

# A Hard Look at the Cold Facts about the Korean Peninsula Situation

The world's eyes are now focused on Korea, not only because of the Winter Olympics in PyeongChang, but also because of the volatile U.S.- North Korean politics surrounding it. The frozen faces in the photographs of American leaders when in proximity to North Korean counterparts are most definitely not the result of the cold winter temperatures there.

So it is appropriate then to take a hard look at the cold facts about "the situation" on the Korean peninsula.

Due to the polarized nature of politics, particularly today, it is always assumed that the other side is completely wrong at best, and evil at worst. And while it is easy to dismiss paranoid despots and megalomaniac dictators who starve and murder their own people, it is a bit harder, but most necessary, to look past that to understand the circumstances that propelled them to, and has kept them in, power in the first place. History has much to teach us about the complicity of outside forces in the rise of almost all forms of extremism. Failing to understand that cripples our ability to effectively resolve the issues that divide us. Worse, it adds fuel to the fires of extremism that threaten us.

As was the case after the initial reaction to the outrage in the immediate aftermath of 9/11, there were some – but only a few – courageous voices who dared to ask the introspective question: "*Why* were these people so filled with hate towards us that they felt they had no choice but to do this? Might we have contributed to this in some way by our foreign policies that affected them?" This last question was what got Bill Maher's "*Politically Incorrect*" TV show canceled for being,

ironically, “politically incorrect.”

In other words, was our self-image of ourselves – as the world’s “cowboy in the white hat,” chaste, pure and gallant, courageously fighting injustice and righting wrongs, selflessly riding out to defend the world’s poor and oppressed, and protecting the widows and orphans against the world’s evil-doers in “Black Hats” – was this not the same image shared by everyone else?

Could it be that a century of U.S. foreign policies that had, just for a few examples, brutally subjugated the Philippines; allowed Japan to “have” and colonize Korea; supported ruthless right-wing dictatorships all over Latin America, the Middle East, Asia and Africa; orchestrated strings of coup d’états around the world to overthrow duly elected governments that were at odds with, or displeased, the U.S., such as Chile’s Salvadore Allende, Iran’s Prime Minister Mohammed Mossadegh, Congo’s Patrice Lumumba, Dominican Republic’s Rafael Trujillo, South Vietnam’s Ngo Dinh Diem, Brazilian President Joao Goulart, (to name but a few we are now willing to admit to); authorized various invasions and occupations around the world, for example – just in our own hemisphere – in Nicaragua, Costa Rica, Cuba (more than once), Dominican Republic, Haiti, Chile, (again to name a few just within the last hundred years) – had this not made some people, perhaps many, have great doubts about the self-proclaimed altruistic nature of U.S. intentions? Has it perhaps, made them fear the U.S. from either outright invasion, or the de facto invasion of “U.S. power” on their countries through U.S. economic and/or political pressure? Is it possible that the leaders and people in countries that have born the brunt of these actions against them don’t view the U.S. as “a benevolent friend?” Has their history with us strengthened their resolve to mistrust and even hate us?

The answer of course in many, if not most cases, is “yes.”

Now to Korea...

With that understanding then, it is helpful to take a candid, unfiltered view of the situation in Korea, how we got there, and importantly, *why* North Korea feels it must have nuclear weapons capable of threatening (even in a limited capacity) the U.S.

Go back to 1905 with the Treaty of Portsmouth and the victory of Japan over Russia and the awarding of the Nobel Peace Prize to U.S. President Teddy Roosevelt for brokering that "peace." He was a president who, it should be remembered, initiated, embraced and fostered U.S. colonial imperialism with the taking of the Spanish colonies of Cuba and the Philippines and who, accepting the mantle of the "White Man's Burden," began the brutal subjugation and suppression of the Philippines, vowing to "Christianize the Philippines!" (while somehow forgetting that it was already 95% Christian after 400 years of Spanish rule.)

The result of his Nobel Prize-winning "peace" was that Japan was officially "awarded" control over Korea. Japan strengthened its colonial grip shortly thereafter, its rule ending only with its defeat in WWII. Then there was the immediate partitioning of Korea followed by the Korean War, with the virtual obliteration of the North by U.S. bombing.

(Even General Douglas MacArthur was quoted as saying he had never seen such devastation in his career.) Then the U.S. supported a string of South Korean right-wing dictatorships up until and including the 1990s. This was consistent with our standard foreign policy of supporting right-wing military dictatorships because, despite the nearly-identical situations with communist dictatorships in terms of human, economic and political rights, all these right-wing dictatorships had to claim was that they were "anti-communist" and thus they would engender complete U.S. support. (The entertaining, yet accurate, Netflix series *Narcos* provides an excellent deep-dive into this peculiarity of U.S. foreign policy vis-à-vis

Latin America.)

So, just for a minute, let's put ourselves in the shoes of the North Korean leadership. While it's hard, let's look at it from *their* perspective for a moment. The U.S. sold them out 100 years ago. The U.S. partitioned them. The U.S. invaded them. The U.S. bombed them into near-oblivion. The U.S. isolated them. The U.S. has economically squeezed them. And as an aside, for an atomic exclamation point, the U.S. didn't hesitate to nuclear-bomb their neighboring country, *twice*.

The North Koreans noticed, however, that the U.S. doesn't invade or attack countries with nuclear weapons. In fact, the U.S. "negotiates" with all nuclear weapons-holding countries even if it doesn't necessarily like them because it has to respect them (e.g., Pakistan, Russia, China, India) and if it doesn't, well, things might go "boom" in America and that would be unacceptable. So, it follows – in the North Korean analysis and logic – that if they have nuclear weapons and can threaten the U.S. mainland with nuclear attack, they will be "safe" from the U.S.

Americans may not like that analysis. Americans may not like the way the dots are connected. Americans may not agree with the alternative image of their country as anything but that of "a shining city upon a hill for all to see", but these are the facts. The North Korean interpretation of the facts may be different than how Americans would like to interpret them, and admittedly, they are not entirely accurate, but they are a valid *perspective*. And if we allow that the North Korean perspective on the facts may be inaccurate in many ways, logic dictates that we, too, must also allow that the U.S. perspective on those same facts must be inaccurate in at least *some* ways, as well.

For isn't history always written by the victors? And doesn't that history always reflect only the heroism, civility and moral high ground of the victor and the deceitfulness, cruelty

and aggressiveness of the defeated enemy?

It often does take time for history to establish a more objective review of facts. It has taken centuries, for example, for Americans to come to admit the genocide of Native American Peoples and the devastation of the environment that followed the “discovery” by all those celebrated European “Explorers.” There are many other examples we can think of ourselves as we recall what we were taught in school versus what we understand now based on a more objective distance from the past and often a willingness – sometimes courageously so – to be equally objective in our inclusion and assessment of previously discarded, unknown, covered-up or discounted facts.

If the history of the world has taught us but one thing, it is that a conflict has never been about one side that was 100% right and blameless with the other side completely at fault and 100% wrong. And if for no other reason than that, we have to start sitting down and talking with the North Koreans, and admit that they may have some real grievances or concerns that we might be able to help address in some way to advance peace.

It will not happen overnight. This is a problem for Americans’ generally short-term, simplistic view of most complex problems; we routinely but naïvely expect and demand to see resolution overnight – or at least “by the end of Q3.” We may not be able to change the past. We might not become the intimate partners and friends like we are with our one-time bitter adversaries, the Japanese, but we can use the past to guide us to a better – safer – future. It was the coming to terms and acknowledgement of the other’s deep-seated concerns and fears under the leadership of John F. Kennedy and Nikita Khrushchev that ultimately saved the world from nuclear devastation in a WWIII.

All this is most assuredly not saying that Kim Jong Un, a brutal, megalomaniacal tyrant, is a great guy (although the U.S. has long supported many such similar leaders as long as they claimed they were “anti-communist”) or they have a great

system there in North Korea. Of course he isn't and they don't. But our policies have lead us to this dangerous juncture, just the same as the fact that the harshness of the terms of the Treaty of Versailles against Germany directly led to the rise of the Nazis and Hitler and ultimately, WWII.

Historians have long agreed that fairer treatment of Germany at the end of WWI would have provided a very different milieu much less fertile for the Nazis' message to take root. How might the world have been different if spared the Holocaust and that nightmare called WWII? This is not a one-off comparison. This is what happens in these situations. The West seemed to have learned its lesson and gotten that formula right at the end of WWII, and look at the results to the benefit of Germany and Japan and the world. Unfortunately, it took two world wars to learn it – an incalculably expensive lesson that we are now forgetting.

So as all eyes are focused on the Korean peninsula during these Olympics, we have to ask ourselves two simple questions about our policies toward North Korea: "How's this been working out for us so far?" and "Are we sleeping any better at night?"

It hasn't. And we're not.

And we have history to guide us as to what could very well happen next if we don't take a cold hard look at what our approach has been to the Korean Peninsula situation so far and figure out something that will move us towards a more peaceful accommodation with each other. It worked for Kennedy and Khrushchev. Can our leaders rise to such greatness?

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# THE ESSENTIALS OF “INTERNATIONAL ENGLISH” (Part 2)

Continuing from last month's column, here are the last six of the ten essential points of using "International English."

5) *Avoid negative questions/ tag questions.* English is somewhat unusual in that the framing of this kind of question doesn't really impact the answer; it merely reflects the speaker's guess at what the answer might be. (That in itself is an interesting linguistic idiosyncrasy.) Thus, "Are you hungry yet?" and "Aren't you hungry yet?," though reflecting the speaker's presumptions, elicit the same response in English ("Yes, I am," for example). These are two completely different questions in many other languages and will elicit different answers. "Yes, I am hungry," and "No, (*what you said is not true because*) I am hungry."

Tag questions ("You aren't tired, *are you?*") can be equally baffling, especially in Asian languages, since the listener isn't sure which verb to respond to. One is likely to get all kinds of variations – "No, I am," "Yes, I am," "No, I'm not," "Yes, I'm not," (and occasionally, "Yes, I can"), but unfortunately, you'll never be really sure whether the person is or isn't tired. It's best to stick with simple, straightforward questions (e.g. "Are you tired?"). That way you can be certain, "No, I'm not" means exactly that. Remember that old song, "Yes, We Have No Bananas Today"?

6) *Avoid combining questions with "OR".* Many languages have different grammatical ways of asking "or" and many just use

two different questions. In English, it is common to drop the subject and join the two sentences, as in, "Should we continue working or (*should we*) take a break for dinner?" It is especially confusing if the two questions are seemingly unrelated. The common response will often be a single "Yes" (or "No") based on either a guess at the question or what they remembered best. Better take the slightly longer – but clearer – approach and ask two distinct questions one at a time.

7) *Avoid idiomatic expressions.* English idiomatic expressions are usually cited by students around the world as the single most difficult aspect about learning English. Two seemingly unrelated words with independent meanings sometimes separated in the sentence by other words, are combined to give those two words together a new, unique meaning. Further confusing the matter is that the result of this combination could be one of several different meanings! For example, "He'll just *make* any old excuse *up*." The expression "make up" is separated by 3 words, and when combined, means "invent, fabricate". It's hard for non-native speakers listening to a conversation or presentation to immediately piece together that meaning, especially when "make up" could also mean "cosmetics", "offset," "contribute", or "reconcile," among other things. By the time the listener figures out what the meaning should be, the speaker is usually further along in the conversation and a lot has been missed, thus laying a foundation for miscommunication.

The solution is to practice substituting the appropriate standard word for idiomatic expressions such as take up, take in, make up, make out, break down, fall out, look over, check out, etc. Look your presentation over and weed them out. (Or expressed in International English, "Review your presentation and remove those idiomatic expressions.") Importantly, analyze your own speech patterns to be more conscious of using them with non-native speakers. This will automatically trigger a little internal alarm when you do use them and will allow you



to quickly add the standard word as a clarifier. The same advice goes for eliminating slang or sports expressions.

8) *Avoid jokes.* A standard rule in Western (particularly American) business is to use humor to “break the ice.” While it is a universal axiom in business in any culture to try to establish a rapport with your counterparts, telling jokes or using humor is *not* universal. First, humor simply does not translate well. You run the risk of having to try to explain the joke over and over and embarrassing your counterpart because s/he doesn’t understand. Worse, your jokes might result in the listeners taking offense. And in many cultures, the use of humor in a serious situation, such as when one is an honored guest or speaker, can be interpreted as belittling the importance of the occasion, and thus insulting to the hosts.

9) *Learn metric.* (This is a special note for Americans.) At least memorize converted values. Virtually the entire rest of the world uses metric. Except for our cousins in the Old Empire who may retain memories of the Imperial Weights and Measures System, most of the rest of the world won’t know feet from inches or pounds from ounces. (If you’re completely unfamiliar with metric, start by learning to think in terms of “yards” rather than feet and then simply say “meters” instead of “yards.” This will greatly facilitate comprehension of area measurements and will enable you to take your first metric step almost painlessly. In writing, always include the correct metric equivalent.)

10) *Be polite – use names properly.* Many cultures and languages have strict norms for when and how to use given and family names. In Japan, for example, Japanese colleagues of twenty years still refer to one another as “Tanaka-san” and “Suzuki-san.” They may not even be sure of their colleague’s given name. French, Spanish, Japanese, Chinese, and German, among many other languages, have customs and etiquette for calling people by the formal or informal word for “you”. Many

cultures and languages also use a different order of names, such as using the family name first. (You can always avoid confusion by saying “given name” and “family name” instead of “first” and “last” name, since it doesn’t always apply the way you might think.) Many Americans try to learn what their counterpart’s given name is and then use it, under the mistaken notion that they are “just being friendly.” It can be harsh or rude in many cultures to be called a name by a stranger that only a few intimate friends and relatives use. Worse, don’t give a “nickname” to someone just because *you* can’t pronounce his or her name easily. They often have just as hard a time with your name.

11) *Speak slowly and clearly.* (No, there’s no editing mistake. I’ve included it twice, since it’s so important.)

These are the essential points of using “International English,” most of which are equally applicable to both written and spoken communication. Of course there are more! But by following these ten simple steps, the effectiveness of your communication with your non-English-speaking colleagues and customers will immediately and dramatically improve. How much easier is that compared with having to learn a foreign language! This will have a positive impact on your business and your personal relationships and decrease time-consuming – and potentially disastrous – misunderstandings.

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# **THE                    ESSENTIALS                    OF “INTERNATIONAL ENGLISH”**

Even among native speakers of a language, assurance that the intended meaning of a word or phrase has been understood can

sometimes be elusive. Winston Churchill, a noted historian and linguist in his own right, wryly commented that Britain and the United States were "two great countries separated by a common language." Several years ago it was reported in the press that the late Indira Gandhi of India recalled her ambassador to the United Nations after listening to him deliver a speech (in English) and not being able to understand anything he had said! Americans often need lessons in "Australian" when encountering their distant cousins for the first time.

Such problems among English-speaking people are legion, but thanks to our common roots, they are rarely, if ever, insurmountable. How much more difficult then, is dealing with our non-native English-speaking colleagues, who have no such shared heritage?

It is a popular misconception that "everybody speaks English." While a few European countries are known for their widespread understanding of English, many are not. And particularly in Asia, overall English comprehension is quite low, despite years of studying English as a foreign language. A representative résumé of a Korean or Japanese businessperson's linguistic background, for example, might be something like the following. A college-educated Asian businessperson would start studying English in elementary school, continuing all the way through university. Those 10-plus years of formal education have enabled him or her to analyze the parts of speech in a Shakespearean play, or translate obtuse sentences from a Dickens novel. The system of foreign language *oral* study in those places has not, however, enabled him to understand a simple conversation, let alone carry on one. To try to overcome these handicaps and to enhance business careers, many will try to study English a couple of times a week, after hours, and often at their own expense. As a result of these substantial efforts, the native English-speaking businessperson has the benefit of usually not having to learn

a foreign language when doing business overseas.

However, there is a big difference between speaking (or writing) English as a second language, and knowing it as a native speaker. The problem is that a significant number of native English speakers doing business internationally assume that "he speaks English" means that "he speaks English, so I don't have to adjust the way I communicate at all." This erroneous assumption means that instead of aiding the communication process, they are actually making it worse because they are not helping the local person understand as much of the English communication as possible; even worse, they are probably contributing to miscommunication.

In order to avoid those problems, and allow the foreign businessperson to build upon the fundamental level of English of the non-native listener, it is important to take time during the preparation of a presentation, and of course, in all oral and written communications, to use "International English." This will facilitate communication and maximize understanding with non-native speakers. Adjusting one's English is the only controllable variable for the majority of people in most situations to minimize problems and maximize understanding in cross-cultural and cross-linguistic communication. At the end of the day, people do business with people they trust. If they can't understand you well, they won't trust you very well, either.

Here are some guidelines and exercises to help make yourself a speaker of International English. These are ten simple but fundamental points. After they are practiced and mastered, the list should be expanded by adding from one's own personal experiences.

The first is "The Golden Rule" (also known as the "Forrest Gump Rule.") It is much harder for some than it sounds and requires diligence and practice:

1) *Speak slowly.* This doesn't mean talking in some exaggerated tone, as if to a half-deaf great-grandmother, or in some demeaning "Me Tarzan. You Jane." truncated speech. It means using clear, crisp speech at about 3/4 of normal conversation speed. The average native English speaker speaks about 150 words a minute. The average person with reasonable comprehension of a foreign language understands about 50-100 wpm. Do the math. Listening to speech at a native speaker's natural speed, non-native speakers will lose more than 30% of what is said. Also, keep in mind that most English as a Second Language ("ESL") studies focus on standard British received or standard mid-western American pronunciation. Speakers with heavy regional or national accents will have an even lower comprehension rate.

2) *Avoid long, convoluted or winding sentences.* State the subject clearly. Avoid tangents and complicated sentences. Be direct, to the point. Your objective is to use clear simple words to get your concepts across. In writing, try to keep sentences to no more than a line or line and a half. Break it up into two sentences if need be. The objective is to have the reader get the point easily and clearly.

3) *Use simple non-culturally based comparisons.* Examples often aid in the comprehension of difficult concepts. Comparisons to such things as building a car, flying a plane or getting into a good school are probably universally understood in the same way. However, things like getting married, gift-giving or family relations often carry quite different nuances and messages in different cultures. So choose your analogies carefully.

4) *Write down all numbers above 10,000,* particularly in Asia. Asian counting is based on the Chinese numerical system of counting by *thousands*, not the Western "hundreds" base. Western counting uses the comma as the measurement unit or dividing point. For example, "123,123,123" is read "one-hundred-twenty-three" million "one-hundred-twenty-three"

thousand, “one-hundred-twenty-three.” In Japanese and most other Chinese-influenced Asian languages, the commas are used only by common international convention but are unrelated to how the number is actually read. In the same example, “123,123,123” would be read as “one hundred million, two thousand three hundred and twelve ten thousand, three thousand, one hundred, twenty three.” Sound confusing? It is. Mutually.

*to be continued...*

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## **EXPATRIATE POSITIONS IN THE 21ST CENTURY (Conclusion)**

Besides the very high cost of maintaining an expat and family overseas, there are two other developments that have contributed to the reduction of expat roles in recent times: communication technology and the quality of local talent.

As little as twenty years ago, the telex and fax were the most common means of document communication. Telephone monopolies created exorbitantly high international phone rates making conference calls prohibitively expensive. Restrictive airline reciprocity agreements kept fares high. Communication options were limited and slow and the need for someone on-the-scene to report, analyze and advise was high.

New technology has brought us to a 24-hour-a-day workday with nearly instant communication capabilities from almost anywhere. Improved, expanded and competitive air travel options have brought down the cost of flying. International

texting, mobile phones, email, video-conferencing, and faster translation services utilizing modern communication technology, have all helped to keep the foreign-based corporate headquarters management in close touch with their colleagues and partners in foreign markets.

Importantly, the wired world now provides customers (end-users, subsidiaries or distributors) with knowledge of worldwide markets and competitive trends. They are no longer exclusively reliant on the home office's dissemination of consolidated competitive and market info from around the world. (And as perhaps an unintended consequence they are also less prone to accept HQ's own filtered versions of competitive news.) The important role of "conduit of information" that the expat used to play has been largely obviated by technology.

Foreign subsidiaries and distributors are often managed more effectively by good local managers whose strength is understanding the local business practices, the competitive environment and customer needs. Over the last decades, the pool of well-educated local talent has greatly expanded, many of them with exposure to foreign practices or with expat experience themselves, combined with good language abilities. It is difficult to find an expat with the requisite skills to manage such situations as well as, let alone better than, a local manager.

So then, returning to the original question: "Does an expatriate position still make sense in the 21st Century?"

Large, multinational companies are not the focus here. Virtually all of them have the resources in place to handle the requirements of an expat position and make it an enjoyable and rewarding experience for the manager as well as his/her family, which in turn is a return on investment for the company. The positions are usually part of a well-established executive development program. The 21st Century is a global

world, and global experience cannot be anything but an important part of career development.

Neither is the focus on the personal positive enrichment gained from the experiences of an expat position, either for the employee or the family. This benefit is virtually beyond question. (And for the children of expats who are able to live overseas for a good part of the "language window" period, they will also gain language skills that will last the rest of their lives and will better prepare them for their own future careers. The subject of "language window" and other communication concepts will be discussed in future articles.)

Our focus rather has been on business decisions by small and medium-sized American companies without those resources and established programs. For them, it very much depends on the particular situation of each company, their objectives in each market, and the skills and background of the people they choose to send on assignment. Misunderstandings or miscalculations in any of those areas can have results ranging from an ineffectual expat to a downright disaster. Sending a skilled expert won't guarantee a successful expat mission if he or she alienates everyone in the environment or angers the decision makers (government or industry) by insensitivity, ignorance or inappropriate behavior.

The right person chosen for an expat position can build valuable relationships with overseas colleagues and customers, provide unique expertise to strengthen the company's presence in the local market, and greatly reduce costly problems due to miscommunication. A successful international assignment will provide the company with a more well-rounded and enlightened manager better able to think outside the box since his/her insights and analytical skills will now have been greatly broadened and will no longer be limited to just the narrow range of a singular domestic regional experience.

However, with costs having escalated so much in the last



decade, no company, regardless of size, is immune to the burden of maintaining expatriates, so each staffing decision must be weighed carefully. The conclusion common to both sides of the argument may be this: if the requirements for an international position cannot be met by a well-qualified local candidate, and if the objectives of the position are well-defined and require the unique expertise, guidance and skills that only a non-local hire can bring, then the expat position is justified. Further, if the company has any serious intention of developing and being competitive in the international marketplace, it is vital to their business success to develop and maintain a body of equally knowledgeable and skilled international managers equal to the task. And since the U.S. no longer has the monopoly on good ideas, good products or high standards, those international experiences will enhance domestic competitiveness as well.

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## **THE CASE AGAINST EXPATS**

“Tom” was a successful salesman from the East Coast of the U.S., catching the eye of management along the way with his “hard-core selling.” When a position opened in Japan to “show our distributor how to sell,” Tom jumped at the chance to go. Knowing only aggressive American-style sale techniques and figuring he could quickly increase sales by his “professional” selling skills, he was totally unprepared for the experience. Two years later, having alienated both distributor and customer alike with his brashness and uncompromising belief in American sales tactics, the distributor had isolated him and had begun to focus on some other products in their import portfolio, which started to do very well. Unable to make sales calls on his own without a local partner since he couldn’t understand the language, his position became increasingly

irrelevant. To the distributor his efforts were counterproductive; to his company, he was ineffectual. He was recalled and subsequently left the company.

“Dick” was a congenial middle-manager in a mid-sized company. A college background in Asian Studies prepared him well for his stay in Tokyo in a small liaison office. Popular with distributors, he made many friends. However, far from the home office, he slowly felt out of the loop with the changing plans and policies of the parent company. His personal relationships grew weaker. Budgets were tight and so there were few trips back to the home office to keep up-to-date on products, policies, strategies, as well as for maintenance of the necessary corporate relationships. Video-conferencing and other modern communication technologies meant that he was often receiving information and training at the same time as the local staff, so he was unable to provide any special insights or guidance. Sales were OK, on a slightly upward trend. The cost of keeping Dick and his family was around \$250,000 a year. One day, the company phased out the position and sent him home. He left the company a short time after that. Sales are still on a slightly upward trend.

“Harry” was a middle-aged executive with a family. He had done well as a domestic regional manager with mid-sized company for 8 years. He was asked to go to their small subsidiary in Hong Kong on a two-year assignment as part of a broad plan to “open up Far East sales.” He started off well enough, making the rounds of introductions, writing reports, and bringing local management up to date on the latest corporate policies and strategies. He traveled a lot throughout the region. When there was a problem with a customer, he was briefed by the local staff, told what to say, paraded in and then ushered out. Even with an interpreter he felt he was still missing what was going on in the local office. He was glad to be able to “take charge” of arranging visits of technical experts from HQ when the local managers requested help with training and

other important projects. That seemed to be having a positive impact on sales in the region. With his eldest child ready to enter high school and his wife feeling increasingly socially isolated and trapped in their small (by Western standards) apartment (especially when pollution hit dangerously high levels), he was happy to be rotated back to headquarters when his assignment was up. Management, facing general corporate financial pressures, was now considering eliminating the position and saving \$300K in the budget.

These vignettes illustrate some of the reasons behind the recent trend toward reducing or eliminating expatriate jobs, which can be generally categorized into four broad areas:

- 1) the very high cost of maintaining expats and family in equivalent and/or safe lifestyle conditions versus the perceived or real contribution to the bottom line and impact on budgets;
- 2) the capabilities of new communications technologies to keep up the flow of information and training and reduce travel costs;
- 3) the cultural and linguistic limitations of expats that diminish their effectiveness;
- 4) the competency of subsidiaries or distributors who can manage well on their own if provided with the support they need when requested.

Cost is probably one of the biggest factors against an expatriate position. The cost of maintaining an equivalent Western lifestyle is astronomical, whether the location is a developed or developing country. There are many basic components to an expat budget: 1) the direct cost of moving to a foreign location; 2) the direct cost of rent for western-style accommodations; 3) the cost of storage or permanent home maintenance while on assignment; 4) the cost of new appliances and devices (different electric current and/or systems), 5)

tuition for private schools for children; 6) “safety and security” measures in developing countries; 7) COLA (cost of living differential) for developed countries such as almost anywhere in Europe and Japan/Korea/Hong Kong; 8) health insurance; 9) health security costs for highly polluted areas such as Beijing or Hong Kong; 10) extended vacation (home leave) time for expat and family for personal matters and business; 11) and for importantly Americans, the cost of international tax accountants and tax-equalization allowances, as Americans are always subject to US taxes regardless of where they live, in addition to local country taxes. (The U.S. is the only industrialized country in the world that puts its expatriate citizens in a “double taxation” situation, giving only a few inconsequentially small exemptions and deductions for the necessary extra expat allowances that are considered “income.”)

Pretty long list, isn't it? And that certainly is not complete – these are just the basic considerations.

The inability to provide these resources in an expat position means that you will have a difficult time attracting competent talent for the position, or you will attract naïve talent who will soon discover they are in a much more stressful – culturally, physically, financially or all – environment than they expected and will become increasingly unhappy, resentful and less productive in their assignment. It is well known that the majority of cases of premature termination of expat positions is due to the unhappiness of, or pressures from, the *family*.

Most expats could get by considerably cheaper by living under local conditions, but in the case of developed country locations, they may be unable, either due to language and cultural issues, or are disinclined, as they have no particular obligation to “go native” or sacrifice foods, living space, personal financial resources, education, personal time and recreation opportunities as an uncompensated

“expense” in order to save the company some money. And in the case of locations in the developing world, given today’s difficult political climate, even if the assignment is feasible, “going local” isn’t: the extra cost for the safety and security of the family is mandatory.

It should be noted here that the personal and intellectual enrichment aspects of an expat assignment for both the expat and his/her family, while almost always tremendously positive, are outside the scope of a discussion on the benefits of such an assignment. A company doesn’t create an expat position for the personal and intellectual enrichment. It does so for the benefit of the business.

*To be continued...*

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## **THE CASE FOR EXPATS**

Remember those old adventure movies that have a Western family living in luxury in some exotic location? Gorgeous house in beautiful surroundings. Private nannies for the kids. Car and driver at Madame’s disposal. Leisurely power lunches with the movers and shakers of the local business and political communities. White jacket and bow tie cocktail parties and dinners with the rich and famous. Regrettably, that lifestyle is long gone (if it ever really existed, except for all but a handful.) Unfortunately, a certain anachronistic image does remain in the minds of many of the homebound – ask any expatriate manager today. The reality is quite the opposite: a fast-paced, highly stressful and competitive environment with 18-hour days, six days a week, courtesy of local and home-office demands enforced by overnight courier services, email, text messages, video-conferencing, mobile

phones and the internet.

There has been a definite trend in recent years towards reducing – and even eliminating altogether – the number of expats in favor of local nationals, for financial and other reasons. But has today's global business environment really changed so much as to permit the elimination of the expatriate manager entirely? Does an expatriate still make good business sense in the age of corporate downsizing, restructuring and cheap electronic communication capabilities?

There is no definite "one size fits all" answer since circumstances vary between industries, and even among companies within the same industry based on their size, market objectives and extent of local operations, if any. To help understand if it is appropriate for your situation, let's take a look at some of the main advantages and disadvantages of expatriate positions, starting here with the "pros."

There are many traditional reasons for sending and maintaining an expat in a foreign country: providing a "face" for the home corporate office in important markets; providing unique technical expertise; providing unfiltered (or at least an alternate) assessment of marketing and other information sent to the home office; ensuring the adherence to corporate procedures and policies; and developing the managerial and international skills of the manager.

Underlying all these potential objectives are two of the most significant advantages: *communication* and *relationship building*. Even within one's own culture and language, relying exclusively on email and telephone to maintain an important relationship with a customer or staff is almost unheard of. And communicating across cultural and linguistic barriers is so much more difficult, as any experienced international manager knows. Yet how much of an international business relationship is entrusted to people who never, or only rarely, meet their overseas customers and have not established a

personal relationship?

The expat's on-the-spot involvement and expertise raise the quality of communication, which helps to overcome those hurdles and avoid costly miscommunication problems. Let's face it, the quality of English communication emanating from the average clerk in a distributorship or subsidiary is apt to be less than stellar. Equally, the general level of foreign language ability of the average clerk at the home office is probably zero. It is thus understandable that the home office's expertise may be insufficient to accurately discern the meaning behind the often convoluted English produced by graduates of overseas foreign language education systems. Compounding that is the almost universal refusal of native English-speaking business people to learn and use "international English" in their communications, treating both native and non-native speakers to the same style of memos, bulletins and directives. (In the U.S., this is tendency is reinforced by the ever-present paranoia about deviating from the sanitized phrases approved by the legal department.)

As a bridge between the two camps, the expat can explain the meaning behind the foreign-generated English memos to the home office (or clean it up before it's sent out) and, conversely, break down the corporatespeak and legal babble for the local office. How much is this worth? It is easy to calculate the cost of problems, project delays and lost customers, but much more difficult to quantify exact figures for problems that were avoided, processes that went more smoothly, or customers who remained satisfied due to better communication. As an example, a recent [study](#)\* indicated that US hospitals, lose US\$12 *billion* a year due to "poor communication." While admittedly that comparison is a slight stretch since many factors are involved in that specific example, nonetheless taking even a fraction of that number and multiplying it across all companies in all industries doing business internationally, and adding additional linguistic, cultural

and logic barriers into the equation, we will arrive at a pretty big number.

An expat with good credentials from the home office provides another valuable link: knowing *who* to contact about *what*. Common to all businesses is the organizational chart, which shows all the official hierarchies and reporting channels within the company. And common to all those same companies is the separate reality of how the organization *actually* works. Directing the flow of information to the appropriate people saves time and gets things done efficiently. Even in Western businesses, a friend in the right places can help move that order out in record time or get that approval routed *posthaste*. This is no less true in the local office in a foreign country, where getting something done requires a good knowledge of how the system works and where the real bottlenecks lie.

*...to be continued*

\* "U.S. hospitals waste \$12B annually due to poor communication" (Healthcare Finance News, March 10, 2014)