

PREDEPARTURE TRAINING FOR OVERSEAS

*a study of
American manager training
for overseas transfer*

Approximately 4,200 American corporations currently operate to some degree in foreign nations!¹ The total direct investments² of these firms has increased from \$8.0 billion in 1943 to \$60.0 billion³ in 1967—a growth rate of over 700 per cent. This rapid growth has created a pressing need for competent and adequately trained American executives for overseas locations. There are currently an estimated 35,000 American manager expatriates⁴ and some international management experts express the opinion that more U. S. executives will be needed overseas in the future. This belief is summed up concisely by Gonzalez and Negandhi in the following manner:

As costly and sensitive as the matter of sending Americans abroad may be, there is no alternative, nor a slackening in the rate at which they are being sent.⁵

Further support of the hypothesis that American managers will continue to operate abroad is offered by a report based on a survey of 40 large firms sending U. S. managers overseas which concludes:

While there is a clear-cut trend to reduce the ratio of American to foreign nationals, there will be a greater number of Americans employed as more and more companies set up or expand operations abroad.⁶

Although the notable expansion of the direct investment in foreign operations and the management cadre of 35,000 are compelling arguments for increased attention to expatriate training, there is a paucity of research on their predeparture preparation. This exploratory investigation has been designed to partially fill this void in the international management training literature. The objectives of this study are two fold: (1) to determine predeparture training procedures of large U. S. corporations; and (2) to discover the opinions of selectors of overseas managers and the overseas managers themselves regarding the value or potential value of predeparture preparation.

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PREDEPARTURE TRAINING PRACTICES

After the "right" man for the job has been selected, some form of orientation or training typically occurs in the U. S. firm to better prepare the selectee for his assignment. It has been estimated that the size of current expenditures allocated for formal training by U. S. corporations is approximately \$18 billion.⁷ By way of comparison, the yearly expenditures for operating all the colleges and universities in the U. S. has been about \$9 billion. Only the training of American executives about to transfer overseas is discussed in this study. The dollar expenditures on this type of training can not be accurately estimated because of lack of knowledge about what is being done.

In selecting managers for overseas work a firm will typically consider the candidate's company experience, technical competence, language facility, area expertise, and advancement potential.⁸ In many cases the selectee will have a deficiency in one or more of these areas which can be minimized by special training.

Dickerman, the Director of the Management Development Department at Syracuse University, proposes that two years should be set aside to select and train managerial personnel for overseas assignments.⁹ He believes that too many selectors assume that the capable executive in the U. S. will, upon his arrival in the foreign country, soon learn the customs and the language and generally adapt himself to the new nation and environment. If these assumptions are made by selectors, predeparture training is a luxury which cannot be afforded with the pressing time constraints which a company usually faces in reaching an overseas selection decision. Dickerman found that, except for a small number of large U. S. firms operating abroad, few organizations have any systematic training program for overseas managerial selectees. This finding is substantiated by another study which found that only three of seventy large U. S. corporations gave predeparture training.¹⁰

From the above it can be seen that a number of experts in international management and training believe that some type of predeparture training is of some value in preparing American managers for overseas assignments. Whether U. S. firms are currently utilizing predeparture training and specifically what methods are being used is not accurately known.

STUDY SAMPLE

To learn about current predeparture training practices and the opinions of selectors of expatriates and the overseas managers themselves about prior preparation to an overseas transfer, two carefully pretested and reliable questionnaires were administered. The questionnaires were sent to Foreign Operations Managers (FOM) located in the U. S. who are responsible for selecting expatriates and to American managers currently working overseas. The questionnaires were similar so that the degree of congruence, if any, between selectors and expatriates could be determined.

The final questionnaires were distributed individually to 326 FOM and 300 expatriates. The original population of FOM and overseas managers was drawn from the largest 500 U. S. industrial corporations. It was determined through careful examination that 372 of *Fortune's* "500" have foreign operations. Only FOM and overseas managers of these 372 firms were considered eligible for this study.

Of the original 326 questionnaires sent the FOM, responses were received from 215 individuals (66%) and 127 of these were considered usable. Responses were received from 151 overseas American managers and once again 127 were completed correctly.

The two questionnaires contained two mutually exclusive sections: (1) a scaling section (+1 to +7 rating scale) to determine FOM and expatriate opinions about the potential value of teaching various topics in predeparture training programs; and (2) check-list and open-

end questions to discover the current usage of formal predeparture training programs. These sections of the questionnaires are identical so that statistical comparisons can be made between the responses of participants.

Table I presents some data regarding the use of predeparture training and the source of the preparation (FOM responses). An analysis of Table I illustrates that approximately 33 per cent of the respondents report that some form of predeparture preparation is provided for overseas management selectees. This

is a substantially higher utilization percentage than reported in an earlier study investigating predeparture training when it was discovered that only three of seventy large corporations provided predeparture preparation.¹¹

The topic areas covered in the training courses was determined from responses to a question asked the FOM. Table II presents the responses to this question. A review of Tables I and II shows that of the 41 firms using some form of predeparture training, 33 provide, through some source (i.e., in-house,

TABLE I
NO. OF FIRMS UTILIZING FORMAL PREDEPARTURE TRAINING AND SOURCE OF PREPARATION

Use of Predeparture Training	No. of Firms ^a	Source of Predeparture Training	No. of Firms
Yes	41	Firm	27
No	83	Educational Institution ^b	19
Total	124	Consulting Firm	23

^aThree FOM did not respond to this question.
^bBerlitz was considered an educational institution in tabulating responses.
^cA number of respondents report more than one source for formalized predeparture training.

TABLE II
AREAS COVERED IN PREDEPARTURE TRAINING PROGRAMS USED BY FIRMS

Training Topic Area: Pertaining To Host Nation	No. of Firms Reporting Use	Training Topic Area: Pertaining To Host Nation	No. of Firms Reporting Use
A. Customs	20	G. Government	
B. Language	33	Structure	0
C. History	1	H. Political Ideology	1
D. Geography	0	I. Business Laws	2
E. Living Conditions	3	J. Religion	0
F. Currency Exchange Rates	0	K. Economics	0

TABLE III
APPROXIMATE TIME SPAN BETWEEN MANAGER SELECTION AND DEPARTURE

Time Span	No. of FOM Responses ^a	% of Total	Cumulative %	No. of Overseas Manager Responses ^b	% of Total	Cumulative %
1-4 weeks	19	16.0	16.0	29	34.1	34.1
2 months	38	31.9	47.9	15	17.6	51.7
3 months	30	25.2	73.1	14	16.5	68.2
4-8 months	18	15.2	88.3	16	18.8	87.0
9-12 months	3	2.5	90.8	5	5.9	92.9
1-2 years	6	5.0	95.8	2	2.4	95.3
over 2 years	5	4.2	100.0	4	4.7	100.0
Total	119	100.0		85	100.0	

^aEight of the respondents did not answer this question on (Q-1).

^bForty-two of the respondents did not answer this question on (Q-2).

educational institution, consulting firm, etc.), preparation in the host nation's language. These findings would apply only to managers assigned to countries where English is not the native language. Approximately 50 per cent of the FOM report that formal training is generally provided in the host nation's customs. Thus, it would appear that the selectors utilizing predeparture training believe that preparation in a nation's customs and language is the most valuable of the topics listed for aiding in adjusting to the new social system.

The questionnaires contained a question referring to the approximate length of time between final managerial selection and actual departure for the assignment. Table III presents the responses to the questions made by FOM and overseas managers. Analysis of Table III indicates that 73.1 per cent of the FOM and 68.2 per cent of the overseas managers report that the time span between selection and departure is three months or less. It is debatable whether proper predeparture training in such areas as the language, customs, and business laws of the host nation can be instituted in three months or less.

SELECTOR AND OVERSEAS MANAGER OPINIONS IN SELECTED TOPIC AREAS

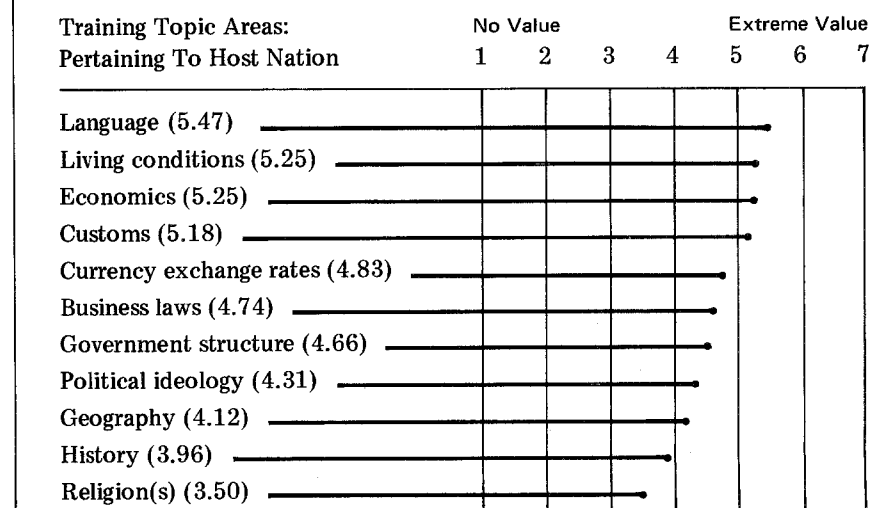
Both questionnaires contained a section which asked the respondents to rate

Figure 1 presents the profile of index scores for each of the eleven predeparture training areas. This profile applies to the FOM responses. The FOM rated (i.e., from 1 to 7) the potential value of teaching one or more topics such as the language, customs, business laws, and other related topics in a formal predeparture training program. These rankings could be used to ascertain which areas are viewed as being most valuable in preparing a selectee for movement into a new culture.

training in the language of the host nation as the most valuable topic to cover and discussion of the religion(s) of the host nation as the least important area to cover in a predeparture training session. Training in language, living conditions, economics, and customs of the host nation were all rated as having considerable value in preparing selectees for their assignments.

An examination of overseas manager opinions on the eleven predeparture training areas was made using the same

Figure 1. Profile of Weighted Indices of Foreign Operation Manager Opinions on the Value of Teaching Various Topics in Predeparture Training Sessions.



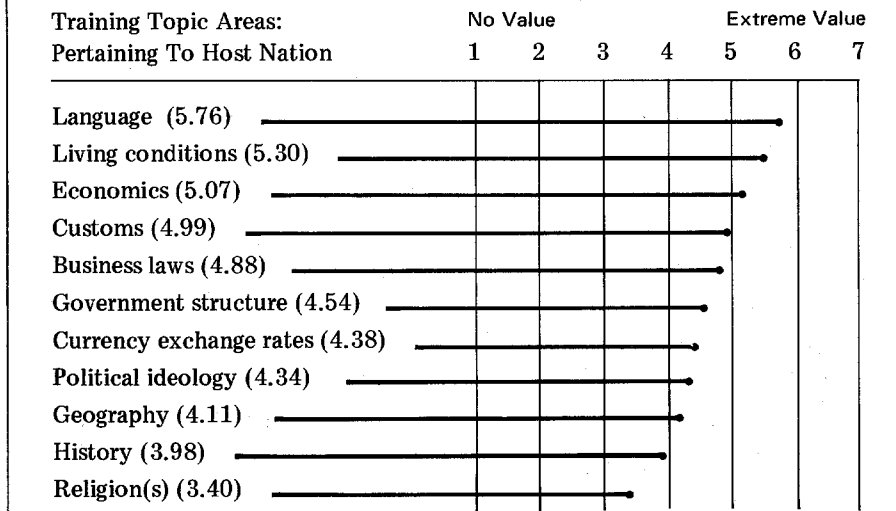
questions answered by FOM. Figure 2 illustrates the profile of index scores for each of the training topic areas as reported by the expatriates. It can be seen that the overseas managers rated training in language, living conditions, and economics of a host nation as having considerable value. Further analysis of the profile shows that preparation in the history and religion(s) of a host nation is considered of little value. The mean index scores tabulated for both groups, FOM and overseas managers, on the predeparture training opinion scale (i.e., from 1 to 7) are presented in Table IV. Statistical analysis, t-tests, are used to discover significant differences between the scores on each of the eleven topic areas.

The overseas managers rated the value of predeparture training in language significantly higher than the FOM. The overseas manager, who does not speak the native language especially in a non-English speaking host nation, can have difficulty managing subordinates from the host country because of his inability to communicate. The fact that the expatriate must deal with reality may account for the significant higher rating on this topic area.

The FOM opinions on providing predeparture knowledge of the currency rates of a host nation differ significantly from those of the overseas managers. The FOM rated training in this area significantly higher than the overseas group. The overseas manager could through daily contact in the market place, restaurant, and so on utilize the currency of the host nation. Through this daily educational process he may become proficient in currency rates and consequently rates training in this area significantly lower than the selector in the home office.

There were no other significant differences in opinions found in examining Table IV tabulations. The rankings of the topic areas (i.e., 1-11) are similar for both groups. The first four rankings (i.e., 1-4) and the last three (i.e., 9-11) are identically ranked by the respondents.

Figure 2. Profile of Weighted Indices of Foreign Operation Manager Opinions on the Value of Teaching Various Topics in Predeparture Training Sessions.



**TABLE IV
INDEX SCORES ON PREDEPARTURE TRAINING SCALE:
FOM VS. OVERSEAS AMERICAN MANAGERS (OAM)**

By Rank FOM Topic Areas In Predeparture Training	N=127 FOM Scores	N=125 OAM Scores	t ratio	Level of Signifi- cance ^a
(1) Language	5.47	5.76(1)	2.02	.025
(2) Living conditions	5.25	5.30(2)	.37	ns
(2) Economics	5.25	5.97(3)	1.20	ns
(4) Customs	5.18	4.99(4)	1.32	ns
(5) Currency exchange rates:	4.83	4.38(7)	2.19	.025
(6) Business laws	4.74	4.88(5)	.83	ns
(7) Government structure	4.66	4.54(6)	.88	ns
(8) Political ideology	4.31	4.34(8)	.20	ns
(9) Geography	4.12	4.11(9)	.07	ns
(10) History	3.96	3.98(10)	.11	ns
(11) Religion(s)	3.50	3.40(11)	.59	ns

Note - The larger the score the more value which should be placed on this factor.
^a"ns" means not significant at .05 level of significance as determined by t-test.

RECOMMENDATIONS

It is recommended that some form of predeparture training, more intense than providing travel information and vaccination data, be provided the overseas selectee and his family. The overseas American managers and FOM indicated

by their responses that predeparture preparation in the host nation's language, living conditions, and economic structure would be valuable. These three areas plus preparation in the customs of the foreign land should be given top priority. To provide proper training in

these areas sufficient time and qualified instructors are required. It appears that adequate manager preparation for an overseas transfer would require that the selectee be removed from his normal job for extended periods of time, but it is anticipated that this cost would be off-set by long-run benefits such as faster cultural adjustment and better on-the-job performance.

The training in the priority areas could be provided by a number of different sources. Some of the possible alternatives are:

1. Managers who have already worked abroad could teach in training programs.
2. Custom programs developed by educational institutions such as Berlitz, American University, Michigan State University, or Stanford University.

A typical custom program is that of the Business Council of International Understanding (BCIU) conducted by The American University School of International Service. The program consists of courses in international relations and language instruction and is designed for mature executives - from technical specialists to managing directors. The curriculum, which is repeated five times a year includes:

- a. Techniques of representing the employer overseas.

- b. The study of national differences.
- c. Analysis of economic, labor, political, and social facts of life.
- d. Area study in separate groups.
- e. Private consultations with foreign specialists.
- f. Orientation of wives.
- g. Language study.

The training program has graduates that represent more than 110 parent corporations. They hold positions ranging from technical specialists to international presidents.

3. Consultants hired to develop custom made programs specifically for one firm.

Once the training source is selected it is recommended that, whenever feasible, the selectee's wife be allowed to fully participate. It is further recommended that the training programs utilized be evaluated for effectiveness. The evaluation procedure should involve obtaining objective measures of overseas performance of trained managers compared with those not trained. The extensiveness of the research efforts of a firm sending Americans abroad would depend upon the size of its overseas management cadre. The larger the number of U. S. managers sent abroad, the more pressing is the need for formal evaluation of predeparture training efforts.

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11. *Ibid.*

MDTA REACHING DISADVANTAGED JOBLESS

Three out of five persons enrolled in training programs under the Manpower Development and Training Act (MDTA) during the past two years were in the "disadvantaged" category, according to Secretary of Labor Willard Wirtz.

"An eleven percent increase in enrollment of disadvantaged persons in 1968 over the 1967 figures indicates that efforts to reach more of those most in need of job-training is paying off," the

Secretary said.

The Labor Department, which administers MDTA classroom and on-the-job training programs, has set a minimum goal of 65 percent participation by the disadvantaged. The Department defines a disadvantaged person as one not only unemployed or underemployed, but at the poverty level and either a school dropout, a minority member, under age 22 or over 45 or handicapped.