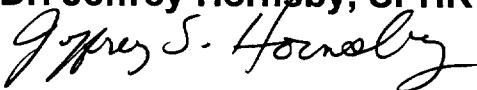


**Attracting and Retaining International Employees for  
Employment in the United States**

**An Honors Thesis  
(HONORS 499)**

by

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## **Abstract**

This thesis analyzes the issues large corporations face as they attempt to attract and retain international talent. The primary purpose is to describe and interpret the results of a survey which was administered to twenty-two human resource managers in multinational corporations with headquarters in the United States. The frequency of certain responses will lead to conclusions about how human resource managers attract and retain foreign employees. These results are analyzed and compared with published information concerning these issues. In reviewing the responses to the surveys, various issues will be addressed including why U.S. employers may choose to hire foreign employees, how they attract them to live in the U.S. and work for their company, how visas are obtained, cultural issues facing managers and foreign employees, and how employers can effectively retain foreign employees.

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## I. Introduction

There is a current trend towards globalization in almost all aspects of society. Cheaper airfare, easy means of communication like the Internet, and other advances are making it easier to interact and work with people from all over the world. Business markets are widening for American companies to all parts of the globe. Supplies and resources are opened up to American companies and human resource managers are taking advantage of this as well. Companies are able to benefit from hiring international employees to work for them in the United States.

Current unemployment rates are at a thirty-year low ([cnfn.com/1999/12/03/economy/jobs/](http://cnfn.com/1999/12/03/economy/jobs/)). Estimates for the shortage of information technology workers range between 200,000 - 400,000 ([www.wmmercer.com/usa/english/service/a&r/ar\\_hot\\_topics\\_viewpoint\\_finding.html](http://www.wmmercer.com/usa/english/service/a&r/ar_hot_topics_viewpoint_finding.html)). The situation is not forecasted to improve over the next ten years, as the number of information technology graduates decreases and the number of information technology jobs available increases. All across the nation, there are shortages of professional employees in various fields. Human resource managers are going to unique places to find needed employees.

But what happens when human resource managers attempt to find foreign employees to employ? How will they attract them to work for their company in the United States? How will they overcome legal obstacles with visas and permissions to work from the United States government? How will employers be able to retain foreign employees within the company and ensure a successful

assignment or relocation? These are just a few questions that should be answered in order to know what current practices are being used and what improvements need to be made. Being able to successfully and efficiently attract and retain foreign employees is a current trend in human resource management and is one that will continue in the future as our world becomes smaller and people from different countries increasingly interact with one another.

For the purposes of this thesis and study, foreign employees are those who are living in other countries and come to the United States to work in an organization. These do not include people of various countries who are already in the U.S. with valid visas. Foreign employees include skilled professionals in areas of finance, marketing, science, information technology, management and various other fields. Also included is the use of inpatriates. These are employees within the same organization, usually in the foreign office of a firm with headquarters in the United States, who move to the U.S. to work for the same company. To date, much emphasis has been placed on the use of 'expatriates', or the American employees who move to foreign offices for assignments overseas. This study and thesis examines something which is definitely on the increase - using inpatriates or other foreign employees instead of expatriates. A closer look will also be taken into the differences in ways companies assist foreign employees and inpatriates.

The advantages and disadvantages of having foreign employees or inpatriates vary for each corporation depending on the size of the firm, the

industry, cross-cultural effects, and the foreign employee. Costs and time involved in attracting foreign employees, going through the process of obtaining a visa, and relocating employees from another country are all reasons why hiring foreign employees can be a disadvantage. Also, some Americans strongly believe that American jobs should go to American employees at all costs.

However, once the foreign employee is working for the company, advantages to the organization can be great. Diversity in the workforce improves the quality of work output and can bring fresh ideas to the organization. Also, the use of inpatriates can turn an international organization into a truly global organization as global cultures and ideas are shared. The advantages and challenges of having foreign employees will be discussed in greater detail later in the paper.

Convincing foreign employees to move to the U.S. to work in an organization is just one facet of attracting foreign employees. Also to be considered are cultural factors which may or may not discourage them from wanting to work in the United States. These factors may also prevent them from wanting to continue to work in the U.S. after a period of time in a certain company. Human resource managers must find unique and effective ways of attracting and retaining foreign employees despite cultural differences. These practices are often unique to the methods used to attract American employees because American employees are often motivated and attracted in different ways. If a human resource manager can successfully attract and retain a foreign employee, despite cultural differences, the benefits are likely to be loyalty to the

organization, fresh and innovative ideas, better understanding of another culture, and valued expertise in a certain field, among many other reasons.

## **II. Literature Review**

As mentioned earlier, unemployment rates are low and the most current rate stands at 4.1% unemployment for November 1999 ([cnnfn.com/1999/12/03/economy/jobs/](http://cnnfn.com/1999/12/03/economy/jobs/)). Human resource managers are going to unique lengths to fill vacant positions in a company's workforce. In information technology jobs alone, there are currently 200,000-400,000 positions unfilled ([www.wmmercer.com/usa/english/service/a&r/ar\\_hot\\_topics\\_viewpoint\\_finding.html](http://www.wmmercer.com/usa/english/service/a&r/ar_hot_topics_viewpoint_finding.html)). That number is expected to continue to increase over the next ten years. A 1998 survey in the state of Washington alone indicated that if the software industry were better staffed, it would add \$12.8 billion in revenue per year ([www.ctsinternational.com/other/articles2e.html](http://www.ctsinternational.com/other/articles2e.html)). Labor shortages are not just occurring in information technology, however. These shortages are occurring in science-related fields, marketing, accounting, finance, and management, for example. The positions need to be filled, whether with Americans, U.S. residents, or from international sources.

With the increase of the use of foreign employees in the workplace, managers will need to take into account special considerations concerning culture in order to reap the benefits of having a foreign employee. Managers need to realize that adjusting to the U.S. culture is difficult for all foreign employees, whether they are from Europe, Asia, Africa, or any other place in the world. Difficulties with communication, integration into the workplace, and

problems understanding certain rules of society can all be attributed to misunderstanding the culture. Add to all that the differences in corporate cultures and it may be easy to see that there are potential downfalls along the way to employee integration. People from different cultures learn, think, interact with each other, and solve problems in different ways. Many may feel the typical 'culture shock' associated with being immersed in a new culture and company. These include symptoms of feeling helplessness and inability to make sense of people and events. Physical side effects include depression, sleeping disorders, and physical illness (Harvey 7).

Research has shown that there are three types of culture. One type is surface culture, which is reflected in the food we eat, our language, dress, and other things like architecture. Another culture type is the hidden culture, which is apparent in our values, beliefs, and philosophies. The third type of culture is the invisible culture, which is what a culture considers to be universally true. (Stoltz-Loike 1) It is easy to see how culture permeates every aspect of our lives and how a change in cultural surroundings can feel awkward and uncomfortable.

There are several ways in which each of these three levels of culture affects our decisions, interactions, and motivations. Geert Hofstede developed a theory concerning this, which is based on a study he conducted with IBM employees in over 53 countries or regions. Hofstede states that culture is evident in power distance, uncertainty avoidance, individualism versus collectivism, and masculinity versus femininity. Power distance refers to the difference in empowerment between superiors and subordinates. Uncertainty

avoidance refers to how people respond to situations of ambiguity or uncertainty and how prone they are to take risks in those situations. Individualism versus collectivism refers to the individual's relationship and role in society at large and how much the individual relies on members of a group. Masculinity versus femininity refers to how dominating certain masculine values such as achievement or recognition are in comparison to female values such as quality of life or concern for people. (Harzing 137) The best fit for a foreign employee would be to be as similar as possible in each of these areas to American employees. Since this is not always the case, coworkers and the foreign employee will need assistance in learning about each others' differences and patience in working with one another.

In the beginning stages it may seem that the costs and disadvantages to hiring a foreign employee outweigh the benefits and advantages. The average cost to relocate an employee ranges between \$32,000-45,000, which does not even take into account the time and cost involved in recruitment ([www.international.monster.com/worki...tion/relocationpackages/relocators.stm](http://www.international.monster.com/worki...tion/relocationpackages/relocators.stm)). A hiring agency or search firm may be needed to find the employee, the visa process takes time and money, and culture training or English language courses may be necessary. The costs of hiring a foreign employee are definitely higher than the costs of finding someone from the U.S.

Some people feel that American jobs should go solely to American workers. Many companies handle the shortage of skilled workers through strong and costly tuition reimbursement programs. Senator Kent Conrad of North

Dakota introduced a bill in February that would provide tax credits to companies for up to \$6,000 in training expenses per information technology worker per year. Others feel the government could do more to educate high school students in math and science since the U.S. program currently ranks 18th in the world and many foreign employees who come here to work are in science and technical related fields. (Radcliff 57)

However, this would all take years to accomplish and would not take care of the current need for more workers in skilled professions. Also, the benefit of having a diverse workforce could be accomplished if foreign employees are hired. Studies have shown that a diverse workforce increases the quality of work output. Companies who have foreign offices could go from being international to being global, where ideas and cultures are shared in all offices.

In the past, headquarters across the nation and in all industries have been sending expatriates into foreign offices. This method may change in the future as more inpatriates are being sent to the U.S. Headquarters will benefit from the new perspective on the inpatriate's culture and ideas and after the inpatriate's tenure, a better understanding of the headquarters and U.S. business in general can be taken back to the foreign office. Studies have shown that expatriates are less likely to influence or bring new ideas to the home office. Instead, they go back to their old ways of doing business and do not share enough information about the foreign culture. American expatriates are also less likely to 'take in' the culture while abroad because they are often sheltered by other American managers in the foreign office. However, when inpatriates are constantly

inputted into the home office, a better global core strategy can be created.

(Buckley 38)

### **Attraction Issues**

Finding the right employee and then attracting them to work for a company are just two of the challenges human resource managers face when hiring foreign employees. Employees from various countries, with differing backgrounds, and working in diverse fields will choose to come to the U.S. or not depending on personal choices and motivations. Each attempt at attracting a foreign employee should be taken carefully and on a case-by-case basis.

One small company with a shortage of computer network employees started out by hiring interns from China, where these employees were unemployed because of the high numbers of these workers there. The interns eventually decided to stay on as full-time employees (Solomon 20).

The benefits to inpatriates who choose to work in the U.S. can be the knowledge, skills, and abilities they acquire and the possibility of promotion when they return to the foreign office. Some foreign offices will even put requests in to the U.S. headquarters, asking if it is possible to send employees there because employees have reached the position where they cannot be promoted further for the time being. It is sometimes seen as a reward to the individual and the hope is that when they return from the U.S., a position will be open for their promotion.

As mentioned from information received in the survey, managers felt foreign employees were attracted to work for them for two main reasons: a higher living standard in the U.S. and a positive company culture or image. A

third reason, which had a high score of effectiveness but a low overall percent of companies using the reason, was for promotion possibilities. A recent study in Georgia asked 10 inpatriates why they decided to stay in the U.S. and work after they had completed MBA programs. Most commented that they came because of the higher standard of living in the U.S. and the greater chance for a promotion in the future (Peppas 373). These two benefits could be promoted in most cases when trying to attract foreign employees.

In third world or less developed countries, an increase in salary and a higher standard of living may be what is needed to attract them to work in the U.S. As mentioned earlier, they may also be currently unemployed because of their country's labor market or may be working in undesirable conditions.

### **Legal Issues**

Potentially one of the most time consuming processes of hiring a foreign employee is the process of obtaining a visa from the government. United States Immigration and Naturalization Services regulates entries and stays, grants residency and citizenship, and fines employers for hiring those employees who are undocumented or falsely documented (Ware 54).

Most foreign employees who come to the U.S. to work obtain the H-1B visa or the L-1 visa. The visa which has gained the most attention in recent years is the H-1B visa for professional workers. The government has increased the H-1B cap from 65,000 employees admitted in 1996 to its current level of 115,000 per year. Surprisingly, the cap is expected to be decreased by the government to

107,500 per year in 2001.

([www.208.215.158.26/news1.nsf/All/D3D82F9364F195D6852567D4006Cee75](http://www.208.215.158.26/news1.nsf/All/D3D82F9364F195D6852567D4006Cee75))

The use of the H-1B has received much attention recently because it is typically used for information technology employees who include software programmers, network administrators, computer programmers, and other information technologists. The H-1B visa is granted to those employees who have baccalaureate degree or higher and the visa lasts for three years after which the employee has the right to apply for an extension for a maximum of six years ([www.shrm.org/whitepapers/documents/61222.asp](http://www.shrm.org/whitepapers/documents/61222.asp)).

The L-1 visa is another visa for foreign employees and is reserved for intracompany transferees, or inpatriates, with special knowledge or managerial or executive capacities. The 'functional' manager who does not necessarily manage other employees was recently added as a possible candidate for this visa. The employee has the right to stay for a maximum of five or seven years, depending on their knowledge level and executive status.

([www.shrm.org/whitepapers/documents/61222.asp](http://www.shrm.org/whitepapers/documents/61222.asp))

Demand for temporary work visas and permanent visas exceed the supply allowed by Immigration and Naturalization Services. The 2000 cap for H-1B visas is expected to be reached by the end of January 2000, since it is estimated that 70,000-90,000 applications are already in the pipeline

([www.208.215.158.26/news1.nsf/All/19F9C82DC948A92E852567F300014086](http://www.208.215.158.26/news1.nsf/All/19F9C82DC948A92E852567F300014086)).

The waiting time for a temporary visa ranges between three months and one year and the wait for a permanent visa is as long as three years

([www.shrm.org/issues/visions/01099b.htm](http://www.shrm.org/issues/visions/01099b.htm)). Both managers and employees should be aware of possible delays.

### **Retention Issues**

Once the employee has been successfully recruited and has obtained the proper visa from the government, human resource managers must be prepared to continue to assist the employee in several areas. Foreign employees are at higher risks of turnover because they are in a new culture, are far from relatives and friends, and have the pressure to perform well in the new workplace, among other reasons.

Many issues need to be addressed and potential problems should be avoided. The foreign employee could be in a vulnerable position in the early days and months of relocation and may continue to be vulnerable throughout the stay. If an in-patriate, coworkers in the U.S. may not treat him or her equally because he or she is not from headquarters and foreign offices may be viewed as less important. Whether an in-patriate or not, all foreign employees will potentially be affected by differences in methods of conducting performance appraisals, administering compensation, levels of authority or autonomy, or the basis for promotions. For example an employee may be accustomed to their performance appraisal consisting of a private discussion with an authority figure and could be catastrophic to the employee's self-image if the new method in the U.S. were a 360 degree assessment by superiors, subordinates, and peers that would be shared with all managers. (Buckley 5) Either a difference in corporate

culture or a difference in adapting to American culture could cause this vulnerability.

One of the things a company should consider doing in order to improve the chances of retention is culture training. Culture training for foreign employees may include teaching them about the three layers of culture and about Hofstede's theories of how culture affects how we interact with one another in certain instances. It may also include role playing in order to simulate situations of cross-cultural differences. Culture shock and its symptoms should also be addressed so the employee has a better understanding of their feelings in the beginning stages of working and living in the U.S. Essential information concerning U.S. culture, corporate culture, practical living, health care, shopping, and finance could be provided. It would be wise to also include family members and the foreign employee's coworkers in certain culture training sessions when possible.

When conducting any type of training, whether based on culture or not, it may be useful to analyze how the foreign employee will efficiently and effectively learn from the sessions, as is true in any case of training. Careful attention should be paid to content, design, and delivery of orientation and training sessions. This may include taking field trips to outside locations or holding group discussions. Information given to foreign employees may need to be simplified from what is usually given to American employees. Ideas presented should be as clear, simple, specific, and concise as possible. Another method of delivery

may also include conducting training in the foreign employee's mother tongue in order to better increase the chances of information transfer. (Stull 6-10)

Language can be a barrier in certain situations, even though most foreign employees coming to the U.S. should have a good English background and should know at least the very basics. However, slang and technical terms may still need to be addressed and courses in these areas could be offered. Included in these courses could be subjects such as intonation, gestures, facial expressions, and other unspoken means of communication. Technical or scientific vocabulary may need to be built up depending on the profession of the employee. (Stull 12-14)

Compensation and benefits to the foreign employee can be a complicated area for human resource managers. The taxes taken out of income or whether the employee is taxed at all depends on the employee's length of stay, what type of visa was obtained, and which country they are originally from. Retirement plans are possible in all cases and can be withdrawn when the employee leaves the company and country. However, it should be noted that inpatriates returning to the same company in a different country cannot draw their retirement funds until they have also stopped working for the company in their home country. (Wiesner 392-394)

Compensation and benefits offered by the company to the foreign employee should properly motivate them to work and should allow them to be in a sound financial situation while in the U.S. Financial stresses should not be

added to the list of other stresses that may influence a foreign employee's decision to return home.

Another very important aspect foreign employee must consider is the ability of his or her spouse or children to adjust to life in the U.S. as well. Stressors in work or at home tend to spill over into each other and problems in both areas can be compounded by one another, which adversely impacts the success of the foreign employee's relocation and possibly even cuts it short (Harvey 8). If the members of the family are not happy, this could influence the foreign employee's decision to leave early. Therefore, steps should be taken to help family members adjust to the new environment.

Dual-career and dual-income families are increasing in number throughout the world. Recent estimates indicate that 70-80% of families in developed countries consists of dual-income or dual-career couples (Buckley 10). A spouse's career or employment in the U.S. is important to consider. Spouses may not be satisfied with the move if they are unable to work or cannot continue their chosen careers. Experts say that it is difficult to find work for spouses because of their lack of work permission from the U.S. government. Depending on the visa of the foreign employee, the spouse may not be allowed to work or must attempt to get a separate visa for themselves on their own, which is difficult considering the low supply of visas and the long line of applicants

([www.international.monster.com/work/intheus/relocation/family/spouses.stm](http://www.international.monster.com/work/intheus/relocation/family/spouses.stm)).

Other family factors, which could add complications to the foreign employee's decision to remain in the country, include whether or not the employee has children and at what stage in life those children are in. If they are in the formative years then raising them according to certain educational, cultural, and religious standards and beliefs, as well as making them feel a part of a larger extended family, may be important issues to the foreign employee and spouse. If the children have already passed those formative years, then those lessons, which have already been installed in them, will only need to be supported. Children who are of college age would probably produce the least stress on the family, since they are already adults and can even choose to remain in the foreign home country. However, all of these issues need to be addressed continually as needs change and children grow. Human resource managers should be aware of these needs and possible pitfalls and should be ready to assist the foreign employee's family whenever possible. (Buckley 9)

### **Conclusion**

Attracting foreign employees can reap benefits for both the employee and the company, should the employee agree to leave their country and work in the U.S. Employees should be made aware of the challenges and the benefits that would lie ahead of them. Using the best method to find the right employee, convincing the employee that it is worthwhile to relocate and work in the U.S., and then obtaining the necessary visa from the government can all be difficult and complicated tasks and each case should be treated on an individual basis.

When making the way for relocation and adjustment the needs of the foreign employee and his or her family should be carefully considered. Stresses involved with the relocation, finances of moving, culture adjustments, family satisfaction, language needs, and financial stability could all affect the foreign employee's decision to return home early and turnover.

Culture sneaks into almost all aspects of a foreign employee's life in the U.S. and can cause potential problems. In order to ensure the success of the stay, human resource managers should be prepared to address these issues and be on the lookout for potential pitfalls.

Since the practice of hiring foreign employees is increasing, it appears that human resource managers will need to continually improve the methods they use to attract and retain foreign employees. The high costs and large amounts of time involved in hiring foreign employees can pay off in big ways if the right methods are successfully used, or the costs can be a huge detriment if the employee is not retained. As shown from the results of the survey, there are currently specific areas for improvement for companies who hire foreign employees. If human resource managers improve in these specific areas, they will increase the likelihood of successfully attracting and retaining foreign employees in the future.

### **III. Method**

A survey was created to cover the areas of attracting international employees, overcoming legal barriers, and retaining employees within the company for the duration of their assignment or contract. A company's retention

rate for foreign employees and percentage of foreign employees in the company would then be compared to any practices the company uses. The data should indicate that companies with better methods for hiring and retaining foreign employees have higher percentages of and higher retention rates for those employees in their company. For the details of the exact questions that were asked, refer to the survey in the Appendix.

Sample. The companies surveyed were Fortune 500 or Fortune Global 500 companies from various industries and from all regions of the United States. Companies with international offices were targeted, since they would possibly have a higher likelihood of hiring foreign employees. The survey questions were asked over the phone for reasons of efficiency and effectiveness. Replies were immediate and any questions participants had concerning the survey could be answered over the phone. Human resource managers of the company completed surveys and each interview lasted roughly ten to fifteen minutes. Some companies' corporate policies did not allow them to participate in the survey over the phone, as phone surveys can be deterrents from the day's workflow. As a result, several of the larger corporations with enough finances to provide top benefits and assistance to foreign employees were not able to participate in the study. As mentioned previously however, all the companies involved in the study were in the Fortune 500 or Fortune Global 500, and this sample is still sufficient to find reasonable results.

Seventy-three companies were called and twenty-two agreed to respond to the survey. Seventeen of the remaining fifty-one companies indicated that

they do not hire foreign employees unless they already have U.S. residency or permission to work. Common reasons for not hiring foreigners without visas or residency were the time and costs involved in getting visas, state regulations requiring proof that certain positions could not be filled by a U.S. resident or citizen, and the amount of time and high costs involved in helping the employee move and adjust to the U.S. Other companies either did not return calls or have corporate policies prohibiting telephone survey participation.

Of the twenty-two survey participants, eighteen have foreign employees making up 5% or less of their total U.S. workforce and three indicated they have less than 10%. One company did not know or could not estimate the percentage of foreign employees in the company.

#### **IV. Results**

The findings as a result of the surveys conducted were surprising in some areas and yielded expected results in others. At times it is necessary to divide the information into two subgroups in order to better understand the reasons behind the results. Those two subgroups result from companies who hire inpatriates and those who do not.

##### **Attracting Employees**

Reasons for Recruitment. A main objective of the study was to find out how organizations attract foreign employees and why they want to attract those employees. In the survey managers were asked why they typically look for foreign employees and asked them to agree or disagree with certain statements

using a Likert scale with 1 indicating they strongly disagree and 5 indicating they strongly agree. Below are the results, including the mean scores of agreement.

Mean Score	Statement
3.73	Person's rare or highly qualified expertise
3.05	Person will be returned to foreign office with better knowledge, skills, and abilities
4.09	To bring diversity to company and help Americans think globally
2.32	Because of a shortage of American labor

However, when the two subgroups are taken into consideration, the mean scores show some interesting, new information. For companies who hire inpatriates, the statement most agreed with was that they hire foreign employees to bring diversity to the company and help Americans think globally, with a mean score of 4.38. For companies who do not hire inpatriates, the statement most agreed with was that they hire a foreign employee because of the person's rare or highly qualified expertise, with a mean score of 4.67. Several managers indicated that hiring inpatriates is what turned their company from being international, or having foreign offices, into being truly global, or having a mindframe for global business.

Recruiting. Finding the employee with the necessary knowledge, skills, and abilities, as well as the willingness to relocate to the U.S. to work, can be a difficult and time-consuming task. Managers were asked which of the following methods they use to find foreign employees and then were asked to rate the methods they use according to effectiveness on a scale from one to five, five

indicating high effectiveness and one indicating low effectiveness. The results are as follows:

Percent who use method	Mean Score	Method Used
73	4.38	Hiring agencies / search firms
64	4.35	Company sources
82	2.89	Ads in newspapers, journals, or magazines
82	2.39	Internet resume posting / applicant search
5	2.36	College recruitment internationally
82	2.61	College recruitment in the United States

The most effective sources for finding foreign employees are through hiring agencies or search firms and through the use of company sources such as the use of in-patriates or information gathered from resume banks full of resumes sent into the company from around the world. The use of the Internet in finding foreign employees is high but has a low mean score of effectiveness. The Internet is open to anyone in the world and this may be why companies receive job applications or resumes from abroad. Effectiveness of this source could be increased in the future as more employees turn to the Internet in their job searches and as companies begin to rely on them to find employees.

Attracting Employees. Human resource managers were also asked why they feel foreign employees are attracted to working for them in the United States. As above, when a company chose a reason, they were asked to rank that reason according to effectiveness on a scale of one to five. The results are as follows:

Percent who agree	Mean Score	Reason
100	4.59	Company's culture or image
55	3.75	Profession

100	4.14	Living in the United States
68	3.87	Salary
50	4.36	Promotion possibilities

This data would need to be compared to information gathered from foreign employees themselves in order to see if managers' impressions are on par with foreigners'. If so, then managers should promote their companies' culture or image or the benefits of living in the U.S. to potential foreign employees. This could increase companies' rates of attraction and hiring. Promotion possibilities either in the U.S. or abroad could also be emphasized to potential foreign employees if there are those possibilities within the corporation. Discussed later in the paper will be the results of a previous study in Georgia of foreign employees and their motivations for coming to the U.S. to work.

### **Legal Issues**

What happens when a U.S. based company attempts to hire someone in a foreign country? Which country's legal hiring practices are followed? Ninety-one percent of managers indicated that they follow the American legal hiring practices code. For example, companies use American laws when considering what questions could be legally asked in interviews or on applications forms. In Germany, for instance, it is common to ask how old the applicant is, who their parents are and what their occupations are, or to require that a photograph be submitted along with the application form. All of these practices would be illegal in the United States. The nine percent who follow the foreign countries' rules for hiring indicated that they do so because they, as well as the applicant, would be

in the foreign country in the company's foreign office where the foreign office's managers would be conducting the screening and hiring process.

There is little question however, about which rules to follow when applying for a U.S. visa. According to the survey, 86% of managers responded that human resource managers are involved in helping the employee obtain the visa and 82% indicated that legal advisors or the legal department are involved in helping the employee with the visa process. Either the human resource department, legal advisors, or a combination of both are involved in the visa process.

Most managers seemed frustrated with the long paper-trial leading to a visa for a foreign employee. However, when asked, only 27% said that getting a visa for an employee from the government had ever been an obstacle to an applicant's employment. Not being able to obtain a visa may be due to the caps the government places on the total number of visas allowed per country per year in certain categories. In the past years, employers have slowly been able to convince the government that certain caps need to be raised. The most popular visa in this category is the H-1B visa for professional workers. Twenty of the 22 companies surveyed obtain H-1B visas for their foreign employees and fifteen of the 22 companies obtain the L-1 visa for intracompany transferees. These are the two most popular types of visas for temporary foreign employees. No company surveyed attempts to obtain a permanent visa in the E1-3 category for multinational managers and executives, E2-1 or E2-2 for professionals with advanced degrees or exceptional ability, nor the E3-1-3 visas for professionals,

skilled workers, and other workers. The process of obtaining visas in these categories can take years to complete and the requirements are much stricter.

### **Retention Issues**

Once the foreign employee has the necessary permission to work and live in the U.S. and has been successfully hired, only half of the battle has been won. Cultural issues and problems may surface from time to time and stress levels on the employee and his or her family members may increase. Human resource managers can assist the employee in a variety of areas to ease stress and eliminate problems. Otherwise the problems could affect job performance, the emotional and physical well being of the employee, and may influence the employee's decision to leave the company and return home.

Forms of Assistance. The survey asked managers what they do to help foreign employees as they and possibly their families relocate to the United States and begin to work. The results are as follows:

Percent	Assistance
91	Temporary or permanent housing
27	Assistance in job search for spouse
55	Assistance in moving belongings
59	Assistance with moving into new community (ex. Where to send children to school, what to do in cases of emergency, how to obtain driver's license, etc.)
91	Paid airfare expenses
86	Paid vehicle or rental car
100	Assistance with the visa process
82	Extra money for moving (i.e. 3 months extra salary, lump sum bonus, etc.)

These forms of assistance can be helpful in easing the transition into living in another country, community, and workplace. Foreign employees will

typically have stresses associated with adapting to a new culture, which are not in the complete control of anyone. The stresses which can be most controlled are those associated with the moving transition.

Research in the past has shown that when children and the spouse are satisfied with their new situation, the foreign employee is likely to be satisfied with it as well (Harvey 8). When the employee's family is not happy, it adds stress to the foreign employee and greatly increases the chances of a quick return home. Therefore, a company should do as much as possible to help the employee's family as well. Only 27% of managers in the survey indicated that their company gives job search assistance to foreign employees' spouses. Only 59% offer some type of assistance to the family with moving into the new community, which includes finding a school for their children, obtaining information on how to get a driver's license, or what to do in cases of medical emergency. These low rates are two key areas for improvement.

However, it should be noted that the government does not allow some employees' spouses to obtain a visa and work in the U.S. simply because their spouses do. This is perhaps why so few companies offer job search assistance to them.

Orientation and training days in the first days when the employee arrives are important steps in ensuring the success and duration of the foreign employee's stay in the U.S. This is the best time to get to know one another and each other's cultures, strengths, weaknesses, and needs. It is better to eliminate potential problems or misunderstandings from the beginning.

Training and Orientation. In the survey managers were asked what they use to help the employee when they are in the orientation and training phase of employment. The results are as follows, showing the mean score of effectiveness on a scale from one to five, five being very effective and one being ineffective.

Percent using the method	Mean Score	Method
14	3.33	Some orientation or training conducted in the employee's mother tongue
86	4.79	Culture training
95	4.52	English language courses
55	4.00	'Mentor' or 'buddy' system

Orientation or training could be conducted in the employee's mother tongue when it is vital that there be no question about what is being communicated, such as giving information critical to a risky process or giving standard health and safety rules and procedures. This is not used unless absolutely necessary, probably to emphasize the use of English as being very important and because this type of orientation can be expensive if no one in your company is fluent in the foreign employee's language. Perhaps this is why so few employers use this delivery method in training and orientation.

Culture training can be essential in eliminating cultural problems before they surface in everyday work life. Eighty-six percent of managers indicated that they do some type of culture training for the employee, the employee's coworkers, or a combination of both. After this type of training, the foreign

employee can determine why Americans behave in certain ways and what certain gestures, actions, or expressions mean.

English as second language courses are offered to the employee in 95% of the companies surveyed. Managers often assume that these employees already know English, so the courses are offered to brush up the employee's skills or teach them technical and slang terms which they may not have yet come in contact with.

A 'buddy' or 'mentor' is offered to employees in only 55% of those companies surveyed. This can be essential to the employee when he or she has questions concerning American culture or the company. It is also important to remember that the employee is new and has no friends or contacts within the organization, outside of the human resource department. This could be a valuable resource in making him or her feel comfortable and like he or she is part of the team. Because of the obvious benefits of having a 'buddy' or 'mentor' as a newcomer with few contacts, more companies should offer this to their foreign employees.

There are several options for how the foreign employee's salary could be calculated. The salary could be based on the American salary norm for that position, either paying the prevailing market wage or the norm for the position in a particular company. The salary could be based on what the employee was earning in their home country, with a simple exchange rate conversion into dollars. The salary could also be based on what the employee made in their home country and what their standard of living in that country was. A salary

calculator program would be beneficial in this instance and all facets of their standard of living would be taken into consideration, including where they sent their children to school, where they lived, and other types of lifestyle choices they made based on what they could afford.

Compensation. The results from the survey gave the following results concerning how the employee's salary is calculated:

Percent	Method
50	Based on American salary norm
0	Based on foreign employee's salary norm
50	Based on foreign employee's former salary and standard of living

As can be seen, the methods are divided into two equal groups. Because of this, it is necessary to take a closer look at the two subgroups of those companies who hire inpatriates and those who do not. For companies who hire inpatriates as well as other employees, the results show that 31% base the salaries on the American market or company norm and 69% base it on the foreign employee's former salary and standard of living. For companies who do not hire inpatriates, 100% said they base the foreign employee's salary on the American or company norm. Whatever the method, it is necessary that the employee maintain or improve their salary and standard of living from what they were earning and how they were living in their home country. Otherwise, they may not feel it is worthwhile to continue working in the U.S. for the company or may feel under-appreciated by the company.

## **Conclusions**

Because managers are beginning to hire foreign employees more frequently, an assessment of how to best attract and retain those employees should be carefully considered by each organization. Attracting the right employee in the right way and assisting them in their transition will increase the chances of a successful stay with the organization and will improve the quality of their work while they are there. If the process fails and the employee is unsatisfied and returns home, large amounts of money are lost to the organization because of the high cost of recruiting and relocating foreign employees. Great care and consideration should be taken in the whole process of having foreign employees in the company. If the process is successful, the rewards are great, as will be discussed later in the paper.

While the company is not solely responsible for the success of the stay, it can do much to ensure success. However, much depends on the employees themselves. Employees are also actively involved in making sure they learn about American culture, find their way in the new community, and continue to upgrade their English language skills. Human resource managers can provide the resources but it is ultimately the foreign employee's responsibility and decision to use those tools.

Human resource managers are doing a good job of attracting foreign employees and helping them adjust and relocate to their new atmosphere. However, there appeared to be some definite areas for improvement for corporations. For instance, 82% of the companies surveyed do not formally

calculate retention rates for foreign employees, which makes it difficult to determine if what they are doing is really working or not. Many managers commented that they knew the rate was high, just by going by their recent memories. However, as the trend in hiring foreign employees continues and the numbers of foreign employees in the company increases, it is essential to formally calculate this to know whether the current program concerning foreign employees is effective.

Another area for improvement as stated previously is the need to help spouses and children of foreign employees adjust to living in the U.S. As much as possible, assistance to spouses in searching for jobs should be provided. More companies need to provide information concerning basics, such as how to open a checking account or get a driver's license. Companies can even discuss with the foreign employee what type of school his or her children attended in their home country and then help them to find the right school where the children will receive the desired education and will be comfortable. More companies should offer 'buddies' and 'mentors' to foreign employees as well.

Appendix

## Company Survey concerning International Employees

This survey will be used in a benchmark study concerning best practices in attracting international talent, overcoming legal obstacles, and retaining international employees. Results of the survey will be shared with those companies participating in the survey.

### Company Information

Name: _____	Industry: _____
Address: _____ _____	Contact Person: _____
Date of interview: _____	Position: _____
E-mail: _____	Phone number: _____
	Fax: _____

### Preliminary Questions

Does your company hire or attempt to hire internationally?

For what types of positions/professions do you typically hire international employees?  
\_\_inpatriates

What is the percentage of non-U.S. employees in your company?

__0-5%	__16-20%	__unknown
__6-10%	__21-30%	
__11-15%	__31% or higher	

### Recruitment Issues

For which of the following reasons do you typically look for international employees? Please rate your answer(s) on a scale of 1 to 5: 1 indicating strong disagreement and 5 indicating strong agreement.

- \_\_ Person's rare or highly qualified expertise
- \_\_ Person will be returned to subsidiary in their country with better knowledge, skills, and abilities
- \_\_ To bring diversity to the company and help American employees think globally
- \_\_ Shortage of American labor
- \_\_ Other \_\_\_\_\_

Which of the following tool(s) do you use to find international employees? Please rate the effectiveness of each tool you use on a scale of 1 to 5: 1 indicating low effectiveness and 5 indicating high effectiveness.

- \_\_ Hiring agencies/search firms
- \_\_ Company sources
- \_\_ Ads in newspapers, journals, or magazines
- \_\_ Internet
- \_\_ College recruitment internationally
- \_\_ U.S. college recruitment
- \_\_ Other \_\_\_\_\_

## Appendix

Which of the following assets are used most in attracting international talent? Please rate the effectiveness of each asset used on a scale of 1 to 5: 1 indicating low effectiveness and 5 indicating high effectiveness.

- Company culture or image
- Profession
- Living in the United States
- Salary
- Promotion possibilities
- Other \_\_\_\_\_

When recruiting someone in another country do you follow the foreign applicant's country's rules and regulations for legal hiring practices or do you follow the American legal hiring practices?

## Legal Issues

Has the inability to obtain a work permit and visa from the government ever been an obstacle to an applicant's employment?

What type of visa is typically obtained?

Permanent

- E1-1 extraordinary ability
- E1-2 Outstanding professors and researchers
- E1-3 Certain multinational managers and executives
- E2-1, E2-2 Professionals with advanced degrees or aliens with exceptional ability
- E3-1, E3-2, E3-3 Professionals, Skilled Workers, and other workers

Temporary

- B-1 Business visitor
- H-1B Professional workers
- L-1 Intra-company transferee
- E1, E2 Treaty investors and treaty traders
- F-1 Student
- J-1 Exchange visitors
- TN NAFTA
- Q Seasonal cultural exchange visitors
- Other \_\_\_\_\_

Who organizes visas and work permits for your international employees? (legal advisors, HR, the foreign employee, etc)

## Retention Issues

Which of the following does your company use in orientation or training? Please rate the effectiveness of each tool you use on a scale of 1 to 5: 1 indicating low effectiveness and 5 indicating high effectiveness.

- Some orientation or training conducted in employee's mother tongue
- Culture training

## Appendix

- English Language Courses
- 'Buddy' or 'Mentor' system at work
- Other \_\_\_\_\_

Which of the following are offered to international employees in order to help them relocate or adjust?

- Temporary or permanent housing
- Assistance in job search for spouse
- Assistance in moving belongings
- Assistance with moving into new community (where to send children to school, what to do in cases of emergency, how to obtain driver's license, etc.)
- Paid airfare expenses
- Paid vehicle or rental car
- Assistance with visa process
- Extra money for moving (i.e. 3 months extra salary, lump sum bonus)
- Other \_\_\_\_\_

Is the employee's length of stay at your company clearly defined beforehand?

How is the international employee's salary calculated?

- Based on American salary norm
- Based on foreign employee's salary norm
- Based on foreign employee's salary and standard of living in their country
- Other \_\_\_\_\_

Is your retention rate for international employees calculated? If so, what is your retention rate for international employees?

## Closing

Extra comments?

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