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Against a backdrop of world belt-tightening, companies are increasingly reluctant to indulge employees working overseas with gratuitous rewards and benefits. Alan Bentley, Managing Director of IPM Global Mobility, turns the traditional international assignment on its head to reveal a shrewd alternative.



## Expats on a shoestring

Overseas ventures are increasingly valuable for businesses intent on growth, and Government is encouraging both inward investment and global competitiveness to generate new wealth and opportunity. But while new offices, factories and retail outlets abroad can offer the promise of future profits, few companies are keen to throw money at their international pioneers.

The age of the 'Brit abroad', enjoying the rich benefits of a long international assignment package, is more or less over. HR departments and their global mobility advisors must squeeze savings from traditional expat packages, or come up with smarter means to achieve the same results from tighter budgets. That is why, alongside cost-saving approaches such as short-duration expat-lite and localplus assignment packages, it is worth considering a model that has been around for some time, but is often overlooked - the reverse expat.

To understand the differences between traditional overseas assignments and the reverse expat assignment, why do organisations use

international assignments at all. One of the aims for global organisations is to transfer business skills from one employee to another. The reverse expat model doesn't change this aim or outcome, just the location in which it happens. Any organisation that is starting up or developing an overseas business can use the reverse expat assignment model to their advantage. Rather than sending a well-paid "western" employee on a long-term assignment to establish an overseas management structure, businesses using the reverse expat model bring individuals from the new market to them. Through one or more short-term assignments, the reverse expat can gain first-hand experience of the business and skills that can be adapted in their home market.

This might sound a risky strategy compared with sending in a 'safe pair of hands' from the established business, the reverse expat model should not be regarded as a lower-value solution for straightened economic times. The difference in values and ethics between one country and the next cannot be underestimated, and the cultural gap waiting to swallow up foolhardy business development managers doesn't only lie between mature and emerging economies. To give an illustration that unfolded close to home, after acquiring an established business in Sweden, a UK company dispatched one of its top-ranking employees to oversee the adoption of its successful working practices at the new premises. When it was recognised that this side of the assignment wasn't going completely to plan, a further UK company director was sent in as a trouble-shooter and reported back that employee relations were 'out of control'. The Swedish workforce was up in arms that an unfamiliar set of values had been imposed and, being used to a much more democratic company structure, found the UK business culture of top-down directives to be beyond the pale.

This cautionary tale applies whether starting up a new organisation overseas, or acquiring an existing business, and is relevant anywhere in the world. European cultures, and English-speaking cultures around the world can differ enough for issues to get out of control very quickly under a heavy-handed approach. That the reverse expat can fend off this issue is highlighted through the ongoing example of UK and US retailers entering Far Eastern markets. Most western retail business models need careful adaptation before they become culturally acceptable to employees, and customers in the Far East. So, rather than exporting the western business model by sending their own employees on expensive international assignments, retailers can recruit in the new market and bring these employees to see the established operation in action. These expats can gain hands-on experience to use when establishing similar processes in their home country, while adapting the western model to suit the ethics and values that they know best.

As with traditional assignments, the human resources challenge is to manage the reverse expat assignment and make sure it delivers on measurable expectations. The correct overseas candidate must be chosen, all complex tax and immigration issues must be taken care of on their behalf, and they must receive support and mentoring so that they can focus on gaining the skills that they need. Programme objectives and expectations should be set out clearly in the form of a knowledge contract, and the assignment monitored continually against these pre-set targets. Best advice is that a well-documented

plan needs to be in place, itemising daily training and activities for the employee and their hosts, with achievement targets for each week.

Defining the objectives, together with having shared measures of success in place, allows the assignment to be monitored at any point in its process, and pulled back on track before outcomes are affected. In this way, everyone involved in the assignment understands his or her role within the plan. The reverse expat has the reassurance of knowing what is expected of them, and those delivering the programme keep in sight the achievements they are working towards. To keep their focus on the all-important outcomes of the assignment, businesses should outsource the complex financial and logistical side of assignments to a global mobility specialist. Furthermore, it's not just the success or failure of assignments that are at stake.

Compliance is the biggest legal concern regarding companies working in-house on assignment applications, and without the necessary specialist advice, many are risking not only failed immigration applications, but also non-compliance in host and home country tax and social security requirements. It is important to ensure compliance in tax and social security, and co-ordinates with expert immigration advisors to prevent a number of common mistakes.

Under the UK's points-based immigration system, salary levels are a crucial factor in determining whether or not an individual is allowed to enter the UK to work. The current minimum salary requirements can act as a barrier to training individuals in certain roles. On this basis, one large financial services group asked for our assistance in arranging reverse expatriate assignments from India into its UK offices, with a view to training their Indian employees for a new call centre being established in the home country. Clearly, the lower skills and lower pay associated with this type of service industry work could mean significant immigration obstacles before training could get underway. When organisations are looking for specialist assistance, the most important criteria is that all aspects of the process are taken care of by relevant experts, because companies can slip up on even the most basic rules. For example, job titles and job descriptions must be translated into a Standard Occupational Classification (SOC) code that is cross-referenced against equivalent roles in the UK. The result determines the 'going rate' for their skills. Also, under current legislation, non-ICTs must adhere to the Resident Labour Market test and show that no suitably qualified resident worker can fill the job.

These may seem relatively straightforward hoops through which an employer must jump, but it is

astonishing how many companies - even experienced ones - get caught up in the red tape of ever-changing governmental policies. However, with the correct advice on tax and immigration, and cultural issues understood, it is easy to see the reverse expat's appeal to hard-pressed human resources managers. This is a model that can offer considerable financial savings. Whereas a traditional international assignment would have dispatched a home-country employee to supervise the development, launch and initial trading of the overseas business, a project taking many months and requiring the relocation of their family, reverse expat assignments focus on acquiring the skills necessary for carrying out the business development at a later date, and therefore can be significantly shorter.



Most people will agree, learning the ins and outs of an unfamiliar business is far easier than learning the subtleties of an unfamiliar culture



Because most reverse expats receive the same salary as if they were in their home country, their remuneration package will be considerably lower than that provided to a traditional assignee, even taking into account immigration requirements and daily allowances linked to a higher cost of living in the UK or Europe. While the European economy continues to curb spending on traditional human resources, many companies with global aspirations are spreading their risk within the 'BRIC' countries of Brazil, Russia, India and China, as well as Vietnam and South Korea. With the correct support and guidance to avoid common tax and immigration pitfalls, the reverse expat model is an effective way to train new employees from any overseas markets quickly and cost-effectively.

For further information:

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