researchers to demonstrate the strong, consistent influence of language on a

wide range of issues in MNCs, such as intercultural communication, information flows, coordination, control, and structures, knowledge transfer, social identity, power and advancement, and power and language policy decisions.

I will now pass you on to Alice who will discuss the Development of staff through international assignments and trends international training and development and finally conclude our presentation.

### **PERSON: ALICE RYNNE. Developing staff through international assignments p150**

Thanks Helena. Okay, so developing staff through international assignment. International assignments have long been recognised as a crucial factor in developing international knowledge. The expected outcomes of international assignments can be categorised into two main headings, namely management development and organisational development.

Management development occurs through expatriates gaining experience and knowledge, which can aid in career progression. In terms of the multinational, the company benefits by encompassing a collection of experienced international operators, and for future development of the company, having a pool of candidates to draw from for later assignments if need be.

International assignments also present the multinational with different avenues to accumulate knowledge, skills and abilities, all of which can be utilised, and in fact be the base of the company's future growth. This is labelled as organisational development. An individual's global outlook,

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acquired through international assignment, is another key benefit gained from expatriates adopting a broader view. As discussed by the other Alice, expatriates are mediators of the organisation and of socialisation, ultimately assisting in the transfer of new information and ability within the multinational.

In terms of individual development, it is evident that international assignments are a type of developmental tool adopted by management that seeks to provide select employees with international opportunities. These opportunities are designed to enhance their abilities within the workplace through exposure to foreign environments, tasks and challenges. Expected financial gain to compensate individuals for the inconveniences of being transferred abroad continue to play an important role in encouraging employees to accept international assignments. In fact, in 2008, less than a quarter of multinational companies said they failed to provide expatriates with additional remuneration. However, in recent studies, it was found that 73 per cent of multinationals provide these financial premiums systematically for long-term assignments only, as compared to only 31 per cent of multinationals offering financial incentives for short-term assignments too. Aside from the cash incentives, the opportunity for career enhancement and advancement plays a very important role motivating staff to accept international assignments. This trend is common for individuals in smaller populated and advanced economies, for example, Australia, Sweden, New Zealand and The Netherlands, where the local economy is not considered large enough to provide the required development and growth opportunities for future management. Moreover, it can also be attributed to

the fact that international assignments also provide the opportunity for ongoing growth in revenue. In such a situation, the individual understands that international experience is frequently a requirement for furthering their development, and gives the individual higher credentials for future employability. International assignments also provide an individual with greater marketable skills such as strategic thinking, flexibility and negotiation ability, improved decision-making, greater confidence and authority, more maturity and better people management skills, all of which are attractive qualities to future employers.

Now moving away from individual development and along to the subtopic of developing international teams through international assignments, aside from individuals gaining management development skills, international placement can also be the ‘ training ground’ for the international cadre.

The benefits of international teams, particularly related to networked organisations, are as follows:

A mechanism for fostering advancements, organisational learning and the transfer of information,

A means of breaking down boundaries (both functional and national), enhancing communication and data flows,

A way of encouraging diverse inputs into judgements, problem solving and strategic evaluations,

A way of developing global perspective, and;

A way of developing shared values, thus assisting in the use of informal, normative control through socialisation.

Research and development and international projects are common situations where teamwork is utilized. It is fair to deduce that international assignments have the potential to form significant team connections by exposing employees to numerous parts of the global organisation. In many cases, expatriates continue communication with these networks long after completion of their assignment. These predominately informal networks can later be activated for work situations, such as providing membership of project t