

Case study monsantos repatriation program



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Monsanto is a global provider of agricultural products with revenues in excess of \$4 billion and 10, 000 employees. At any one time, the company will have 100 mid and higher-level managers on extended postings abroad. Two thirds of these are Americans who are being posted overseas, while the remainder are foreign nationals being employed in the United States. At Monsanto, managing expatriates and their repatriation begins with a rigorous selection process and intensive cross-cultural training, both for the managers and for their families. As at many other global companies, the idea is to build an internationally minded cadre of highly capable managers who will lead the organization in the future.

One of the strongest features of this program is that employees and their sending and receiving managers, or sponsors, develop an agreement about how this assignment will fit into the firm's business objectives. The focus is on why employees are going abroad to do the job, and what their contribution to Monsanto will be when they return. Sponsoring managers are expected to be explicit about the kind of job opportunities the expatriates will have once they return home.

Once they arrive back in their home country, expatriate managers meet with cross-cultural trainers during debriefing sessions. They are also given the opportunity to showcase their experiences to their peers, subordinates, and superiors in special information exchanges. However Monsanto's repatriation program focuses on more than just business; it also attends to the family's reentry. Monsanto has found that difficulties with repatriation often have more to do with personal and family-related issues than with work-related issues. But the personal matters obviously affect an employee's on-the-job

performance, so it is important for the company to pay attention to such issues.

This is why Monsanto offers returning employees an opportunity to work through personal difficulties. About three months after they return home, expatriates meet for three hours at work with several colleagues of their choice. The debriefing session is a conversation aided by a trained facilitator who has an outline to help the expatriate cover all the important aspects of the repatriation. The debriefing allows the employee to share important experiences and to enlighten managers, colleagues and friends about his or her expertise so others within the organization can use some of the global knowledge. According to one participant, “ It sounds silly, but it’s such a hectic time in the family’s life , you don’t have time to sit down and take stock of what’s happening. You’re going through the move, transitioning to a new job, a new house, the children may be going to a new school. This is a kind of oasis; a time to talk and put your feelings on the table.” Apparently, it works; since the program was introduced in the early 1990s, the attrition rate among returning expatriates has dropped sharply.

Questions:

- a. Why does Monsanto need to recruit expatriates for their US Operations?

- b. Why & How does the repatriation programme of Monsanto is helping reduce attrition rates?

- a. Why does Monsanto need to recruit expatriates for their US Operations?

INTRODUCTION

The world economy is moving away from the traditional economic system, where national markets were considered as distinct entities – which were isolated from each other by trade barriers, barriers of distance, time and culture – towards a modern economic system, where the national markets are merging into one huge global market. In many industries it is no longer meaningful to talk about the American market, the German Market or the Japanese market. Therefore, as the development in the international business environment are forcing companies to think of the world as one vast market, the companies are being forced to set up their manufacturing and marketing facilities in different foreign countries in order to do business globally. Ford Motors, for instance, has production plants in 38 countries and sales outlets in over 200 countries (Ford 1997 Annual report, www.ford.com). In this regard, there are in today's world a still increasing number of people, who are sent by companies on foreign assignments for a longer or shorter period of time – and it is those people that we in this paper will refer to as expatriates

Expatriates play a key role in the globalization of many companies. The parent company often depends on expatriates to transmit the core values to employees in the overseas location besides of course putting in place systems and processes. In short, expatriates assume a significant responsibility for culture building. Black and Gregersen, have given an excellent account of the issues involved in the management of expatriates. Most companies struggle with their expatriate programmes. Some expatriates return early because of job dissatisfaction; others fail to live upto

expectations and a few leave after completing an overseas assignment to join competitors. Successful companies seem to follow three practices religiously.

While managing international assignments, they focus on knowledge creation and global leadership development. Other considerations are given less importance.

While assigning people for overseas postings, they look for people whose technical skills are matched or exceeded by their cross cultural abilities.

Finally, companies with a successful expatriate programme know how to end an assignment and put the experience of the executives to good use, when they return after an overseas stint.

Global companies after selecting the candidates place them on the jobs in various countries, including the home country of the employees. But, the employees of the global companies are also placed in foreign countries. Even those employees who are placed initially in their home countries are sometimes transferred to various foreign countries. Thus, the employees of global companies mostly work and live in foreign countries and their family members also live in foreign countries. Employees and their family members working and/or living in foreign countries, are called expatriates in the foreign country.

Expatriates are those living or working in a foreign country. The parent country nationals working in foreign subsidiary and third country nationals are expatriates. Large no of expatriates normally have adjustment problems

with the working culture of the company, country's culture, laws, etc. some expatriates adjust themselves easily, while some others face severe problems of adjusting. Such employees about their assignments and return to home country by terminating their work contracts. Thus, the major problem with expatriates is adjustment in the new international environment.

Expatriate is a person who leaves his country to work and live in a foreign country. Generally, expatriates are the nationals from the other countries than the host and the MNC's parent country, i. e. expatriates are the third country nationals.

The unavailability of the required skills and talents takes the organisation to source talent from other countries. The procedures and processes of recruiting and selecting the human resources are never uniform even within a single organisation. The procedures vary according to the post, the skill set required, the nature of work etc. More of it is seen in the case of recruitment of expatriates. The recruitment and selection procedures and considerations are drastically different for expatriates than that of the domestic employees. Recruitment of expatriates involves greater time, monetary resources and other indirect costs. Improper recruitment and selection can cause the expatriates to return hastily or a decline in their performance.

A mismatch between job (its requirements) and people can reduce the effectiveness of other human resource activities and can affect the performance of the employees as well as the organisation.

Recruiting expatriates require special considerations and skills to select the best person for the job. Except for a few expatriate selection policies, the expatriate selection criterion is generally organisation and nation specific.

The recruiters for recruiting the expatriates should be carefully selected and trained. The recruitment strategies for expatriates should be aligned with requirements of the job. The interviews of expatriates are designed in a manner to judge their:

Adaptability to the new culture

Intercultural interaction

Flexibility

Professional expertise

Past international work experience

Tolerance and open-mindedness

Family situation

Language ability

Attitude and motivation

Empathy towards local culture

A few researches in this field also suggest that women are morale likely to be successful in certain positions as expatriates as they are more sensitive

towards new culture and people. Recruitment of expatriates should be followed by cultural and sensitivity training, and language training.

Allegiance to parent firm

Low

Free agents

Natives

High

Hearts at home

Dual citizens

Low

High

Allegiance to local operation

Monsanto, the US chemicals manufacturer, starts work on suitable assignments for returning expatriates well in advance. The company not only arranges for debriefing on their return, but also identifies suitable jobs based on the expatriate's skills and organizational needs.

To sum up, the challenge for global companies is to develop a cadre of expatriates who will function as dual citizens, with a balanced allegiance to the headquarters and the country subsidiary. Creating such a cadre would involve careful selection processes, cross cultural training before and after overseas assignments, well planned career systems that lead to clearly defined job expectations and well conceived repatriation programmes.

NEED OF EXPATRIATES FOR MONSANTO

Expatriate is a person who leaves his country to work and live in a foreign country. Generally, expatriates are the nationals from the other countries than the host and the MNC's parent country, i. e. expatriates are the third country nationals.

From the HR-literature we know that expatriates are divided into three types: PCNs (Parent Country Nationals); HCNs (Host Country Nationals); and TCNs (Third Country Nationals)., we will focus on the different roles of these expatriates by point of departure in the following four general approaches to international staffing:

Ethnocentric Approach: Because of a lack of qualified HCNs, PCNs occupy all key positions in the foreign operation, which means that the subsidiary is highly dependent on the headquarters' decisions. Some drawbacks from this approach could be limited promotion opportunities for HCNs, income gaps between PCNs and HCNs, and that PCNs cannot be involved in local matters.

Polycentric Approach: In this approach HCNs occupy positions in the foreign subsidiary. Some transfers of HCNs to headquarters also take place. The approach eliminates the language barriers, and typically HCNs are less expensive. Some drawbacks from this approach could be communication problems between headquarter and subsidiary and limited career opportunities for HCNs as they cannot be promoted to headquarter.

Geocentric Approach: In this approach the best people are selected for key positions regardless of their nationality. Nationality is not taken into account

and a worldwide integration of employees takes place. In this approach an international team of managers is developed. Some drawbacks from this approach may be related to situations, where host governments prefer employment of locals because of i. e. labor issues.

Regiocentric Approach: Here a company's international business is divided into international geographic regions (i. e. the European Union). The staff can only transfer within these regions.

MONSANTO needs expatriates because of the following reasons:-

Expatriates first enter the picture when corporations have strong incentives to internalize activities. Typical, enterprises will engage in the type of internalization most suitable for the factor combination, market situations and government policies which they face: “ When it is more profitable for this company to exploit its ownership advantages in another country itself rather than to sell or license them.

When a firm desires to extinguish bilateral monopoly because of market imperfections: that is, when some markets incurs lower cost through hierarchical co-ordination (FDI) than through co-ordination by market prices then the need to use expatriates becomes evident. When an enterprise has location and ownership specific resource endowments and finds the need to internalize these because of market imperfections then the expatriate is born.

The expatriate will likely be used to take out the imperfections of the market by being the liaison for the organization to that market. Having a manger

that knows and understands headquarters desires and wants is therefore of great importance when investing and operation in foreign markets.

Securing transfer of technology/filling positions, as companies send the expatriates abroad in order to transfer their technology to the foreign subsidiary. I. e. in countries where qualified people are not available, companies send the PCNs to fill out the positions. This is mostly used by multinational and international firms.

Securing the headquarter control, where the companies can exercise this control by using the PCNs in their foreign subsidiaries. In such situations firms try to incorporate the headquarters' culture into the foreign operations, which in some cases may create cultural problems. Especially MNCs tend to demand administrative and financial control in their foreign operations.

Opportunity for international experience/ management development, as several firms find international experience highly important before promoting their employees. Foreign transfers are here important in order to learn foreign cultures and environments. In such situations qualified HCNs are available but managers are still transferred to foreign subsidiaries to acquire knowledge and skills.

Securing organizational development, which also is called the " Geocentric approach". This role is performed only by the best people at the best places without nationality barriers. Transfers can take place from headquarter to subsidiary, from subsidiary to headquarter, or from subsidiary to subsidiary. Nationality of employees does not matter in this situation, as the objective of this staffing strategy is to get to know about different cultures, create

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international networks, decentralization, and interaction between managers of different nationalities. In general, this strategy is mostly followed by larger global companies.

Expatriates are responsible for transferring new technologies and penetrating new markets in foreign subsidiaries. Organizations opening a new production facility or branches in a foreign country will send an expatriate to facilitate entry into the new markets. PCNs are commonly sent out to initiate operations in fresh markets in countries with no qualified people to carry out the firm's mandate. These PCNs render their expertise in the vital global market within the new markets. Mostly, a firm will send a team of expatriates to work together effectively and penetrate the new market.

Companies may want to exercise control over foreign subsidiaries by integrating the headquarters' culture in foreign operations. This might be achieved by sending PCNs who have been with the company for some time. These expatriates have to promote a variety of inter-organizational skills and interpersonal skills, commonly used in the headquarters, to different employees in the subsidiaries. Most organizations with operations in foreign countries are quite successful and use expatriates to oversee financial and administrative functions.

Expatriates have the opportunity to learn the foreign environment and culture during foreign assignments. This international experience and expansive knowledge gained by expatriates can be used to develop products that suit a specific culture, ensuring the firm remains competitive in the

global market. The PCNs may be sent to foreign subsidiaries before they are promoted, so that they can learn the skills and knowledge to operate within a diverse environment. This foreign exposure helps expatriates develop international management competencies.

Expatriates are sent to foreign countries where they can locate valuable resources and expertise, learn best practices and transfer all these assets to the company operations in the host country. Expatriates may gain expertise from different cultures, providing the company with learning opportunity from a diverse staff. Expatriates help the organization in forming international networks, creating a global market for products. They also promote decentralization of the organization by taking control of the various foreign operations.

b. Why & How does the repatriation programme of Monsanto is helping reduce attrition rates?

INTRODUCTION

A largely overlooked but critically important issue in the training and development of expatriate managers is to prepare them for reentry into their home-country organization. Repatriation should be seen as the final link in an integrated, circular process that connects good selection and cross-cultural training of expatriate managers with completion of their term abroad and reintegration into their national organization. However, instead of having employees come home to share their knowledge and encourage other high-performing managers to take the same international career track, expatriates too often face a different scenario.

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Often when they return home after a stint abroad-where they have typically been autonomous, well-compensated, and celebrated as a big fish in a little pond-they face an organization that doesn't know what they have done for the last few years, doesn't know how to use their new knowledge, and doesn't particularly care. In the worst cases, reentering employees have to scrounge for jobs, or firms will create standby positions that don't use the expatriate's skills and capabilities and fail to make the most of the business investment the firm has made in that individual. Research illustrates the extent of this problem. According to one study of repatriated employees, 60 to 70 percent didn't know what their position would be when they returned home. Also, 60 percent said their organizations were vague about repatriation, about their new roles, and about their future career progression within the company; 77 percent of those surveyed took jobs at a lower level in their home organization than in their international assignments.

Not surprising, 15 percent of returning expatriates leave their firms within a year of arriving home, and 40 percent leave within three years. The key to solving this problem is good human resource planning. Just as the HRM function needs to develop good selection and training programs for its expatriates, it also needs to develop good programs for reintegrating expatriates back into work life within their home-country organization, for preparing them for changes in their physical and professional landscape, and for utilizing the knowledge they acquired while abroad.

MEANING OF REPATRIATION

Repatriation, or re-entry, is the transition from a foreign country back to one's own after working overseas for a significant period of time. According to Black, Gregersen, and Mendenhall (1999) this last stage of the expatriation process has been neglected to some extent since the process of relocation to the home country and home organization has been assumed to be a simple matter for expatriates. However, repatriation problems are complex both for the company and the expatriate because they involve the challenges of personal re-entry and professional re-entry at the same time (Linehan and Scullion, 2002). Hodgetts and Luthans (2001), claim that for most expatriates, the return to the home country occurs within five years after leaving the home country. Furthermore, Dowling, et al. (1994) suggests that the repatriation process consists of different phases in which the expatriate and the company face different roles. The authors describe the repatriation process in four related phases. These are a) preparation, b) physical relocation, c) transition, and d) readjustment. The first stage, preparation, involves the development of plans for the future both for the company and the expatriate. In this stage the expatriate can gather information about the new position that will be offered in the home organization. Preparation is followed by physical relocation of the expatriate. This stage refers to removing personal effects; breaking ties with colleagues, and traveling to the country where the home organization is located. In this stage the company can offer comprehensive and personalized relocation assistance to reduce the amount of anxiety the repatriate may feel. Transition, the third step in the repatriation process, is the settling into temporary accommodations as well as making arrangements for administrative tasks. This makes the process of re-entry to the home

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organization smoother. Readjustment, the last step, involves coping with reverse culture shock and career demands that are followed by the re-entry. (Ibid)

According to Paik, et al. (2002), the process of an expatriate's re-entry to the home organization is a complex interaction of several job-related factors, socio-cultural factors and family factors. The job-related factors primarily address the relationship between the expatriate and the home office and issues related to the repatriate's career progression after returning to the home country. Many repatriates return to an organization that does not know what they have accomplished overseas and how to use the repatriate's experience appropriately. The socio-cultural factors are related to the repatriate's ability to adjust and reintegrate into the home country culture. Sufficient cross-cultural preparation is needed to prepare the expatriate for working in another culture as well as for preparing the expatriate for working in the home organization upon return. Finally, the family factors address the impact of reintegration on the spouse and children. The cultural shock that the family may experience can affect the repatriate's ability to resume their responsibilities at the home office. One of the key transitional activities is to involve targeted communication concerning the expectation of the home office towards the return of the repatriate and his or her family. (Ibid) Suutari and Brewster, (2003) claim that for the employee, career progression is often the reason to accept an assignment abroad. As a consequence the re-entry position is frequently linked with whether the new position matches the repatriate's career expectations. Although international assignments are seen as a key tool for developing international managers the positive

connection between an expatriation assignment and career development has been questioned. The authors' further state that there is a gloomy picture with organizations losing a lot of talented and experienced international staff at or shortly after repatriation. The fall-out rate is often a result of dissatisfaction among repatriates whose careers are blighted by their negative experience and who have to rebuild their careers elsewhere. (Ibid) However, according to Linehan and Scullion (2002) the costs of losing repatriates are significant because they are valuable and expensive human resources who are capable of understanding the workings of both corporate headquarters and overseas operations; in addition they are responsible for critical co-ordination and control functions.

MEANING OF REPATRITION PROGRAMME

Black, et al, stress the importance of having a well-defined repatriation program in order to accomplish successful repatriation and to conquer the problems companies and employees face. However, Dowling, et al (1999) present a study by Harvey that state that only 31 percent of U. S companies have a program for repatriation. The three most frequent mentioned reasons for not having a program was a lack of knowledge about how to develop a program, the costs of training repatriates, and no perceived need by top management of having a program. (Ibid) Yongsun (2002), claims that in order for organizations to fully exploit the knowledge and skills of returning expatriates it is critical for the company to manage the repatriation process. Different theories and approaches of how a repatriation program can be developed exist in the literature. (Ibid) According to Jassawalla, et al (2004), a retrofit program at the end of the expatriates' assignment makes poor

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repatriation. Vermond (2001) suggests that the repatriation process should start as early as possible in an expatriate's assignment, and should be continued after the expatriate's return to the home country. The repatriation program as an ongoing process, have developed a theoretical model of how an effective repatriation program can look like. In this model the authors have divided the repatriation process in three stages. This model identifies the key action steps taken prior to departure, during the assignment, and after the repatriate's return that appear to determine the organizational and individual outcomes. (ibid) However, the outcomes of these actions will not be discussed as mentioned in the delimitations in chapter one. As previously mentioned, companies and expatriates face different problems in the repatriation process. These problems affect the stages in the repatriation program developed differently. Therefore some problems are mentioned in several stages in order to justify different actions that can be taken in order to conquer the problems that either the company or the expatriate/repatriate face.

Repatriation Program

–

**Prior to the expatriate's
departure**

During the expatriate's stay

–

–

After the expatriate's return

–

Choosing new assignments in the
home office

**-Quality of interaction with
sponsors**

The sponsor has a stake in the
repatriate's personal long-term
career. The duties of a sponsor
include searching for positions that
may suit the repatriate and try to
ensure that the repatriate's skills
will be used upon return.

Using the procedures designed to
reorient the repatriate to the home

office

– **Task clarity**

Expectations on the expatriate

The deadlines of the task

How the performance will be

evaluated

-**Career counselling**

The reasons for sending the

manager overseas

The benefits of the overseas

assignment for the firm and the

manager

The manager's career options

upon return

– **Formal policies for repatriation**

Repatriation policies should

include actions to be taken

during the pre-visit, visit and

post visit.

-Perception of support

while on assignment

Related to issues included in the

relocation package such as

financial compensation, support to

the spouse and children to aid in

their adjustment to the foreign

environment.

– Nature and frequency of communication

This factor is related to the

frequency of communication

between the home office and the

expatriate while he or she is

abroad. Who is responsible for the

contact and how the contact is

maintained are considered.

-Perceptions of support upon return

Receiving credit and recognition

for the foreign assignment

Utilizing their new perspectives in

their new job

Adjusting to the differences in job

related factors of their new job

compared to the foreign assignment

Although a lengthy discussion of underlying reasons for expatriate failure is unfortunately out of scope for this article, it can be argued that companies benefit from managing this repatriation process in order to exploit the knowledge and skills of returning expatriates. (3) High attrition rates have been found to be primarily related to organizations' difficulties to effectively reposition their repatriated employees. This observation is a strong argument to stress repatriation management in HR departments. (4) Organizations may experience difficulties in finding candidates for expatriate positions when potential candidates see what will happen to expatriates once they return. (5) Ogberg, who coined the term ' culture shock' in 1960,

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also considered a reverse culture shock that expatriates experience when returning home. Proper preparation for this future shock may prepare expatriates for the transition to domestic work and family settings. (5) Research in 2005 showed that repatriation adjustment was the strongest predictor of intent to leave the organization (Lee & Liu, 2005).

Retention and career management, therefore, should be central to planning expatriate positions. Positions should be gradually more challenging in order to challenge valuable employees and be part of a long term career path. Long term career planning foresees in building on previous assignments; assigning repatriates unchallenging positions once back home may be regarded as an invitation to apply for positions elsewhere. Sound expatriate management will therefore consider repatriation arrangements as good practice.

In reality, however, organizations often seem to have forgotten who these expatriates are. HR departments fail to build on expatriates' skills and experience because they do not know well what they have accomplished during the years. Expatriates experience frustration once their expatriate benefits and status will be lost upon repatriation. They will have to get used to 'normal' levels of pay and taxation again. Their children will have to attend national curriculum schools, private school tuition fees will not be covered upon return to the home country. Establishing a mutual understanding and a clear definition of successful repatriation could help repatriates establish correct expectations before returning home. A proper preparation towards the end of expatriate assignments may ease the transition and avoid costly turnover for the organization. An ongoing lack of

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attention to repatriation management will likely continue to fuel high attrition rates.

Avoiding Reverse Culture Shock

While we often think of culture shock as a factor during a family's arrival to a new country, don't underestimate the role that reverse culture shock can play when the assignment ends. After a period of time spent away from their home culture, family members may have trouble readjusting to the formerly familiar environment. This culture shock can affect any member of the family, but children are known to have the most difficulty readjusting. For example, friends and loved ones - while they may have stayed in touch during the time away - will have moved on to new interests and p