

FERROVIAL'S EXPATRIATION POLICY

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Ferrovial, a Spanish multinational enterprise incorporated in 1952, is a global leader in the field of infrastructures, operating through its divisions dedicated to airports, highways, construction and services. At the beginning of 2014, Ferrovial's headcount numbered approximately 57,000 people, and its operations spanned 25 countries.

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The approach to international postings

Ferrovial provides several options regarding the way in which it approaches its international postings throughout the world, whether these involve affiliate companies or established delegations. The most common approach this company adopts is "geocentric"; that is, the multinational selects its top managers from among those people who are most competent, regardless of their nationality. This is the case in both its affiliate companies (Budimex in Poland and Webber in the USA) and in the delegations it has deployed throughout the world.

Nevertheless, and of no less significance, there is an exception involving a country of major strategic importance for this company, namely, India, which is recording a sharp growth in opportunities from one year to the next. The approach the company adopts in that country may be described as "polycentric", which means that the organisation supervises and manages its delegation in India through locally hired staff. This is a highly expedient approach, as there is some difficulty regarding not only the local language, Hindi, given the vast array of dialects it involves, but also, of course, the political, legal and cultural circumstances that pose a number of issues, whereby non-locals may face an uphill struggle to perform their jobs well.

Briefing top management

This company pays special attention to the matter of briefing its top management, given that most of the expatriates Ferrovial has posted throughout the world are senior executives. Accordingly, a series of techniques are applied:

- *Fact-finding trips abroad*: this involves sending candidates to the host country to acquaint themselves with its culture, economy and other aspects of their assigned destination.
- *Assembly of international teams*: professionals of different nationalities are grouped together to provide a global perspective.
- *Instruction in international seminars*: professionals are deployed to hone their skills in leadership, strategy and communication, among others.
- *Expatriation policy*: this is the most common approach used by this Spanish building company. It is used to reward top management for their professional careers.

The process of selecting candidates for expatriation

This company pursues a recruitment process that targets three profiles. First, the aim is to find young people with less experience, who do not undergo a particularly rigorous selection process. Second, the focus is on individuals with experience who are despatched on international postings in order to develop one of the company's strategies, and these people are indeed subject to stricter screening. Finally, there are highly qualified technicians, who are usually chosen for technical reasons rather than their management expertise.

Communicating with head-office in Spain

Ferrovial considers that communicating with head-office in Spain is an extremely important matter, given that liaising with employees and with the company as a whole in Spain is essential. Upholding communication is a key factor in the quest to avoid a sense of isolation. Accordingly, three options are singled out in order to maintain communication between the company and expatriates: holding several telephone interviews throughout the year, arranging meetings with the individuals over lunch or dinner to discuss their professional development, and holding videoconferencing sessions between the host country and Spain, or even with several countries at the same time.

Supporting the posting to the host country

The posting needs to be made as easy as possible and in the most convenient way for the employee. Ferrovial aims to address all those aspects related to employee wellbeing and their adjustment to the foreign country. The following aspects are to be considered:

- The expatriate's salary in the host country is to fall in line with local pay tranches, normally involving situations of promotion and being increased by performance bonuses and perks.
- Expatriates are provided with prior briefing on their destination, which includes introducing them to other expatriates in the same country, as well as being assigned a mentor who will help and advise them over the first few days in the host country.
- The company usually offers to help spouses to find a job.
- Help is provided for finding a school for children (optional).
- In addition, the package includes assistance with family travel arrangements, hotel accommodation for the first few days, and a housing allowance with a monthly cap for long-term accommodation. Furthermore, expatriates are provided with a company car in the host country. Finally, expatriates holding an executive position are granted a petrol allowance.
- This company also considers the option of hiring the services of sundry relocation agencies, which can help expatriates to find their feet in the country, providing on-the-spot advice on resolving everyday issues, and helping to understand the new customs and habits they need to acknowledge.
- Private health insurance is a must outside Europe. This calls for the arrangement of a private health insurance policy in those countries in which there is no provision for social security coverage. The company does not cater for this service, but it does help to find a policy that provides similar terms and conditions for all expatriates.

Support for repatriation

Ferrovial arranges the repatriation of its staff in a meticulous manner, as it is not a straightforward process, where it is agreed that “the biggest headache is the return”. According to the company's own figures, 15% of the expatriates who return to their respective duties in their home country leave their job within a certain period of time. With a view to resolving the major issue of repatriation, Ferrovial has designed several strategies:

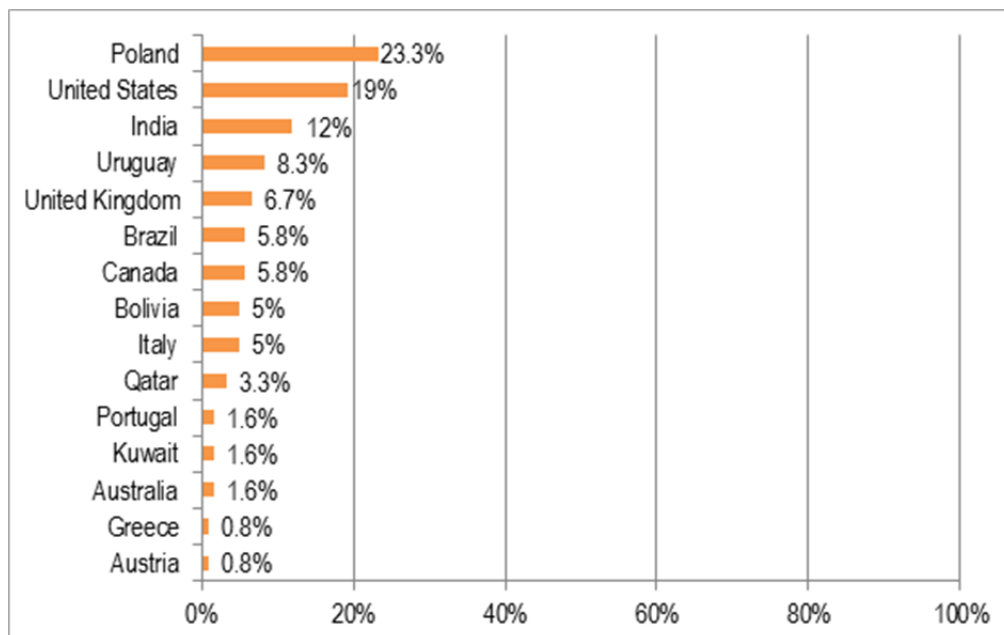
- *Transfer*: young people with potential who are offered the chance to develop their careers abroad, whereby they are posted to a foreign destination, with no assurance of a return.
- Commitment by top management to reward expatriation with absolute transparency in promotions and the pursuit of a professional career.
- Repatriation plans between two and four months before the return to Spain.

QUANTITATIVE ANALYSIS OF EXPATRIATE MANAGEMENT AT FERROVIAL

At the start of 2014, Ferrovial had 300 expatriates deployed across several countries throughout the world. This empirical study has involved surveying a sample of 120 expatriates in different countries, providing a snapshot of the characteristics and circumstances of the company's expatriates.

Regarding the host countries involved in foreign postings (Figure 1), Poland and the USA account for the bulk of the expatriates in this sample because they are the two affiliate companies abroad in which all international operations are conducted. It is noteworthy that India lies in third place; although a polycentric approach has indeed been adopted in that country, there are 14 expatriates (12%) providing advice for local managers, performing what is tantamount to a “coaching” role.

Figure 1. Location of the expatriate sample by host country



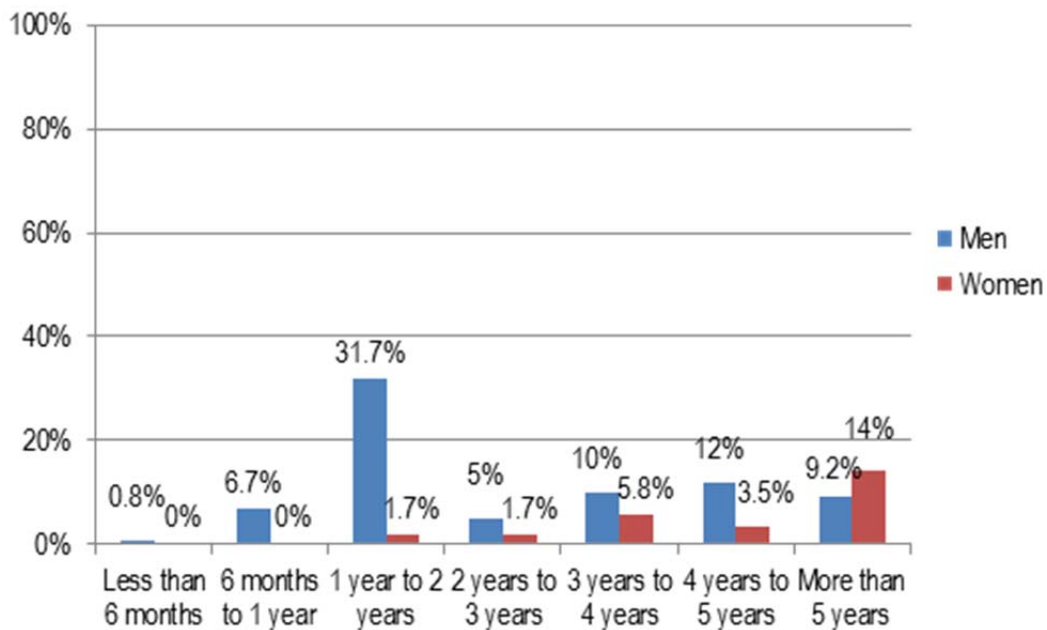
Source: Own elaboration

In terms of gender, there are clear differences between the two sexes: the majority are men. This means that out of the cohort of 120 expatriates, 90 are men and 30 are women. On the other hand, when asked if their foreign posting has included their family, 56.3% of the expatriates have stated that they are accompanied by their spouses and children. At the other end of the scale, only 9.1% of the expatriates surveyed are accompanied only by their spouse, while 34.6% reply that they have no family with them.

Regarding their specific language skills, it appears that difficulties for communicating in the same language may be a factor that holds people back from accepting an international posting. Most of Ferrovia's expatriates speak the local language (84%), while 14% do not. Moreover, when asked whether it is the first time they have been posted abroad, we find that the majority of those surveyed (74.8%) have already been on an international assignment, as opposed to 24.3% who have never been on one before. What's more, 53% of the expatriates have been working for the company for more than five years.

Regarding the duration of the expatriation (Figure 2), the one-to-two-year timeframe accounts for 33.4% of those surveyed. The explanation for this finding is that two years ago Ferrovia rolled out a series of expansion and internationalisation plans and strategies involving Latin American countries (Brazil, Bolivia, Uruguay, etc.), whereby expatriates have been deployed to implement the company's strategy there.

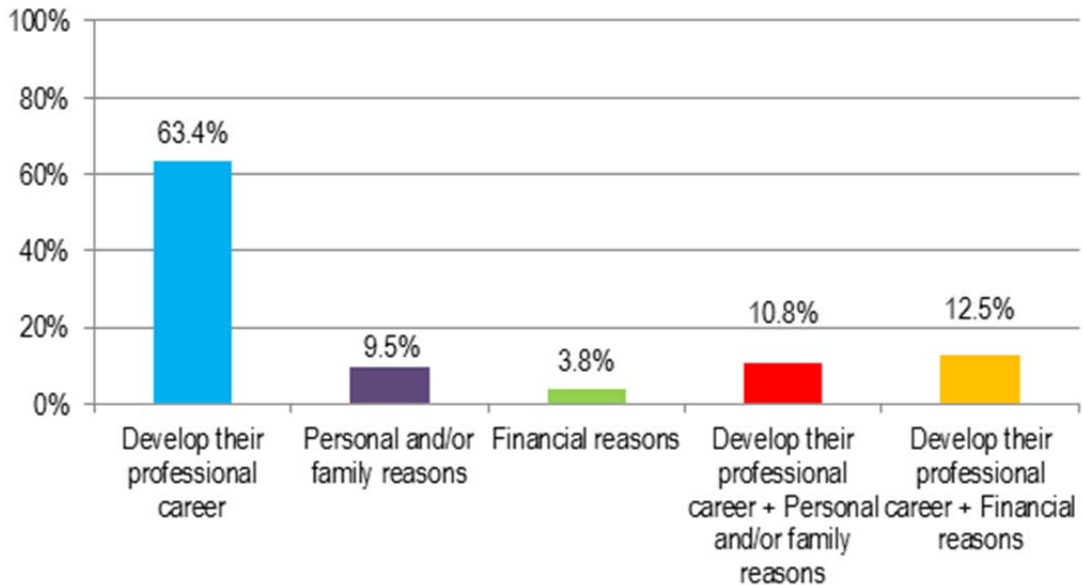
Figure 2. Length of the expatriation



Source: Own elaboration

As for the reason behind an expatriate's decision to accept the posting abroad, most of them (63.4%) explain that their main incentive was to develop their professional career (motivation, travel and work abroad, promotions) (Figure 3).

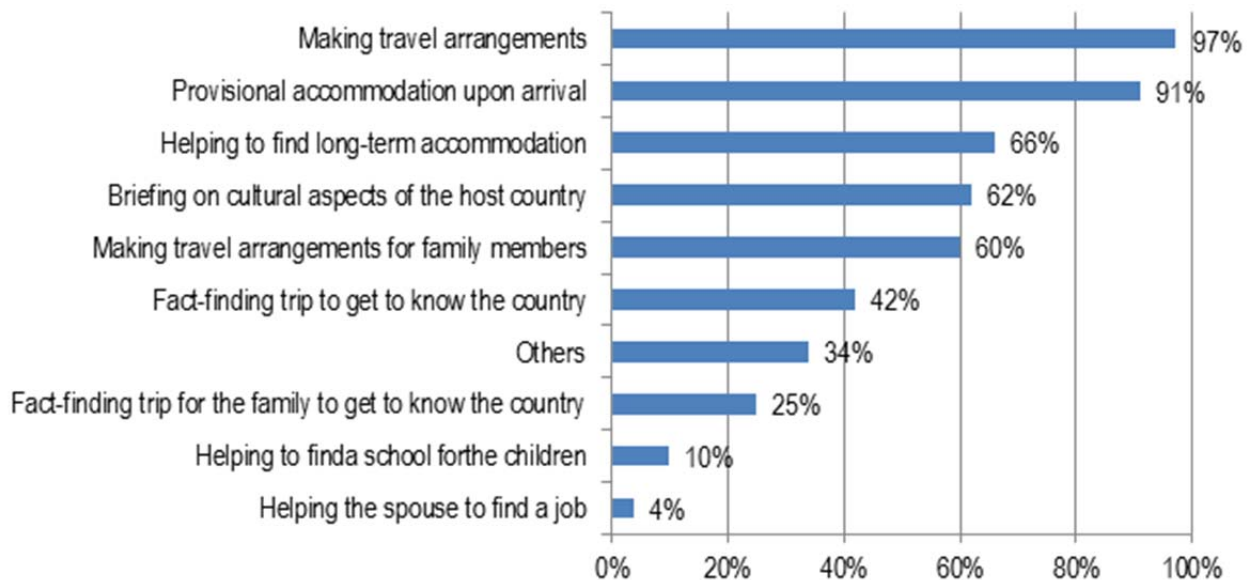
Figure 3. Reason for accepting the posting



Source: Own elaboration

Figure 4 shows that the assistance the company provides for its expatriates in most cases (97%) involves making travel arrangements, such as organising tickets, visas, etc. Yet it is not quite so common for it to address other aspects that will help them to settle in at the beginning, such as, for example, helping their spouse to find a job (4%) or finding a school for their children (10%).

Figure 4. Assistance the firm provides for the transfer to the host country



Source: Own elaboration