

## OVERSEAS

## INCREASING

## EXPERIENCE:

## Individual and NATIONAL

## Competitiveness

“People are making career choices with a focus on home, family and leisure.”

## THE KIWI OE

In New Zealand, everyone knows that “OE” means overseas experience. Every year thousands of young New Zealanders go overseas for a year or more of travel and work. Most still go to Britain and from there to Europe. But, increasingly, they also go to Australia, the USA, Asia, and South America. The phenomenon stems, no doubt, from our historical isolation, as well as from our past ties with the United Kingdom.

It seems that young Kiwis are keen to broaden their experience. The tendency in New Zealand is to regard OE as a rite of passage for the young. But it can also be viewed as a source of competitive advantage for the travellers and their employers – indeed, for the nation as a whole.

## TYPES OF OVERSEAS EXPERIENCE

People decide to spend a significant period overseas for a wide variety of reasons ranging from personal development to financial rewards. They learn new cultures, new languages, and new practices. In their work, they often experience new jobs, new organisations, and new industries. Most return to their home country, and re-establish their careers.

What we know about the effect of significant overseas experiences has come from research on students (e.g., Lysgaard, 1955) volunteers and missionaries (e.g., Brein & David, 1971), and expatriate managers (see Thomas, 1998 for a

review). While expatriate managers have been studied a great deal, very little research has focused on the OE typical of young New Zealanders.

Expatriate assignments have been extensively used by companies with international branches and subsidiaries. The initiative for travel typically comes not from the individual but from his or (far less frequently) her employing organisation. The expatriate is assigned, usually for three to five years, to represent the company in a distant part of a multinational enterprise, to fill a role, to complete projects, perhaps to help to grow the business, then to return and to continue a company career.

The Kiwi OE and expatriate assignments represent, in microcosm, two contrasting types of experience. Expatriate assignments are company focused. They are in essence an overseas segment of a career within a company. The company seeks advantages for itself by directing, motivating, and assisting the individual. For example, the company may ensure that the assignment goals meet broader strategic objectives, may provide appropriate training and mentorship, and may fit the assignment into a clear career path for the individual.

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OE, in contrast, is more in line with the ‘boundaryless careers’ perspective (Arthur & Rousseau, 1996), in which individuals develop themselves across organisations rather than by climbing corporate ladders. They gain experience in multiple roles, and find their own direction rather than accepting an employer’s. A career of this type becomes a fragmented series of jobs guided by a developing sense of where one is going (Schein, 1996).

Because of these differences, findings from research on expatriate experiences don’t explain less structured experiences like the Kiwi OE. Are such experiences important for business? One view of this phenomenon is that it is simply part of New Zealand culture, and is its own reward.

But OE is also a learning experience that inevitably affects the career development of individuals who undertake such an experience. Effects on individual careers may have “spin-off” effects for their employers. Every year tens of thousands of people return with overseas experience. Their investment of time and effort by the tens of thousands of New Zealand travellers who return each year may reap rewards of considerable value, not only to the travellers themselves, but also to the companies which subsequently employ them, and therefore to the country.

Around the world, careers are changing from being company-focused to being individual-focused. People are making career choices with a focus on home, family and leisure rather than on present or desired levels of competence in a technical or functional area (Schein, 1996). These changes suggest that individuals will increasingly spend time overseas for reasons other than the expectation of promotion within their company upon return. In relation to this new perspective on careers, the effect of overseas experiences deserves attention.

At the University of Auckland, we have recently conducted two major research studies on the career effects of overseas sojourns.



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## WHY PEOPLE GO OVERSEAS

A career can be looked at as a series of stages in personal development. Careers' researchers (e.g. Super, 1980; Arthur & Kram, 1989) distinguish between two initial career phases. First there is an exploratory phase, typical of people in their twenties. They tend to be motivated by exploration and novelty. In their thirties and beyond, many people go through a more directed phase. The career tends to head, at least temporarily, in a more specific direction. The first of our studies calls the exploratory phase "fresh energy" and the directed phase "informed direction". The two phases are not necessarily confined to specific ages. Some people may find clear direction early in their twenties, and some revert to fresh energy in their fifties.

The first was an exploratory qualitative study of the career histories of 75 representative members of Auckland workforce careers during the restructuring period 1985-95 (Arthur, Inkson, & Pringle, in press; Inkson, Arthur, Pringle, & Barry, 1998). As part of a broader study of ongoing career behaviour, it looked at ways in which OE affected subsequent careers.

The second study was a focused quantitative study using questionnaire data from 258 University of Auckland alumni who had been graduates for at least four years. Of these, 137 had had a significant overseas experience (Barry, 1998; Barry & Thomas, 1998). This study tested specific predictions concerning the motivation to go overseas, the type of OE, the adjustment to the overseas environment, and subsequent career outcomes.

In the following sections we discuss, in summary, some of the major insights gained from these two projects. Those interested in the precise methodologies and detailed results are referred to the original studies referenced above.

In our research we found three types of OE traveller: the explorer, the goal seeker, and the escaper. Explorers had broad objectives such as "experiencing the world". Goal seekers saw travel as a means to a specific, often career-related, end, such as "completing a job". Escapers sought to get away from unfavourable circumstances at home.

There were no significant age differences between the three types. However, women were much more likely than men to be explorers and less likely to be goal seekers. This probably relates to the characteristically linear 'onwards-and-upwards' path of men's careers and aspirations, compared with the more cyclic, spiral, and interrupted patterns in women's careers (Marshall, 1989).

“Some people find clear direction early in their twenties, and some revert to “fresh energy” in their fifties.”

## ESCAPE IS NOT A GOOD REASON

Reasons for going overseas affected how well people adjusted to the experience. Escapers didn't interact as easily with people in the overseas location as explorers and goal seekers did. Other studies show that the ability to interact effectively with host nationals is an important way of getting value from an overseas experience (Gregersen & Black, 1990).

## HOW STRUCTURED SHOULD OE BE?

Overseas experience varies widely in its degree of structure. A corporate expatriate assignment may be highly structured. It is likely to be initiated by the company, and to involve specific expectations and directions, planned stages in the experience, and a predetermined period overseas. The classic "Kiwi OE", though, is highly unstructured. Typically, the person sets off on his or her own initiative, with little agenda beyond exploration, and no idea whether he or she will be returning in six weeks or six years.

In both our studies, the majority of respondents tended to have less structured experiences. In fact, in neither study did we find a single case of the classic organisationally-determined expatriate assignment (apart from one case of overseas military service).

However, OE was not always spontaneous and unplanned. Some individuals had been prodded by an organisation to take their first steps overseas, or had had specific initial jobs to go to, or had had some kind of overseas employment plan.

We divided respondents roughly into those whose experiences had been less structured and those whose experiences had been more structured. Not surprisingly, the type of experience was strongly related to motivation to

go overseas. Explorers had less structured experiences, whereas goal seekers had more structured experiences. Because men were more likely than women to be goal seekers, they tended to have had more structured experiences. Institutionalised discrimination tends to deprive women of structured opportunities, such as expatriate assignments or pre-arranged jobs (Adler & Izraeli, 1994).

## COMMON THEMES IN OE

Through tape-recorded interviews in which respondents described their career experiences in considerable detail, we developed a 'feel' for the characteristics of OE.

In most cases, the stereotypes were confirmed. People sought cultural rather than work experiences – working in relatively unskilled casual roles below their capabilities, following their curiosity across employer, occupational, geographical and national boundaries, and having few loyalties except to their friends.

In some cases, though, more directed career agendas and developing career identities were also apparent.

## FOR EXAMPLE:

- A food technologist disliked her overseas work, stumbled by accident into a marketing role in her food-processing company, and returned with a new agenda.
- A clerical worker found a role in London doing the entire sales administration for a small but entrepreneurial company, and came home with new confidence.



- A local government planner made it his business to work for an Australian planning company for a few months on his way home, just to learn how it was done: on his return he opened his own planning consultancy.
- A biologist's 'moment of truth' at a Scottish fish-farm motivated him to buy into a Northland oyster farm.
- An unemployed boilermaker learned customer service and administrative skills in overseas hotel work and returned to make a career in sales management.

In case after case, overseas experiences were later capitalised on by proactive career behaviour in New Zealand.

From the OE stories, we were able to extrapolate some common themes:

- Improvisation and experimentation
- Self-designed apprenticeships (learning agendas that sprang from internal needs rather than being dictated by external design)
- Discarding of negative legacies from previous career
- Finding a new identity in terms of occupation or industry
- Developing confidence and self-reliance through mobile and/or casual work experiences
- Increased interest in self-employment (often through working in small enterprises)
- Return to New Zealand with clear career focus.

Through these types of mechanisms, OE is important to individual development. Moreover, the type of development it encourages may well suit increasingly dynamic economic and organisational structures as we move towards the new century. In an open market economy, the mobility, flexibility, experimentation, independence, and multi-skilling ability that appear to be learned on an OE may be important assets both for the individual and for his or her employers.

## EFFECTS OF THE OE

Our more detailed analysis of the effects of an OE on an individual's career involved an examination of the following specific career related measures:

- Job prospects on return
- Career skills gained as a result of the experience
- Skills used upon return home
- Satisfaction with career.

We found that more structured experiences were significantly associated with job prospects, career skills gained, and skills used. Respondents with more structured experiences also had somewhat higher career satisfaction. We also found that respondents in later career stages were more likely to gain skills during the overseas experience than those in earlier career stages.

Our results strongly suggest that more pre-planned OEs are in general more likely to affect the career positively. Some structuring of the experience may increase its subsequent value to the individual's career and, by implication, to the companies which employ him or her. It is important to remember, though, that even the "more structured" respondents probably had relatively low structure compared with expatriates sponsored by an employing company.

Another factor that must be considered is gender. As previously mentioned, to some extent we are comparing male goal seekers undertaking structured experiences with female explorers undertaking unstructured experiences.

Men and women view careers through different frames. Men are more focused on work roles and advancement, while women balance and integrate experience across a range of social roles, including the home, and find barriers to their advancement at work (Marshall, 1989). Confining the definition of a career to getting jobs and using skills in employing organisations is a characteristically male view.

### **MAKING THE MOST OF OE**

On the one hand, we suggest that relatively unstructured OE, in which the individual explores opportunities autonomously, may be more in keeping with current organisational conditions than one which is planned around specific goals and timetables. On the other hand, we also suggest that there are merits in some predetermined structure. While less structured OE may have great personal and cultural benefits, it may contribute less to a person's long-term career development than more structured experiences.

Based on our findings, what we know about experiential learning, and the results of studies of other types of sojourners, we found that:

- Very unstructured exploratory OE is consistent with early career development or a career transition. It can result in dramatic and extensive personal development. The outcomes of these experiences can be highly variable.

- To maximise career skill development, it helps to have some degree of structure – imposed or self-initiated – in planning the overseas experience. This type of OE may be most beneficial after some work experience.

- Escaping unfavourable circumstances at home is rarely a good motive for undertaking an overseas experience. People tend to take their personalities and attitudes with them. As someone once said; “wherever you go, there you are!”

Individuals with career development motives should give some thought – before they travel and as they travel – to the jobs they are doing and the skills they are acquiring, and the likely effects of these on their career prospects and options on return.

“Mixed” models of OE suggest themselves. One model would be to commence OE with a relatively unstructured exploration phase, but later to seek more informed direction and pay more attention to longer-term career possibilities. Another would be to undertake an unstructured OE for personal development reasons early in one's career, and a more structured OE for skill development reasons once the direction of the career had become clearer.

**“Women were much more likely than men to be explorers and less likely to be goal seekers.”**

## OE AND COMPETITIVENESS

We have focused on the OE from the perspective of the value it can bring to the individual. But what about benefits for the employer? Existing research (Thomas, 1998) suggests that employers do not place a high value on international experience. Most even fail to utilise the skills gained by individuals they have sent abroad. However, international experience can be a source of competitive advantage.

### AN EMERGING VISION OF THE FUTURE

“Working life in the immediate future will be one big OE with all its triumphs and tribulations, argues trend tracker Marian Salzman .... The typical career will be a blur of jobs, people, places, and relentless self-improvement .... Dislocation will be the norm .... If the brave new world of the workplace sounds daunting, Salzman points out that it's only what young New Zealanders have done for generations. It's the big OE .... “They are very good at getting up and going”, says Salzman. “That will become a mindset for life” (Parker, 1998).

According to Marian Salzman's view of the future, we will become more and more individualised (Parker, 1998). “You will be your own brand. If you don't upgrade your own personal brand, you will become obsolete ... it will be essential to manage your work life as though you were a Proctor and Gamble or a Unilever.”

While the contrast between our more stable, organisationally-controlled past and our continuously adapting, self-directed future may be overdrawn, there is little doubt that change is taking place in this direction. It is a message that is relevant not just to individuals seeking to develop their careers, but also to companies and a national economy keen to develop competitive advantage.

In the new Millennium, will OE create competitive advantage? We could answer this question definitively by comparing New Zealanders who had undertaken OE with New Zealanders who had not done so in terms of their long term ‘value-added’ contribution to their employers, industries, and professions. Even then the answers might be misleading, because there are, we suspect, underlying differences in motivation and initiative between those who undertake OE and those who do not.

It seems plausible, though, that skills and knowledge gained in different, often more sophisticated economies – including language and cross-cultural interaction skills – may have special value in this new environment. By doing an OE, people have a unique opportunity to operate autonomously and flexibly and to try new experiences. This may enable them to function more effectively in ambiguous and dynamic situations.

“Some employers fail to effectively utilise the skills gained by individuals they have sent abroad.”

“One law firm encourages promising young lawyers to go overseas. It puts no constraint on them beyond, “Come and see us when you get back.””

For the company, this means thinking seriously about OE-derived individual capacities and skills when recruiting and developing staff. For example, we know of one New Zealand law firm that actively encourages its most promising young lawyers, after a year or two of local experience, to go overseas. The company helps through its contacts with law firms in the UK and the USA, and attempts to put no constraint on the individual beyond, “Stay in touch. Come and see us when you get back”. This firm recognises the value of semi-structured overseas development.

The Kiwi OE has always defied the stereotype – popularised in images of Japanese “lifetime employment” systems and American “corporate culture” ideals – that competitive advantage stems from the cultivation of unwavering long-term individual loyalty to company goals.

To experience OE is to experience discontinuity. But provided it is not random discontinuity, but rather discontinuity that leads to individual and collective learning, OE may be the prototype for what New Zealand needs.

### FURTHER READING

Readers interested in the empirical studies from which this article was derived are referred to Barry, S. (1998). The effect of overseas experience on an individuals' careers. Unpublished Masters Thesis, The University of Auckland; Barry, S. & Thomas, D. (1998). Effect of overseas experience on careers. Working Paper, International Business Department, The University of Auckland; and Inkson, K., Arthur, M., Pringle, J., & Barry, S. (1997). Expatriate assignment versus overseas experience: contrasting models of international human resource development. *Journal of World Business*, 32(4), 351-368. For an extensive review of the research on the overseas experience of expatriate managers see Thomas, D. (1998). The expatriate experience: A critical review and synthesis. *Advances in International Comparative Management*, 12 (in Press). For more information about the changing nature of careers see Inkson, K. (1997), Organization structure and the transformation of careers. In T. Clark & G. Mallory (Eds.), *Advances in organisational behaviour* (pp. 165-186). London: Dartmouth Publishing; and Arthur, M. B., Inkson, K., & Pringle, J. K. (1999). *The new careers: individual action in changing economies*. London: Sage.

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