PROJECT MANAGEMENT ACROSS BORDERS: LEVERAGING HUMAN RESOURCES STRATEGICALLY

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This article concerns the wise use of human resources on major international projects. One reason a company sends employees abroad to work on a project is to complete the project. There can be a second objective as well: to amplify the competencies of employees to undertake more varied, more challenging, and perhaps more lucrative international work in the future. Our purpose is to discuss how this second objective can be attained.

We will proceed as follows: first, we will examine the nature of human competencies. Next, we will specify four conditions for competency growth. In the body of the article, we will discuss each of these four in turn, being careful in each case to focus on ways of enlarging the capacity of the company for international expansion. In a sidebar, we will briefly describe one additional, advanced approach to getting the most out of international project personnel.

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EXECUTIVE SUMMARY

- *A cross-border project can be used to leverage the learning of human competencies that will enhance a company's international success.*

- *Companies can assure the benefits of this kind of learning by taking advantage of opportunities of having people on-site, motivating employees to learn, eliminating distractions from learning, and, after the assignment, using repatriated employees to their best advantage.*

- *The best HR infrastructure to carry this out will require an analysis of the specific situation, and may range from using a local national to an expatriated home-office HR professional.*

STRATEGIC RESOURCES AND STRATEGIC COMPETENCIES

Strategic resources include land, facilities, equipment, money, patents, and labor in the sense of people whose routine tasks create goods or perform services. Such things are "strategic" because they can be transferred between applications, that is, can be withdrawn from an existing use and reapplied to an emerging use. Strategic resources are tangible and easy to account for, have a determinable market value, and show up routinely on balance sheets.

Strategic competencies include management acumen, market knowledge, cross-cultural skills, and technological capabilities. They are information-based invisible assets residing within the minds of employees. As "strategic," they can be withdrawn from one use and reapplied to another. As "competencies," however, they are intangible and hard to account for, have a market value that is enigmatic, and show up rarely on balance sheets.

When the owners or executives hire or assign technical, professional, and managerial employees to work on an overseas project, they take into account the competencies of those individuals. For example, if the decision-makers are seeking a project manager to oversee the construction of a nuclear power facility, they insist on someone within whom resides nuclear engineering know-how or competency. In doing this, they are viewing that person's set of competencies as "fixed," that is, as an asset that remains constant.

There's a second sense in which competencies can be viewed: as "organic." Because competencies are properties of the human mind, they are capable of expanding, adapting, and multiplying. The engineer who oversees construction of a nuclear power facility in China will come away from that experience with refined nuclear engineering skills...plus new skills for dealing with Chinese laborers, professionals, and bureaucrats. His or her skills have not only grown but also branched into new avenues. This organic quality of competencies potentially provides long-term strategic advantage to the firm that employs that engineer.

The organic property of human competencies can be actively developed through training. It also can be actively developed through deliberate efforts to leverage the learning that accumulates as a result of day-by-day work. It is this latter case that we address in this article. Our objectives are to suggest ways in which the daily operations of a cross-border project can be used to leverage learning for the firm's benefit, and to discuss HR's role in making this happen.

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CONDITIONS FOR COMPETENCY GROWTH

The situation we address here is one in which your company is cooperating with another rooted in a different nation and culture in order to jointly complete a large international project. For this to occur, both companies are contributing certain resources. Among these resources are employees who bring to their responsibilities a variety of competencies in the fixed sense.

The question we address is this: How can you ensure that your project employees' competencies will organically grow, adapt, and multiply, and that your firm will reap the long-term benefits? Our answer is: in order for this to occur, your international project employees need to:

1. Have the possibility of learning;
2. Be motivated to learn on your firm's behalf;
3. Be free of distractions that make learning difficult; and
4. Receive new assignments that draw on their expanded competencies.

1. Protecting the Possibility of Learning

When two firms plan a project together, a topic they always discuss is the various tangible assets associated with the project. For example, they contractually specify what is to become of facilities built, patents gained, and markets captured. Senior employees are held accountable by their respective firms for ensuring that such assets are distributed according to plan.

What about intangible assets associated with the project, such as human competencies? They also are likely to increase as a by-product of employees' daily work on the project. They usually receive little or no attention in the contract, leaving open the danger that learning opportunities will become far more available to the local firm's project employees than to yours.

For example, suppose your firm views staffing as a cost. The local firm magnanimously offers to staff most of the project's day-to-day operations. You agree, while making sure that your firm is equitably represented on the top policy- and decision-making team. This is a wise choice, right? In terms of tangible assets, yes. In terms of intangible assets—multiplying competencies through on-the-job learning—probably not. Value-adding competencies are rarely generated at meetings of executives. They're generated each and every day in laboratories, on production lines, and at marketing meetings. Is it your people, or your partner's people, who are doing this experience-rich work? If it's your partner's, you've probably given away the possibility of learning.

The same may be said about the HR function. When a project will be carried out abroad, it seems a no-brainer to defer to your partner's suggestion that its local people handle most or all HR issues. You've saved on cost. But have you protected the possibility of learning? Your own HR people will have no opportunity to master local labor market conditions and practices. And you've given up much of your influence over day-to-day personnel deployment issues, which lowers the likelihood that your project people will be assigned in ways that provide the possibility of learning.

Be proactive about this. During the negotiation stage, bargain to acquire slots where some of your people can find high-yield opportunities to learn, opportunities to fill gaps in your firm's storehouse of knowledge useful in the global marketplace. Then assign your high-potential employees to those slots.

2. Motivating Project Employees to Learn

Most job descriptions are oriented in the present. They describe an employee's responsibilities for carrying out certain tasks so that existing contracts can be completed or existing customers can be satisfied. Job descriptions may be oriented, in addition, toward the future. They can describe an employee's responsibilities for contributing to the firm's strategic competencies through individual learning, then through disseminating that learning. The employee can be held accountable for doing this, and doing it well.

Your firm's partnership in an overseas project offers an unparalleled opportunity for the gathering of useful global intelligence. Just think of it: in a distant market of interest to you, your people can actually live in local communities and work shoulder-to-shoulder with local nationals, insiders with nuanced understandings of local business practices and effective informal ways of getting things done. Your people can capture this fresh information and bring it back alive. We suggest that they'll be more likely to do this if you explicitly require it of them, which includes, during performance appraisals, judging whether and how well they've done this.

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Don't just require it. Reward it, too. Offer annual awards to those who not only learn from their experiences abroad, but effectively disseminate their new knowledge or skills to colleagues. More importantly, structure career opportunities so that those who use overseas projects to build their own and others' strategic competencies are more likely to move up rapidly.

Finally, pay explicit attention to the dissemination side of this equation. New abilities in two or three employees' brains doesn't quite capture the grandeur of "organizational learning." Some executives handle dissemination by promoting brown-bag lunches or adding information to a database. In our view, such measures have little long-term effectiveness. So ask yourself what the path is, in down-to-earth terms, from one person with new knowledge and skills all the way to broadly amplified capabilities for many members of your organization. When you have an answer, make it happen.

3. Eliminating Distractions from Learning

On many overseas projects, the group of expatriate employees can be conceived as a pyramid. At the pinnacle is the international project manager, or IPM. Just below him or her are key managers overseeing functions such as operations, finance, and engineering. These senior people tend to be on-site for the life of the project; many may live near the site with their families. Below them, as the pyramid spreads out, are the specialists. Many of these will be on-site for short periods of time; families are less likely to accompany them.

All these people need to (1) arrive at the site, (2) live and work under conditions that promote diligent concentration on tasks and on learning while they're there, and (3) return home. Things that must be attended to include passports, visas, relocation, work permits, taxes, housing, commuting, safety, health, emergencies, etc. Then there are other things that, strictly speaking, need not be dealt with: R&R and social events, mental and emotional health, cross-cultural effectiveness, individual and family well-being....Experience shows, however, that these will be dealt with, whether planned for or not. Why? Because the IPM and his or her staff are feeling human beings, not robots.

Who is responsible, day-to-day, for looking after all these human issues? On many projects it's the IPM, his or her chief lieutenants, and their clerical staffs. (In one case we know of, it was the IPM's spouse.) Senior managers are rarely trained to handle these issues. And handling these issues is not their principal responsibility. Results: key leaders are drawn away from their primary duties, and employees have their needs sporadically and inexpertly met. Distracted or even demoralized by the trivia and frustrations of living and working abroad, expat employees at both high and lower levels are prevented from making their optimal contributions to the project. And they are deflected from learning.

The role of HR. When an HR professional is added to the on-site team, outcomes improve. "On-site" is critical. Many matters that require

A New "Work Breakdown Structure"

Besides the four requirements for leveraging human resources strategically discussed in the body of this article, we believe there's a fifth—if you're determined to support your overseas project exceptionally well. Related to our third requirement (insuring that employees are free of distractions that make learning difficult), the fifth one involves the development of a detailed, written plan for addressing a project's cross-border and cross-cultural challenges. For project management professionals, a plan of this type is tangibly embodied in a "Work Breakdown Structure," or WBS.

In an article entitled "A Parallel WBS for International Projects," to be published in the spring of 1999 in *Project Management Network*, Grove and Hallowell, together with third co-author Cynthia J. Smith, suggest that international projects have a "Culture Risk Management" (CRM) Team to implement eight elements of a special WBS. In typical WBS language, the principal headings of the eight elements are:

- Cross-Cultural and Cross-Border Information Collected
- Project Plans and Company Business Practices Risk-Assessed
- Strategy Developed, Recommendations to Project Manager Delivered
- Foreign Project Personnel Oriented and Supported
- Host National, Foreign Assignee, Home-Office Personnel Integrated
- Cross-Cultural and Cross-Border Training Delivered
- Culture-Conflict Damage Containment Strategy Developed
- Organizational Learning Based on CRM Team's Experience Realized

handling are complicated by uniquely local business practices, legal rules, and personalities. Personnel support is far more effective when provided face-to-face than via e-mail. Experience teaches us that trying to handle the HR function from another continent rarely works. (If it does, it's because operational employees on-site are neglecting their primary duties to make it work.)

Expatriate relocation services and cross-cultural coaching are far more effective when there are people on both the sending and receiving sides. Local and home country policies and practices can be aligned more competently when there's a professional both here and there. Finally, HR people can serve as one of the principal bridges between project sites and the home office, helping to maintain harmony and making sure that people traveling between or among the various locations are wisely and warmly dealt with.

Specifically, an on-site HR professional has three critical objectives:

- To promote the success of the project in the many ways mentioned above.
- To navigate and mediate between, on the one hand, the procedures of the home organization and regulations of the home government, and on the other hand, local realities and governmental regulations.
- To gain and maintain the confidence of key people in the home organization and to amplify their understanding of the daily realities and requirements of life and work at a smoothly functioning overseas project site.

It's the HR professional's responsibility (ultimately, it's the IPM's responsibility) to ensure that none of these three objectives is ignored while both or even one of the others receives all the attention. Discharging these responsibilities well requires, in our view, occasional international travel.

Fulfilling the role of HR. One question remains: what type of employee should carry out the HR duties on the project site? There are several options, and they are not necessarily mutually exclusive:

- A local national HR professional engaged as an individual consultant or a representative of an HR services firm;
- A home-country individual who already lives locally and is engaged locally to handle HR functions;
- A home-office HR professional who visits the site periodically;
- A home-office HR professional expatriated to the site to work full-time.

Let's consider the advantages and disadvantages of each.

Local national HR. The local national HR professional, engaged as an individual consultant or representative of an HR services firm, is likely to have the edge in terms of knowing local personnel laws and interceding with local bureaucracies. He or she will be fluent in the local language and be able to "read" situational cues in order to quickly understand events involving local national employees. And in some cases, this type of person may also be familiar with your home-country personnel practices as well as the interface between local and home-country personnel issues, such as taxes. These are strong inducements. But there's a downside: you forfeit the possibility of learning. Your HR professionals, and your firm as a whole, learns nothing in terms of strategic HR competencies.

Home-country expatriate. A home-country individual who already lives locally—this is an intriguing option that can work quite well. In one case we know of, an English-as-a-second-language teacher who had lived and worked locally for several years was engaged to handle HR functions. In another case, the new hire was lured away from a U.S. airline. In both cases, the individual in question had extensive on-the-ground experience dealing with local nationals, spoke the local language well, and understood local nonverbal and situational nuances in interpersonal communication. Because they had personally figured out how to live successfully in the local community, both were outstanding in dealing with the human issues of expatriate project personnel.

There were some downsides: neither was knowledgeable about the intricacies of local and home-country personnel laws. And the HR people back in the home country resented that a nonspecialist had been put on the job. These problems are not intractable; for example, the local hire can be sent temporarily to the home office in order to learn from, and build relationships with, the HR staff. Finally, if a person such as this can learn quickly and well, then be retained and reassigned by your firm, you've gained a valuable strategic asset.

Home-office HR visits. Our third option is a home-office HR professional who visits your project site periodically. From the point of view of the project's well-being, this is the least attractive possibility because, most likely, that person would actually be on the project site far less than 50 percent of the time. We recommend against this option. But if the project's HR needs can be fulfilled in some other way or combination of ways, we support short-term staff visits to field sites.

Home-country HR on-site. Our final option is a home-office HR professional expatriated to the project site to work full-time. Success depends largely on selecting the right individual. The person chosen should have a working knowledge of the local language and culture at the project site or, at the very least, prior overseas working experience. Anyone without such experiences is likely to have too many personal hurdles to leap to be productive on behalf of the project. (Fortunately, people with such backgrounds can be found with conscientious efforts.) Coming up to speed on local personnel laws, the local bureaucracy, and the subtleties of local interpersonal communication may be a "stretch," but the home-country HR professional who can learn quickly will both strengthen the project and become a valuable strategic asset for your firm.

4. Reassigning Project Employees

Management literature and anecdotal evidence is rife with cases in which loyal and able employees were sent on an international assignment of several years' duration. There they performed reasonably well and learned much of value in the global marketplace. The total cost to their firm was in the low seven figures. But beyond the value of the work they completed while abroad, no additional return on that investment was ever realized. Why? Because these employees never received any other assignment that exploited their expanded, broadly reassignable "global" competencies. Their competencies withered from disuse.

There are two basic reasons why many companies are unable to take this fourth and final step in leveraging human resources strategically. One is the high turnover of repatriated employees: up to 50 percent of repatriated employees depart within the first three years.

The other reason why the freshly minted global competencies of recently returned expats are allowed to wither is this: Owners and executives, on the whole, appear not to make it a priority to find assignments at home or abroad that draw on a returnee's competencies. For example, a manager returned from a project in Changsha is reassigned—after a demoralizing sit-on-your-hands delay—to the firm's branch office in Chattanooga. One of the principal causes of high turnover among recent repats is reassignments that are perceived to be inappropriate by the repat and everyone else...except the boss.[1] ■

Note

1. For an extended discussion of problems and solutions related to bringing employees back home, see "The Dark Side of Repatriation," by Cornelius Grove and Willa Hallowell, *Benefits & Compensation Solutions*, May 1997.