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## Master Thesis

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**Increasing the Benefits that Arise From International Assignments**

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## 1. Introduction

Increasing business globalisation has led to an expansion into new foreign markets, meaning that many corporations continue to open subsidiaries all over the world. This internationalisation results in a widespread overseas mobility of the work force, with the result that more and more employees are sent to work and live in international locations. (Harzing 2007:136; Linehan and Scullion 2002a:80) Usually, these expatriates are deployed in the company's foreign units, to implement the global strategy of the corporation and thus to achieve certain, organisational goals such as: coordinating certain operations, transferring product lines and/or know-how or to carrying out special projects. In addition, many multinational companies recognise that a firm's competitiveness on the global market depends on global executives with the ability to lead on a global scale. That is why, international assignments, which can potentially stimulate employees to develop global leadership skills, are being used more and more recently. (Harzing 2001:367; Collings et al. 2009:75; Tungli and Peiperl 2009:153-160). Usually, after the completion of these business tasks, the international assignees return home, to continue their activity in the parent firm. The company obviously benefits most from these assignments if (1) these employees work efficiently and achieve the best possible outcomes both during and after the assignment, and if (2) they use their acquired international experience and expertise upon their return in the home company. That is why the employees' job performance and keeping them within the corporation are priorities for the company.

However, there is evidence of some concerning trends. Literature on the subject reports about premature returns of expatriates before the completion of their mission abroad. (Fukuda and Chu 1994:38; Garonzik et. al. 2007:127) On this topic, Mendenhall and Oddou (1988:78) raise the concern that 20% of the expatriates "*return prematurely from an overseas assignment*". This clearly means that the job specific goals are not achieved according to the company's expectations and that the company has to find other employees as a backup. Tung (2009:150) argues that one reason for a premature assignment disruption is the poor job performance of the expatriate abroad. Other research<sup>1</sup> reports high attrition rates among the

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<sup>1</sup> The GMAC *Global Relocation Services issued a Survey Report* asking 134 multinational organisations with 7.486 bureaus worldwide about the global relocation trends 2003/2004 Together they managed a worldwide expatriate population of 31,215 out of a total employee population of 4.5 million. Their findings reveal that approximately 13% of the repatriates left their companies within 1 year and an additional 10% within 2 years after repatriation. (GMAC Global relocation Services 2004:1-54) The data of Black and Gregersen (2007a:119)

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repatriates, short after their return home. Although it is difficult to provide exact figures, recent data suggests that approximately between 10% - 25% of the repatriated employees decide to leave their companies for a rival company, within the first two years of returning to their home countries.

Considering that overseas assignments are a large investment for companies, both the premature return of expatriates and the loss of such a valuable workforce asset shortly after repatriation is costly and can negatively affect business effectiveness and the worldwide reputation of the multinational corporation. In light of this, this paper shall examine how a company can increase the benefits that arise from international assignments. In order to do this, this paper will review relevant literature dealing with expatriation and repatriation management and will answer the following questions: What are the main reasons for premature returns and under-par job performance by international assignees, what causes the high attrition rates of returnees soon after repatriation and how can these unfortunate occurrences be prevented? I argue that, by treating international assignments as an entire process and by taking systematic and appropriate measures, the company can enhance both the international assignees' adjustment ease in the foreign location and their readjustment ease back home, and in this way increase the employee's job performance and reduce the attrition rates from the corporation.

This paper will be structured as follows. The terms expatriate, repatriate and international assignment will be defined in chapter two. Chapter three will illustrate the important changes that have been taking place recently in the sphere of international assignments. These trends will allow a clear delimitation of the nature of international assignments and profile of expatriates, which this paper is going to focus on in the following chapters. Chapter four will highlight the benefits of international assignments: on the one hand, the benefits international assignments bring both for the company and for the expatriate and on the other hand, the benefits repatriates bring for the company. This chapter will also illustrate the challenges associated with international assignments from both the organisation's and international assignees' point of view. The main reasons for failed assignments will be identified and this will form the basis of the following chapters. Chapter five will discuss the impact of cross-

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resulting from a survey of 750 American, European and Japanese companies showed that 25% of those US expatriates who returned back home after the completion of the assignment, decided to leave their companies within 1 year after repatriation, switching to rival companies.

cultural adjustment on the expatriate's and repatriate's job performance and willingness to stay with the company. First, culture will be defined. Then, the concept of cross-cultural adjustment will be explained. The process of cross-cultural adjustment which the individual goes through during and after his/her overseas sojourn will be discussed and the impact of its crisis stages will be also highlighted. This will include also a discussion of the adjustment difficulties faced by family members and the impact of these on the expatriate's and repatriate's job performance and intentions to leave the company. A review of the results of a number of empirical studies will show that cross-cultural adjustment is a key predictor for the success of international assignments. Based on two theoretical models of international adjustment, the factors affecting cross-cultural adjustment during all the stages of the expatriate cycle will be illustrated. Chapter six will suggest the approach a company should take in order to increase the benefits of overseas assignments. Based on the factors identified as activators of cross-cultural adjustment in chapter five, the following chapters: seven, eight and nine propose particular measures that the company's human resource management should take at each stage of the expatriate's career cycle, in order to increase the international assignees' adjustment ease, the employee's job performance and his/her willingness to stay in the company. Chapter ten concludes the paper, discussing the thesis and providing some recommendations for multinational companies.

## **2. Definition of expatriates, repatriates and international assignments**

In the current era of growing business globalisation, global job mobility is becoming a more common experience for many employees. (Lee and Liu 2006:751) These employees "*of business or government organizations who are sent by their organization to a related unit in a country which is different from their own, to accomplish a job or organization-related goal for a pre-designated temporary time period of usually more than six months and less than five years in one term*", can be defined as expatriates or international assignees. (Vianen et. al. 2008:458) So, all employees who are sent in another overseas business location of the corporation, on a well-defined period of time to work and achieve a job specific aim and/or implement the company's business strategies can be called expatriates. Drawing on Holt and Wigginton (2002:448) family members abroad with them may be called expatriates, too. Cerdin (2008:193) also points out the temporality of this mission, defining expatriates as "*employees who temporarily leave their home-country organization for an assignment lasting a few years in a foreign subsidiary with the intention of returning to their home country once*



*the assignment is completed.*" The desire to return back home after having finished their job mission is stressed here. These international assignees who have just returned home from their temporary international assignments can be called "*repatriates*". (Lee and Liu 2007:124)

Other scholars often make distinction of the terminology, depending on the origin of these employees respectively on the direction of their assignments. According to Holt and Wigginton (2002:448) an expatriate can be either a "*parent-country national*" (PCN) - a person who was born in the country where he is employed, being seconded to a foreign subsidiary or a "*third- country national*" (TCN) - a national from a country different from the parent country who is sent to a subsidiary in a country other than his homeland. Other scholars such as Adler (2002:260-261), Mayerhofer et al. (2004:647), Peterson (2003:57) and Wöhr (1999:49-50) make a clear distinction between expatriates and inpatriates, depending on the unit's frame of reference. From the transferring company's angle, the assigned personnel can be called "*expatriates*" – employees sent from the headquarters to other subsidiaries of the company. From the recipient's perspective, the assigned personnel can be called "*inpatriates*"- who may be either host country nationals or third country nationals who are sent from the subsidiary to the headquarters for a certain period of time and then turn back to their home settlement.

According to Tung<sup>2</sup> (2009:140) hierarchy does not play a role in the transfer of an employee. Holt and Wigginton (2002:448) too consider an expatriate to be "*anyone from a common laborer to a senior diplomat*" who is sent by his organisation to work overseas.

In the context of this master thesis, the term international assignee or expatriate will thus cover all employees being assigned temporarily in any direction<sup>3</sup> to the overseas locations of a multinational corporation, either alone or accompanied by their family members, to live and work there, with the aim of achieving a certain job task and goal within the organisation. Expatriates and their family members returning from the work assignments will be called

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<sup>2</sup> Tung (2009:140) identifies four big types of jobs that can be done during the overseas assignment: the "*chief executive officer*"- an employee who has an administrative and control mission overseas, the "*structure reproducer or functional head*" – an employee who's responsibility is to set up the operative divisions in the overseas location, the "*trouble shooter*" – an employee who examines and finds solutions in different functional problems and the "*element*" – the worker.

<sup>3</sup> To simplify things, in this paper, the term expatriate or international assignee, will cover all employees being assigned from wherever to wherever across-borders, to work within the multinational company. Thus no distinction between inpatriates and expatriates will be made.

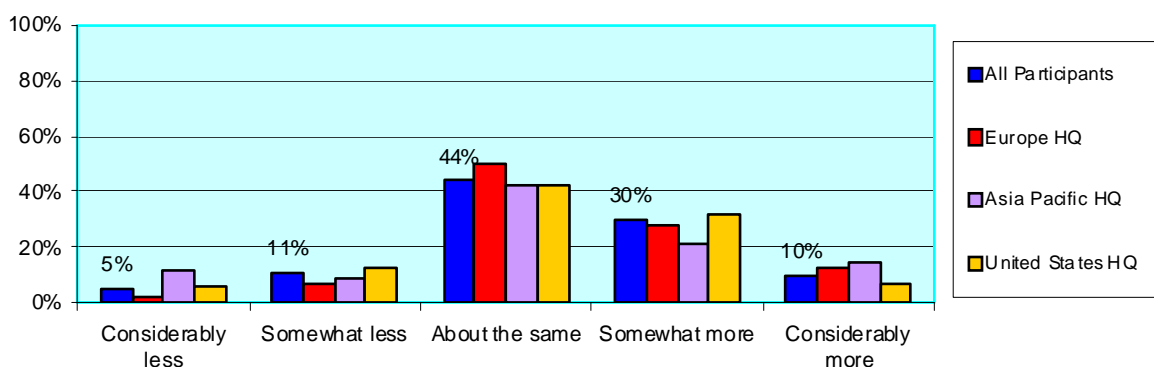
repatriates. The term overseas or international assignments will be used to refer to “*work assignments of at least one month to several years where the employee is working in a country other than his/her homeland*”, as it is defined by Lee and Liu (2007:124).

### 3. Current trends in international assignments

Given the rapid growth in internalisation, specialists have noticed important changes taking recently place in the area of international assignments. A delineation of the current trends will serve as a useful background for setting the focus of this thesis.

A primary trend is the ever-growing number of international assignments over the past years. Among the American expatriates alone a two-fold increase of overseas assignments was noticed between 1991 and 1993. (Caligiuri 2007:34) A more recent survey made by GMAC Global Relocation Services (2004:1-9) showed that while 31% of the respondents reported that their number of international assignees had increased between the years 2002 and 2003, 35% reported no change. Meantime, 39% were expecting an increase in the number of their expatriates in 2004. According to the KPMG 2008 Global Assignment Policies and Practices<sup>4</sup> survey, 84% of the respondents believed that the number of their expatriates will not change and/or will increase until 2013, as illustrated in figure 1. (Kawasaki 2008:1; KPMG Global Assignment Policies and Practices Survey 2008:48)

**Figure 1: Forecasted development of the number of expatriate assignments until 2013**



Source: KPMG Global Assignment Policies and Practices Survey (2008), pp. 48

<sup>4</sup> The KPMG 2008 Global Assignment Policies and Practices survey was conducted by the International Executive Services (IES) Practice of KPMG LLP an Audit, Tax and Consultancy Company where a number of 430 human resources executives from headquarters located in Europe, Asia Pacific and United States were surveyed (KPMG Global Assignment Policies and Practices Survey 2008:2)

Although it is hard to illustrate the increase of international assignments in exact figures, this trend is also sustained by Mr. Carlos Mestre, administrator of Mercer's global mobility business, saying that: "*Today, there are more expatriates than ever before...*" (Mestre and Renaud 2008:2)

This noticeable growth in the number of international assignments can be attributed not only to the impressive expansion of multinational companies acting globally, but also to the increasing demand for global specialists.

Firstly, an overall increase of multinational companies making business globally can be observed. Cross-border joint ventures and strategic alliances taking place between companies belonging to developed countries, lead to a larger expatriate transfer than before. Furthermore, expatriation no longer follows the conventional "*from-developed-to-under-developed country pattern*" among business corporations. Instead, international assignees progress in the other direction too, trying to expand their own intercontinental business affairs. (Brewster and Scullion 2009:20; Mestre and Renaud 2008:2) The emergence of more philanthropic organisations worldwide leading to an increased number of international assignments, cannot be forgotten either. (Brewster and Scullion 2009:20; Mestre and Renaud 2008:2) Interestingly, a more accelerated increase of international assignments among small and middle sized companies than among big ones is observed lately. For instance, privatization of the state owned, small and middle-sized companies in the field of telecommunications has led to a rise of their international business presence. (Brewster and Scullion 2009:20; Stahl et. al. 2005:9) In contrast, the extent of competition between the large international players forces them to decrease their expenses in order to remain competitive. As the expatriation of international assignees is considered to be very expensive and the work efficiency of the expatriates is difficult to be estimated due to shrinking human resource departments, many giant multinational companies are restricting their number of international assignments. (Brewster and Scullion 2009:20; Mestre and Renaud 2008:2)

Secondly, companies are continually searching worldwide for skilled professionals. The cross-border assignments are not limited only to specialists and top managers, they are open to people from all hierarchic levels, where there is a current local deficiency. Besides sending employees from headquarters to foreign subsidiaries, the number of inpatriates and third country nationals is also increasing, leading to a variety of nationalities among the senior management. (Stahl et al. 2005:9; Mestre and Renaud 2008:2)

Recently there has been a wider range of international assignment types than before. Between the 1960s and 1980s cross-border assignments were mainly long-term assignments, where expatriates were sent by their headquarters based in developed countries to their subsidiaries located in less developed locations, with administrative and control purposes over their foreign units. In the late 1990s, growing number of mergers and acquisitions and the increasing number of small and middle-sized companies acting internationally had an important impact on the nature of cross-border assignments. This led to a wide variety of new forms of international assignments as illustrated in table 1. (Harris and Kumra 2000: 602-603; Mütze and Popp 2007:26)

**Table 1: Classification of cross-border assignments depending on time duration**

Cross-border assignment forms	Duration
Business trip	Less than 3 months
Delegation	3 -6 months
Short term assignment	6 -12 months
Long term assignment	1-5 years
Permanent assignment	Permanent transfer to the foreign location

Source: Mütze and Popp (2007). "*Handbuch Auslandsentsendung*", pp. 26. The content of the table has been translated from German to English language

In addition to these assignment types, Scullion and Collings (2006:160) examine other assignment types that organisations may use: (1) "*international commuter assignments*"- temporary cross-border transfers of expatriates, where they are allowed to return on weekends to their families in their home country, (2) "*rotational assignments*" – repeated short term assignments implying relocation, followed by occasional home transfers, (3) "*contractual assignments*"- where employees with certain knowledge are sent abroad for completing a project for a period of 6-12 months, and (4) "*frequent flyer assignments*"- where employees are sent repeatedly on short working missions without a relocation.

The KPMG 2008 Global Assignment Policies and Practices survey provides more evidence for this trend towards a greater diversity of assignment types. Yet, long-term assignments are still those most often used, with an average of 96% of the surveyed companies reporting that they usually send their employees on the traditional long-term assignments, along with other types. (KPMG Global Assignment Policies and Practices Survey 2008:11-14)

Alongside the above mentioned trends, the profile of the expatriates themselves has also changed over the recent years.

The conventional profile of the male, labouring class international assignee is slowly giving way to the well-educated professionals, who, in order to gain more experience, will accept more than one foreign assignment during their career path, considering this international experience crucial for their professional life. While some studies reveal that today male managers are rather preferred for international assignments, others consider that expatriates are usually accompanied by their families, and that more and more partners are willing to find a work abroad, refusing to take on a "*trailing role*". (Brewster and Scullion 2009:21) These trends are illustrated by following studies. As Caligiuri (2007:34) states, according to the data collected by the Conference Board's 1992 research, from the 130 international companies asked, 65 organisations assigned more than 50 top managers worldwide, while a quarter of them assigned up to 200 managers in international assignments. The results of a survey<sup>5</sup> made by Suutari and Brewster (2001:559-562) showed that 79% international assignees were men and 21% were women. 81% of them occupied a managerial position and more than a half (61%) had already been on a cross-border assignment before. While half of the expatriates were aged between 30-39 years, the majority (79%) were married, 80% of whom were accompanied by their partner during the foreign assignment. In 72% of the cases, also children accompanied the international assignees, 59% of these were children of school age. Similar results have been reported also by another study among 301 Finnish expatriates working worldwide. A large proportion were men (96%), aged between 30-49 years old, all having a university level education, 68% of them taking over an administrative position. (Riusala and Suutari 2000: 84). A more recent survey of the GMAC Global Relocation Services (2004:9) reveals that while more than a half (55%) of the male expatriates were married, almost all (86%) of them were accompanied by their partners.

Although many companies experience a shortage of cross-border managers, the number of female expatriates is still very low. According to Nicolai (2005:90), the reason for low female participation is the low proportion of women in managerial positions. Yet, many companies are reluctant to engage women in overseas assignments, because it can be difficult to obtain a working permit for religious and cultural reasons, in many overseas locations. Holt and Wigginton (2002:479) make reference to a study of North American corporations. Here

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<sup>5</sup> The data was collected in 1996 on a sample of 265 Finish expatriates assigned abroad with the aim to gather relevant Finish expatriate management practices and to find out more about their perceived relevance among the expatriates themselves. (Suutari and Brewster 2001: 560)

the great majority of companies did not send female expatriates on overseas assignments, because they expected they would have difficulties due to other cultures' attitudes towards women. Despite the reluctance to promote female employees to international managers, there is evidence that female international assignees perform just as well as men in a foreign cultural environment, as confirmed by the study done on 98 international assignees, who were sent from a company's headquarters from the United States to overseas subsidiaries. (Caligiuri and Tung 1999:763-777) This is case, because they bring a lot of social skills: they interact easily in a foreign environment and establish more personal contacts than their male counterparts. Moreover, female expatriates are often well-educated professionals, with international experience due to cross-border journeys and tend to speak several languages. (Holt and Wigginton 2002:479) These advantages allow women to get the opportunity to be more frequently recruited to fulfil overseas missions. That is why experts such as Holt and Wigginton (2002:480) and Mestre and Renaud (2008:2) consider that the percentage of expatriate women is likely to rise in future. There can be observed already a small but steady increase in the number of female expatriates over recent decades. In the 1980s merely 3% of expatriates were women, while in the 1990s this figure lay between 12% and 15%. (Collings et al. 2009:77) According to the GMAC Global Relocation Services survey (2004:9) the proportion of women sent in overseas assignments reached 18% in year 2003.

Following this brief overview of the current trends of international assignments, this paper will focus only on long-term overseas assignments, lasting between 1 and 5 years, as these are still the most frequent. The analysis above has also shown that the majority of expatriates are middle aged men with a university education, who take over managerial positions. The majority of these are accompanied by their partner and children who are willing to work, and to go to school or to study in the new environment. Although the participation of women in international assignments remains relatively low, research suggests, that more women will carry out overseas assignments in future. For these reasons, this paper will take into consideration both male and female expatriates assigned for a longer period of time in an overseas location, who are accompanied by their family members.

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## **4. Benefits and challenges of international assignments**

In the light of the considerable increase in the number of international assignments, this chapter will highlight what companies and international assignees gain from them and will also discuss the challenges that arise for both parties.

### **4.1 Benefits of international assignments**

The following section will set out some of the benefits international assignments bring, not only for the expatriate, but also for the company during and after the completion of the job mission abroad. Answers to the following questions will be given: (1) what benefits expatriates bring to the company, (2) what benefits international assignments bring to the expatriate and (3) whether the company gains any advantage upon the return of the repatriates.

#### **4.1.1 Benefits expatriates bring to the company**

This section will explore, how feasible is from the multinational company's point of view to send employees on long-term assignments to its overseas locations.

In an interview, Mrs. Renaud-Rossier, senior consultant at Mercer Global Mobility Business, argues that in order to accomplish their business objectives, companies send their specialists overseas to "*achieve improvements in operating results and ensure a certain level of performance from their overseas investments.*" (Mestre and Renaud 2008:1) In their work, Edström and Galbraith (1977:252-254) identify three motives for transferring expatriates abroad, depending on the company's business strategy: (1) "*organization development*"- where international transfers are used for coordination and control policy, (2) to "*fill positions*"- where specialists with technical expertise are seconded to fill in temporary positions, in order to transfer their technical know-how, in the case the subsidiary has a lack of qualified employees and (3) to "*develop managers*" – where technical and administrative staff are relocated temporarily throughout the corporation, in order to gain international experience and develop their competencies. Thus, a detailed investigation of these reasons will help the reader to gain an insight into the benefits international transfers bring to corporations.

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In some corporations, expatriates play a key role in controlling and coordinating the operations of the headquarters' local units. (Brewster and Scullion 2009:17) Edström and Galbraith (1977:250-261) illustrate some types of supervision policies used by the companies that they surveyed in the seventies.

At that time the control was mainly focused on centralisation and was used in small companies, where all decisions were taken in the headquarters and their implementation in the subsidiaries was strictly supervised. Unfortunately, the reporting-oriented approach often led to delay in responses or reluctance from subsidiaries. In order to give subsidiaries more freedom in making decisions and at the same time to maintain the overall supervision, some companies began to send their trustworthy managers to the local units. They filled in key positions and usually spent two years in a subsidiary, supervising operations and forging a link between the headquarters and the subsidiary. In this way, gradually the subsidiaries became more independent and meantime the headquarters gained control of the local operations and a better overview. (Edström and Galbraith 1977:250-251)

Other companies gained control of their subsidiaries through the creation of personal bonds. Expatriates were allowed to interact with local managers from different cultures and thus their prejudices about the host country nationals were broken down and they became more dedicated to the company. This transfer of reliable, socialised expatriates in key positions enabled the establishment of informal communication networks. In this way, the companies also managed to achieve coordination and control, by allowing a certain degree of decentralisation. Scholars believe that these control policies can not be separated one from another. Centralisation, bureaucratic regulations and personal supervision are all necessary and may lead to the organizational development. (Edström and Galbraith 1977:255-261)

Today, cross-border transfers are still a widely used means of control in the context of headquarters – subsidiaries connections. (Harzing 2001:368-369) The supervision of subsidiaries is carried out nowadays to achieve different goals. Firstly, headquarters may send top line managers to establish and maintain the common corporate culture of the company within the subsidiary. Secondly, headquarters may attempt to establish personal relationships with the local staff and ensure a good exchange of information with the subsidiaries. Thirdly, they might implement the organisation's specific behaviour patterns or establish the corporation's coordination and controlling instruments. (Weber et. al.1998:105; Kühlmann 2004:8)



Expatriates also have a key role in transferring know-how and information within the corporations. (Kühlmann 2004:9) As know-how, information, specialist knowledge and distinctive capabilities are considered to be the basis of competitive advantage; companies have to view them as vital value assets. It is argued that the transfer of knowledge and expertise across national borders can only be done by sending staff abroad, as this expertise exists only in the heads of experts. These qualified people may help to implement new technologies and transfer product lines, teach other employees how to handle special production equipment and how to gain particular leadership capabilities or other organisation specific skills. (Bender and Fish 2000:125-133) For example, Nokia does not operate a research and development department for new products. Instead, specialists from all their worldwide subsidiaries are brought together to work in teams on certain projects within the framework of an international assignment, usually lasting more than two years. In this way, Nokia succeeded to bring the *"Nokia 6100 series mobile telephones"* on the global market and achieved outstanding status. (Black and Gregersen 2007a: 121-122) This approach seems to be successful, as during these workshops, specialists can exchange valuable knowledge, learn new things from each other and generate innovative ideas. In addition, the company's strategic assets can be actualized with new developments in the process, contributing to the overall success and efficiency of the corporation. (Bender and Fish 2000:133)

Some scholars think that expatriates can develop leadership skills during an international assignment and that the development of global leaders is central to the overall business performance of the corporation. (Weber et al 1998:105; Collings et al 2009:75) A research study by Oddou and Mendenhall (2007:208-209) on 150 expatriates showed that expatriates gained many important competencies during their assignments such as: the ability to manage employees from different cultural backgrounds, administrative competencies, interpersonal skills and behavioural flexibility. Their better understanding of the international context means that they are more equipped to deal with complex issues arising from the companies' international structure and that they are more flexible when searching for proper solutions. During an assignment, expatriates have the opportunity to learn more about local business methods and local cultural norms and values, thus improving their intercultural competencies. All these international experiences and knowledge are considered important assets at higher management levels, which contribute to the company's performance in the international business environment. (Bender and Fish 2000:132) As Stahl and Chua (2006:137) argue,

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overseas assignments are the *"most powerful experience in shaping the perspective and capabilities of effective global leaders"*.

These motives of employing international assignees in global assignments are still considered relevant today and have been acknowledged as such, by several scholars: Harzing (2001:367), Collings et al. (2009:75) and Tungli and Peiperl (2009:153-160). Interestingly, Tungli and Peiperl (2009:153-160) note in their recent research<sup>6</sup>, that companies belonging to different countries give preference to different reason categories. As their research indicates, the main reason Germans send expatriate managers abroad is *"to develop international management skills"*, while in Japan and the United Kingdom the most important reason is *"to set up a new operation"*. The Americans on the other hand, want their managers *"to fill in a skill gap"*. (Tungli and Peiperl 2009:159) On comparing their results with Tung's findings from two decades before, Tungli and Peiperl found that all three motivations were considered important in Tung's research, too. In Tungli and Peiperl (2009:160)'s research, other reasons for international assignments are mentioned in further positions such as: *"to train and orient local staff"*, *"to control the operation"*, *"to ensure the same company standards worldwide"*. Unfortunately, no explanation is given in the study, as to why the key motivations for sending employees abroad are different in different countries.

The analysis above reveals that expatriates are important factors in the efficient implementation of these objectives and implicitly towards the overall business success of the corporation. Therefore their job performance during the assignment is critical for the success of the international assignment. (Tahvanainen and Suutari 2005: 91) Drawing on Cascio (2006: 176), job performance means *"what an organization hires one to do, and to do well"*. This implies that the employee should fulfil the expectations of the company and achieve the best outcomes. Only in this case, will the benefits they bring to the company be increased.

#### **4.1.2 Benefits international assignments bring to the expatriates**

It has been proved without any doubt, that international assignments bring advantages for the expatriate, too. In their study, Stahl et al. (2009:124-131) spoke to expatriates from 30 German corporations, who were on assignments in 59 countries. 71% of them felt that this

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<sup>6</sup> Tungli and Peiperl (2009:153-160) examined the actual strategies and practices of managing global assignments at 136 big multinational corporations having their headquarters in Germany (35), Japan (20), the United Kingdom (34) and the United States (47).

experience would improve and embellish their character, by giving them the chance to see more of the world and make them more tolerant and broad-minded. In addition, 34% thought that an international experience would help them to develop their managerial and communication abilities. As well as these advantages, Bender and Fish (2000:132-133) and Blakeney et al (2006:181) argue that such overseas assignments improve language skills, enhance cultural competencies and lead to a better understanding of how people from different cultures act and behave. The remaining 15% of the German expatriates from Stahl et al. (2009:130-131)'s study were convinced that the knowledge accumulated during an international assignment would be highly appreciated not only in their home company, but in the international workforce market as well, as the knowledge and multitude of competencies obtained are in general not attainable in their homeland.

From the above, the reader gains a better understanding of why the opportunity to gain an overseas experience, the potential monetary rewards and chance of future promotion plays the most important role in the decision whether or not to engage in an international assignment. (Cerdin 2008:197) Obviously, there cannot be made generalisations, as the cultural values of the expatriates also need to be taken into consideration, as the results of the following survey attest. The survey made by Stahl and Cerdin (2004:885-893) of managers being placed on international assignments in 59 countries by 20 French and 30 German companies, revealed that personal challenge and professional development seem to be the most important reasons for accepting an assignment. Future promotion opportunities and monetary considerations appeared to be less important, but were still among the five most important motives for both German and French managers. Nevertheless the ranking of motives was different for the German and French expatriates. The Germans placed a higher value on the individual challenge of having to spend a longer time abroad. They put more emphasis on "*intrinsic*" benefits like having the opportunity to live and work in a foreign environment, to learn interesting things and improve their professional qualifications, rather than on "*extrinsic*" benefits coming from future promotion opportunities or better payment. In contrast, monetary considerations and the family's opinion regarding relocation played a more important role for French managers. (Stahl and Cerdin 2004:892; Stahl et.al. 2009:126)

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### **4.1.3 Benefits repatriates bring to the company**

The valuable assets repatriates bring home after international assignments are tremendous. They consist in an all-encompassing overview of the corporation, a better understanding of other cultures and business practices, independence, readiness to take on risks, improved leadership skills and intercultural communication and language skills. Besides these, repatriates also have a company specific insight, as they still have detailed knowledge of the processes within the home company. (Blakeney et.al. 2006:181; Eulenburg 2001:57-58)

On their return home, repatriates contribute significantly to the company's effectiveness and viability. They might set up market forecasts, might help planning other international assignments or might contribute as carriers and drivers of the internationalisation process of the multinational corporation. Moreover, due to the informal communication networks created during their assignment, they might be a link between the overseas location and the headquarters. By using their personal contacts, they can act as mediators solving conflicts that might arise or simply communicate with colleagues from the overseas location to help solve business problems. Furthermore, repatriates can be seen as innovators, who are able to implement in the parent company all things they learnt overseas. Obviously, their all-encompassing overview will mean that they have an insight of the corporation as a whole. This all demonstrates that repatriates hold great potential for the companies and a loss of these valuable assets would mean a lot of damage to the overall performance of the company. (Eulenburg 2001: 58-59)

## **4.2 Challenges of international assignments**

Despite the impressive benefits global assignments bring both to the international assignee and the corporation, international assignments are also a demanding challenge. To detect also the reverse side of the coin, this section will examine the challenges international assignments entail.

### **4.2.1 Supply and demand side challenges**

Today many corporations suffer a shortage of highly qualified professionals with international experience, because the demand on the labour market for global leaders is greater than the supply. For example, the growing need for international managers with specific knowledge

about doing business in the emerging markets such as India, China and Eastern Europe, seems to be a real challenge. (Collings et al. 2009:76-80) In consideration of the fact that staff with global experience make up only 1-2% of the total employee base of multinational corporations at present, accessibility to this scarce workforce has become a real concern among multinational companies. (Blakeney et al. 2006:182; Collings et al.2009:76). To demonstrate this situation, Stroh et al (2005:4) quote the statement of Jack Reichert, the former general manager of Brunswick Corporation, saying that: "*Financial resources are not the problem. We have the money, products, and position to be a dominant global player. What we lack are the human resources. We just don't have enough people with the needed global leadership capabilities.*" Yet, research reveals that the hard availability of labour force with global experience is influenced by some current trends that will be discussed presently.

The reluctance to accept relocation and the low participation of women in global assignments are both important constraints in the cross-border mobility of people.

As a result of higher education opportunities, economical growth and women gaining the same legal rights as their men counterparts, more and more women have their own career and men are no longer the sole wage earners in families. In these circumstances, where both the husband and his wife follow a professional life path, family plays an important role in the decision whether to accept or reject an overseas assignment. (Jaumotte 2003/2:52; Nicolai 2005:21; Collings et. al. 2009:77) Nicolai (2005: 29) presents Wirth's research results from the late eighties looking at 63 multinational companies, most of which had their headquarters in Germany. (See table 2)

**Tabel 2: Reasons of rejecting an overseas assignment offer**

Reasons of rejecting an overseas assignment offer	Rate of responds (%)
Reluctant attitude of the spouse	71%
Disadvantages in children's development	64%
Separation from relatives and friends	49%
Career disadvantages	41%
Change in life style	37%
Language difficulties	29%

Source: Adapted from Nicolai (2005). "*Dual Career Couples im internationalen Einsatz: Implikationen für das internationale Personalmanagement*", pp. 29. The content of the table has been translated from German to English language

It seems that the most important reason why employees reject an overseas assignment offer is the negative attitude of the spouse towards relocation. Often the working spouse is not ready to give up his/her job to follow his/her partner. For a career-oriented spouse, it is often difficult to find a job in the overseas location and that is why many families are not ready to break up their present, relatively secure personal and social environment. While some people find it hard to leave their relatives and friends behind, other families predict difficulties in educating their children when moving to another country. (Nicolai 2005:29-30; Collings et. al. 2009:77) Improper living circumstances in the overseas location, uncertainties regarding a working permit and residence authorisation for the partner, an unpleasant climate, limited living space or an unstable foreign political situation, may also play a large role in the rejection of an international assignment. (Kühlmann 2004:10; Nicolai 2005:29-30) As interesting it may sound, sometimes rumours from repatriates who have returned home after a failed overseas assignment, may discourage candidates for taking an international assignment. (Black and Gregersen 2007b:24)

Another aspect is the low participation of female workforce in overseas assignments. Regardless of their marital status, few women get the opportunity to go on international assignments even if they have a strong desire to do so. (Linehan and Walsh 1999:524) As this aspect has been highlighted in detail in chapter 3, it is now only mentioned as a current issue.

Another barrier worth mentioning is that many multinational corporations often do not know where to find valuable human resources or they simply do not recognise the real values of their employees. (Collings et. al. 2009:78)

#### **4.2.2 Expatriate failure**

Alongside the supply and demand side issues, expatriate failure is considered to be a major challenge. It is essential to tackle what lies beneath this terminology, because only in this way, the reader can gain an overview of its components and the reasons for them. The undesirable consequences both for the company and for the expatriate and repatriate cannot be overlooked either. This approach will allow establishing what has to be improved in order to increase the benefits arising from international assignments.

#### 4.2.2.1 Definition and reasons for expatriate failure

In their article, Harzing and Christensen (2004:617-618) set out to discover what lies behind the concept of expatriate failure. To this aim they made a thorough literature review listing the opinion of several scholars. Their findings show that (1) researchers define expatriate failure in different ways, (2) expatriate failure may have many reasons and (3) it can have its origin in all three phases of the international assignment: before, during and after its completion. Based on Harzing and Christensen's article, this paper will discuss in detail the terms and the reasons for expatriate failure, expanding on their findings with more recent opinions, in order to underline the complex challenges international assignments may encompass.

For most specialists such as: Mendenhall and Oddou (1988:78), Fukuda and Chu (1994:38) and Garonzik et al. (2007:127), expatriate failure means premature return from an overseas assignment, meaning that the employees return before the end of their contract. Mendenhall and Oddou (1988:78) raise the concern that 20% of the international assignees "*return prematurely from an overseas assignment*". It can be either a request from the expatriate to come home before the assignment is completed, or from the company, sometimes with undesirable outcomes for the future career path of the expatriate or even removal from his/her job. (Holt and Wigginton 2002:450) The most common reasons responsible for an earlier return date than agreed, are the poor work performance of the expatriate and/or adjustment problems. As Forster (1997: 414) argues, many expatriates return home earlier because of "*poor work performance and/or personal problems*". In a study made on a sample of eighty US multinational companies, 69% of the respondents indicated a recall rate due to poor job performance as being between 10% and 20%. (Tung 2009:148-151). The inability of the international assignee or his/her partner to adjust to the working or living conditions is a further reason for premature recalls according to other scholars such as: Fukuda and Chu (1994:38) and Mesmer-Magnus and Viswesvaran (2005:184). Home sickness, the inability to adapt to the unfamiliar cultural, social or business circumstances, unacceptable living conditions or poor medical systems, are a few reasons why some expatriates may request to return home earlier. (Downes et.al.2000:122; Mendenhall and Oddou 1985:39) While some expatriates might have difficulties coping with the technical issues related to international assignments, others' managerial attitude may not fit in the corporate culture of the company overseas. (Holt and Wigginton 2002: 450) Failure in expatriate selection and lack of cross-cultural preparation for expatriates and the family members are also cited as reasons for early

recalls, which is in fact a case of bad management of the international assignees by the company. (Lee 2007:405)

Another reason for expatriate failure is poor performance during the assignment. On the basis of a number of studies, Harvey and Wiese (1998:34) argue, that a relative high percentage of the American expatriates who finish their assignment, between roughly 30% and 50%, are considered to be unsuccessful due to low job efficiency. Tung (2009:150)'s study<sup>7</sup> revealed the most important reasons for under-par performance during an international assignment, as illustrated in table 3 below. The findings of the study show, that family-related problems, especially the inability of the expatriates' spouse to adapt to the new culture are a major reason for poor performance. The expatriates' lack of cultural adjustment ability, difficulty of coping with the new job tasks, lack of specific personality traits, relational skills and technical competencies are also not negligible aspects. (See table 3)

**Table 3: Reasons for an expatriate's failure to function effectively in a foreign environment in descending order of importance**

Crt. No.	Reason for an expatriate's failure to perform effectively during the global assignment
1	The inability of the manager's spouse to adjust to a different physical or cultural environment
2	The manager's inability to adapt to a different physical or cultural environment
3	Other family related problems
4	The manager's personality or emotional immaturity
5	The manager's inability to cope with the responsibilities posed by the overseas work
6	The manager's lack of technical competence
7	The manager's lack of motivation to work overseas

Source: Tung, Rosalie L. (2009). *"Selection and Training of Personnel for Overseas Assignments"*, pp. 150

Challenges after the re-entry in the home country, need to be considered as well. Low work efficiency in the home company and the intention to leave the corporation immediately upon return are often overlooked. (Harzing and Christensen 2004:617-618)

The results of the studies made on American, Japanese and Finish expatriates showed that disregarding the repatriation adjustment process may lead to lower job performance and

<sup>7</sup> Tung's study does not mention how job performance is measured and what it means.



vice versa when *"expatriates adjust effectively during repatriation, they are better performers"*. Furthermore, a poor repatriation adjustment of the family can reduce the work effectiveness of the repatriate and vice versa. An American repatriate returning home together with his wife said the followings: *"My spouse has had a very difficult time coming home from Europe and living in the suburbs of America. She hates it. Her adjustment difficulty has made my life less than wonderful and my work performance less than excellent."* (Black et. al. 1992a:226)

Difficulties in readjusting, a lack of support from the company, lack of careers advice, lack of recognition for the skills acquired abroad, and the company's failure to develop special reintegration programs, may create a high degree of discontentment and frustration about the situation found upon the return home. These are important reasons why repatriates may no longer be committed to the company. The undesirable outcomes of all these difficulties are the high attrition rates. (Stroh et. al. 2005:191-193; Paik et. al. 2002:636). The data from Baruch et al. (2002:668) paints an astounding picture: their studies showed that 50% of the repatriates left their company within a few years after repatriation. The most powerful reason was that they did not receive a promotion, but were left on the same job level as before the assignment. This is a very alarming result. However, these results are questionable because the interviews referred only to a single, middle-sized UK corporation. According to the GMAC Global Relocation Services survey (2004:1-54) approximately 13% of the repatriates left their companies within 1 year and an additional 10% within 2 years after repatriation. Data from Black and Gregersen (2007a:119) which results from a survey of 750 American, European and Japanese companies, showed that 25% of those US expatriates who returned back home after the completion of the assignment, left their companies within 1 year after repatriation, to join a rival company. Interestingly, this attrition rate is double that of those executives who did not take part in an international assignment. In fact, according to Cerdin (2008:207), the lack of assistance provided for the repatriates by the company after returning home can be correlated with the high attrition rates after repatriation. The company's failure to recognise the skills the repatriate has acquired, lack of appreciation and bad careers advice may mean that the repatriate is willing to take on a position with a competitor, which has the chance to fully benefit from his experience.

In the light of this complex background, Harzing and Christensen (2004:621-622) developed a new way of defining expatriate failure. They argue that, what might be a failure from the

company's point of view is not necessarily negative for the international assignee and vice versa. They view failure only from the company's perspective, saying that the negative outcomes have to affect the company unfavourably, in order to be counted as such. For example, a premature return due to poor performance of the expatriate, who is unable to complete his/her job tasks according to the company's requirements, can be viewed as a failure from the company's point of view, if these expectations have been transmitted clearly. However, when a structural reorganisation within the company takes place and the expatriate is recalled home by the management before the completion of the assignment, in order to receive other responsibilities, this is not considered to be an expatriate failure for the company. Whereas, a shift of a well performing expatriate/repatriate to a competitor is considered a loss for the company, and not necessarily for the expatriate/repatriate, who actually can use his/her gained overseas experience more successfully in another company. Here, from the company's point of view, the researchers speak about an expatriate failure. In this context, Harzing and Christensen (2004:622), define expatriate failure as: *"the inability of the expatriate or repatriate to perform according to the expectations of the organization"*. Taking a closer look both at this definition and also at the analysis above regarding the aspects of expatriation failure, it can be argued that indeed, poor job performance during, but also after the assignment, constitute a big problem. As demonstrated in the analysis above, the under-performance of the international assignee may be caused by expatriation and/or repatriation adjustment problems of the expatriate, repatriate and/or his/her family, different expectations and improper management of the expatriation and/or repatriation process.

Even though it is mentioned as essential by Harzing and Christensen (2004:622), the definition does not entail the turnover element. Black et al. (1992a:265) define *"dysfunctional turnover"* as the voluntary departure of a high performing international assignee after repatriation due to low engagement towards the company. This is very detrimental for the company because an important value asset is lost. Indeed, the analysis above revealed how big the problem of high attrition rates soon after repatriation is. Nevertheless, it may be also problematic for the company if a high performing expatriate leaves also during the assignment. Therefore, it is suggested that, in the framework of this paper, the dysfunctional turnover of high performing international assignees after and also during the assignment are both considered to be failure.

Another aspect of the turnover mentioned by Black et al. (1992a:264-265) and Harzing and Christensen (2004:621) is the "*functional turnover*". The authors argue that the dismissal or the voluntary departure of a low performing international assignee after repatriation is a favourable aspect for the company, and not a failure. Nevertheless, as shown in the analysis, it can be argued, that disregarding the proper readjustment of the repatriate and his/her family can lead to poor job performance and that a poor repatriation support, lack of recognition and careers guidance from the company can lead to discontentment and low commitment to the corporation. For this reason, it is held that even functional turnover has to be considered a failure from the company's point of view, as this probably occurs due to the company's negligence. A performing expatriate who successfully completed his/her assignment abroad, might become an underperforming repatriate due to the multiple challenges he/she and his/her family encounters returning back home.

As shown, international assignments encompass a wide range of challenges, both during and after expatriation. Expatriate failure may be thus defined, as the inability of the expatriate or repatriate to perform according to the expectations of the organisation and/or the voluntary turnover of an expatriate during the international assignment and/or both functional and dysfunctional turnover of the repatriate after repatriation.

#### **4.2.2.2 Costs of expatriate failure**

Unfortunately, these failed assignments are associated with substantial direct and indirect loss and damages not only for the company, but also for the international assignee.

Sending the expatriate and his/her family members on an international assignment is a pretty big investment for the company. By estimation, a multinational corporation spends on average between \$300.000 and \$1 million per year on a single expatriate, an expenditure that is thought to be two or three times more than the costs associated with the same employee if he/she had remained in the home company. (Black and Gregersen 2007a:119)

There can be also taken into account the expenses related to the actual physical transfer of the expatriate and his/her family members to the overseas location, which include travel expenses, the costs of moving, short-time accommodation fees, a financial expert's allowance. To these costs, there can be added the so called "*downtime costs*", expenses related to the preparation of the expatriate for the assignment and the costs for the first couple of

months where the expatriate goes through the adjustment period. During this period of time the expatriate is not able to totally fulfil his/her job responsibilities, although he/she gets his/her monthly wage. In the case of a premature return, these costs are lost, as the return on the investment on the downtime can't be retrieved by the company. (Stroh et. al. 2005:12-13)

The components of expenses expatriates incur for the company during an assignment may vary from company to company. Besides the basic salary, some companies provide expatriates with living and housing allowances, bonuses as an acknowledgement of their efforts, assistance for training programs and exchange rate protection payments designed to protect them against the undesirable movements of the currency in the local market. Other companies may pay income tax reimbursements, designed to compensate the expatriate for additional tax costs that might arise in the local country. All these expenses help to offset international assignees for leaving their home country and also help ensure a certain living standard in the new environment. (Bonache 2006:163; Culpepper Pay Practices & Policies Survey March-May 2008 – EBulletin June 2008)

As noted above, international assignments come with a wide variety of direct costs and expenses which companies have to bear. In the case of a failed assignment, all these expenses are lost and what is more, the company has to provide a backup person to carry on the mission. (Stroh et. al. 2005:13)

As well as these direct costs, there are also indirect costs related to failed assignments, which are usually hard to assess, but are of crucial importance as they can bring significant damages both for the corporation and expatriate. An uncompleted mission, may damage the relationships with the local employees, the host government and the business partners of the company, leading to the loss of total sales and prestige for the company. (Downes et. al. 2000:122; O'Sullivan et. al. 2002:79) In addition, an unsuccessful global assignment may have a destructive impact on the career of the expatriate, who might either be dismissed for poor job performance, or may suffer a loss of confidence, a lack of acceptance by colleagues or disappointment, leading to job inefficiency in the home company, as well. (Holt and Wigginton 2002:450; Mendenhall and Oddou 1985:39) Furthermore, failed assignments may result in a grapevine effect among other potential candidates for an international assignment, making them less willing to engage in one. (O'Sullivan et al. 2002:79) An indirect cost for the company is also the loss of valuable human resources, should the assignee leave to join a competitor. Actually, in this case the company loses the return on investment, as they have

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financed not only the future career of managers with international experience, but also the success they might bring for its competitor company. (Stroh et. al. 2005:15)

### **4.3 Concluding summary**

The discussion above reflects that international assignments are both an opportunity and a challenge for the company and for the international assignee.

Expatriates are sent on long-term international assignments with a well-defined organisational purpose, the efficient fulfilment of which would lead to positive outcomes for the company. As Blakeney et al. (2006:181-182) argue, companies with a workforce that has acquired a wide range of competencies gain a competitive advantage, as the international experience of their employees leads to innovative ideas, know-how transfer and global leaders with a more complex expertise. As competitive advantage is based on resources that are precious, scarce and hard to imitate, companies have to gather these assets in order to remain efficient on the global market. However, also employees see an assignment primarily as a steppingstone in their future career path, as an opportunity of advancement or better payment, being aware of the plenty of skills and know-how they gain and of a boundary less career opportunity upon their return.

In the light of the lack of people willing to relocate overseas, expanding global companies compete for managers with international experience. Moreover, for a number of reasons, they often face the problem of expatriate failure, with a multiple range of motives leading to the employees' poor job performance and high turnover intentions of expatriates or repatriates. As the analysis revealed, adjustment and readjustment difficulties experienced by the international assignees and their accompanying family members seem to be major reasons for low job performance and high attrition rates. Furthermore, the direct and indirect costs of failed international assignments mean loss of future business perspectives, a destroyed business image and low productivity for the organisation. (Lee 2007:405) These might affect the overall business performance of the company, leading to difficulties in controlling operations and in transferring crucial knowledge and information to their units. That is why international assignments require attention, as the company may enter a "*downward-spiralling vicious cycle*", which has a long-term negative effect on its position on the global market. (Stroh et. al. 2005:16)

Overall, it can be stated that by enhancing the ability of the employees to efficiently fulfil the expectations of the company both during and after the completion of the overseas assignment and by preventing the intentions to leave the company of this valuable work force, the company can increase its benefits arising from overseas assignments.

## **5. The influence of cross-cultural adjustment on the expatriates'/repatriates' job performance and their willingness to stay with the company**

As shown in the previous section, global assignments can turn out to be a failure. This has been translated in the light of two components: under-performance of the expatriate/repatriate and/or by his/her decision to leave the company either during or after the assignment. Among the major reasons of failure, the adjustment respectively readjustment difficulties of the international assignees and their family members have been underlined. Thus, the following questions arise: (1) What is culture? (2) What is cross-cultural adjustment? (3) Where during the international assignment period do cross-cultural adjustment difficulties appear, what is their impact and whom they affect? (4) Is there any relationship between adjustment, job performance and intent to stay in the company? (5) What factors impact adjustment?

### **5.1 Definition of culture**

In order to be able to define the concept of cross-cultural adjustment, it is necessary to understand what culture means. The term culture is very complex and has been defined in many ways. Thomas (2008:27) quotes a most cited definition made by Kroeber and Kluckhohn: "*Culture consists of patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievement of human groups, including their embodiment in artifacts; the essential core of culture consists of traditional (i.e., historically derived and selected) ideas and especially their attached values.*" (Quoted in Thomas 2008:27) Hofstede (1997: 5) defines culture as: "*...a collective phenomenon, because it is at least partly shared with people who live or lived within the same social environment, which is where it was learned. It is the collective programming of the mind which distinguishes the members of one group or category of people from another.*" Actually culture in the conceptualization of Hofstede (1997: 4-5), is like a software program which enables individuals belonging to the same group to react and behave similarly in the same situation. These common patterns of thinking, feeling and reacting are called "*mental programs*" which

are learned by individuals in childhood, transmitted to each other and shared by people belonging to a certain social group and reflect the way they interact with their surroundings. (Thomas 2008:28-29) In order to understand what Kroeber and Kluckhohn mean by artifacts and values, Schein's three level model of culture will be discussed in the followings.

Schein (2004: 26) argues that culture has three major levels.

The "*artifacts*" include all the visible elements of a group such as: language, architecture, clothing, food, stories, myths, ceremonies etc. These are immediately noticed, but their meaning is not always understood by people from outside. For example, while pyramids in the Egyptian culture were used as tombs, pyramids in the Mayan culture were used as temples. (Schein 2004:26)

The "*exposed beliefs and values*" are partly visible and partly invisible and reflect the individual's perceptions about what is right, what is wrong, about how to behave and how to react in different events. The consciously held values can be noticed on the level of artifacts. (Schein 2004: 28-30; Thomas 2008:30) For example, a society that values its environment may be reflected in a clean and green town full of trees, plenty of recycle bins, activities to recycle waste etc. This is translated in the daily behaviour of the citizens such as: planting trees, throwing their waste in the recycle bin or spending a Saturday afternoon in the local recycling site to separate the waste.

In the case that the members of a group consider these values and beliefs as working and being successful on a long-term, these become an unconscious, common value for all members of the group, being called by Schein as "*basic underlying assumptions*". (Schein 2004:30-31) In Stroh et al. (2005:33-34)'s opinion, these assumptions guide the behaviour of people and from them grow the culture's values, beliefs and artifacts. Relationship with nature, the human nature of people, the nature of human relationships or the people's world view about reality and truth can be part of this level. One category is the relationship to nature. Stroh et al (2005: 33) give the example of some cultures where the assumptions are that people have a strong bond with the nature. Each member would protect each plant and try to build buildings, avoiding tree damage during construction. In other cultures, the assumption can be that humans dominate nature towards their wealth and benefit. They would build dams, log trees where they consider it necessary. It is not recommended to simply interpret the values and underlying assumptions of a group relying only on the artifacts, because an outsider who is not familiar with that particular culture, cannot fully understand

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what that particular thing means for the certain group of people. (Schein 2004: 27) For example, a park middle in the town could be just a décor and would not reflect the underlying assumptions, unless the outsider is not fully familiarised with that particular culture.

Actually these three layers of culture are seen by Thomas (2008: 30) being an iceberg, where the peak of the mountain consists in the artifacts, while the invisible layers – the beliefs and values, and the basic assumptions are deep in water and consist the support of any culture. When international assignees are sent to live and work in another country, actually they enter a different culture. Weaver (1993: 159) makes an interesting analogy saying that: “*When one enters another culture, it is somewhat like two icebergs colliding - the real clash occurs beneath the water where values and thought patterns conflict.*” These international assignees have to adapt to this new culture by trying to understand the invisible values, beliefs, how these impact people’s behaviour and how these people communicate. (Stroh et al. 2005:31) The following section will give the reader an insight, of what actually this adaptation means.

## **5.2 Concept of cross-cultural adjustment**

In order to be able to understand the meaning of cross-cultural adjustment, it is first necessary to make an analysis of the concept of adjustment. Then, an insight into the cross-cultural facet of adjustment will be taken.

In so far as adjustment is concerned, some words about change should be mentioned. Change occurs in people’s lives in different contexts such as: changing school, establishing a family, moving with the family into another home, changing a work place and retiring. It is a shift from a familiar to a new situation, encompassing both positive and negative experiences, due to the possibilities it offers and its challenges, which can often lead to a certain degree of emotional burden. (Haslberger 2008:132)

Adjustment is defined by Haslberger (2008:132) as being “*the outcome of a learning process that enables the individual to be more effective and content in new circumstances.*” This definition entails three important key aspects: learning process, effectiveness and contentedness, which will be discussed upon.

According to the definition above, adjustment is the result of a long term learning process, which implies “*acquiring new knowledge, behaviors, skills, values, preferences or*



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*understanding, and may involve synthesizing different types of information".* (Wikipedia – Learning 2009) Haslberger (2008:132) argues that during this course, people change their attitudes and behaviours due to a cognitive process, which enables the acquisition and understanding of new knowledge and which implies that this new information is interpreted. People use their past experiences and knowledge to try to respond adequately to new provocations. Through learning, individuals actually change themselves and try to cope with the requirements of the new environment. On this basis, the author comes to the conclusion, that adjustment implies three elements: a transformation of an individual's attitudes, a cognitive process of understanding and interpreting the incoming information and the emotional interaction with the new context.

Nevertheless, when a person is adjusted, he also performs well and is satisfied. This sense of contentedness with the new circumstances is underlined by Hippler (2000:492) too, who considers that adjustment *"can be conceptualised as the general satisfaction with one's life in the new environment..."*

Thus, adjustment involves a long-term learning process and is the result of the mastering of the difficulties created by a change. The long lasting process enables the individual to cope with the new requirements and results in a better performance and satisfaction.

When crossing borders, the changes encountered both for the expatriate and for his/her family members are even more complex, because each cultural boundary has its specific artefacts, values, beliefs, norms of behaviour, rules, traditions, communication patterns and basic assumptions. (Stroh et. al. 2005: 29-37) When going abroad, changes are encountered on different levels. There are not only physical changes such as a new environment, new housing, a different population density etc., but also biological changes related to unfamiliar food, health care provision etc. The cultural and social changes are also important, related to a new language, religion, educational system, different public institutions, different communication patterns etc. (Berry and Kim 1988: 208). The political system may be different, too. For example, citizens may have a different political independence, freedom of opinion or different religious beliefs. The economical situation may also differ with the expatriate facing new job responsibilities, and perhaps changes in the financial or career status. (Berry 1990: 239)

According to Kühlmann (2004: 12-13), an expatriate may be surprised when a business partner or the new working colleagues react in a different way to how he/she

expected in the new culture. The well-known signals, words, behaviour patterns might not be valid anymore or they might have other connotations and lead to misunderstandings. The local norms, rules and attitudes of people often remain hidden and familiar behaviour patterns may be insufficient or inadequate for dealing with situations. In this suddenly strange world, the only solution for expatriates in order to be successful both in their personal and professional life, is to try to understand and learn the local culture's value system, beliefs, behavioural guidelines and interaction patterns. (Stroh et al. 2005: 31-32). In an attempt to cope with these changes and inevitably with the difficulties related to them, there can be noticed a change in the perception, way expatriates think, feel and behave. (Kühlmann 2004: 12-13) In Ting-Toomey's (1999:247) opinion, expatriates engaging in long-term international assignments undergo a transformation *"on the cognitive, affective, behavioral and identity levels"*. Drawing on this, Ting-Toomey (1999:233) defines intercultural adaptation as being *"the degree of change that occurs when individuals move from a familiar environment to an unfamiliar one."* As shown above, this long lasting psychological transformation enables the individual to cope with the challenges of the new environment, enabling a certain degree of satisfaction.

A further question that has been raised by researchers is what it is exactly that an expatriate has to adjust to. In this context, Black and Gregersen (1991: 498), view cross-cultural adjustment as the *"degree of a person's psychological comfort with various aspects of a new setting"*. Adjustment is viewed by them as a multiple construct, consisting of three aspects. Firstly, the expatriate has to adjust to the general environment: meaning that he/she has to get used to his/her general living conditions such as climate, health facilities, food and leisure activities. Secondly, they refer to the extent of interaction with host country nationals, meaning an easy socialization and communication ability. Finally, work adjustment encompasses the effectiveness of coping with the job tasks and successfully fulfilling the job requirements. (Haslberger 2008:133; Black and Gregersen 1991: 499, Stroh et. al. 2005: 102-103) Vianen et al. (2009:226) observed that if an expatriate succeeds in adapting in these three directions, then he/she experiences *"satisfaction, perceived acceptance from hosts, and ability to function during everyday activities without severe stress"*.

Thus, cross-cultural adjustment can be defined, as the result of a cognitive, behavioural and emotional identity change of the individual, resulting from long-term interaction with an unfamiliar culture, while working and living in another country. This implies a long-lasting

learning process and describes the individual's capability of mastering the difficulties arising from a new general environment, work environment and interaction with the host country nationals. Adjustment ensures the expatriate a certain psychological and socio-cultural well-being and helps him/her to effectively achieve the required goals.

### **5.3 Cross-cultural adjustment difficulties and their impact**

Engaging on a long-term international assignment may be a difficult adventure for the expatriates because switching from a well-known to an unknown situation might be tempestuous, as well as exciting, being usually a demanding journey with many highs and lows. (Ting-Toomey 1999: 233) Based on some cross-cultural adjustment models, this section proposes to sketch out the phases of the whole assignment that might hinder an immediate cross-cultural adjustment of the international assignees and discuss whether these difficulties have a negative impact on the individuals' job performance and intentions to stay with the company.

#### **5.3.1 The process of cross-cultural adjustment and the impact of the crisis stages**

Several researchers have analysed the cross-cultural adjustment process, developing different models and theories about the stages expatriates and repatriates may pass through in the light of the way in which individuals experience the foreign culture.

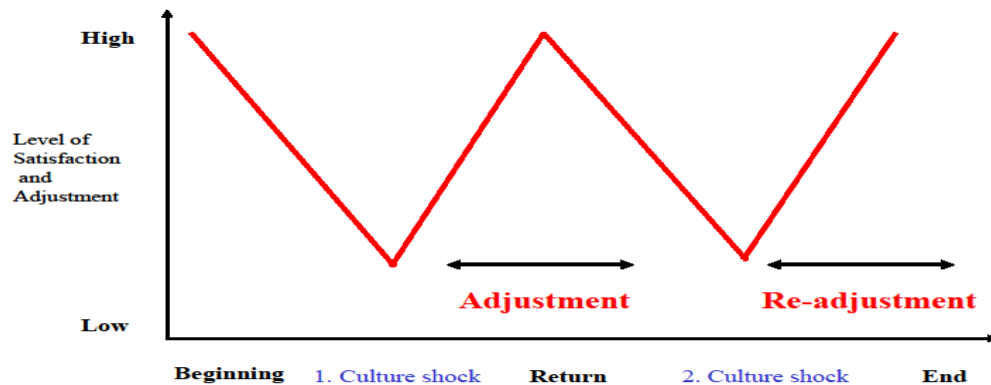
The culture shock model was first theorised by Dr. Oberg Kalervo in 1960, who put the basis for further theories and frameworks of the cross-cultural adjustment process. He described four phases missionaries have gone through, while being abroad: "*honeymoon*", "*crisis*", "*recovery*" and "*adjustment*". (Oberg 1960: 143) He observed that during the first couple of weeks being abroad, people were charmed by the novelty around them and happy to get in contact with host nationals. Soon afterwards, they entered a stage of mental exhaustion, characterised by antipathy and a hostile attitude towards everything around. The author viewed culture shock as an illness, being an outcome of the physical burden and psychological distress one suffers when moving abroad and the feelings of discomfort, hardship and disorientation when losing suddenly all the cultural cues he/she is accustomed to. Those who succeeded to get over this critical period, did not return home, but continued their sojourn trying to learn more about the new culture, slowly recovering from the low

point. Finally, a complete adjustment ended the process when the individuals began to fully enjoy staying abroad. (Oberg 1960: 142-143; Winkelman 1994:121)

This process has also been discussed by Lysgaard (1955: 45), who interviewed 200 Fulbright grantees in the United States. He states that the adjustment process follows a U form curve and is a three stage model. The concept is similar to Oberg's theory of how the expatriate passes through an initial stage, characterised by an initial well-being, followed by a critical period full of adjustment problems. Those who succeeded in getting over this difficult stage became more content with their social life abroad and were more agreeable towards overseas life. (Lysgaard 1955: 49-51)

For another research project, Gullahorn and Gullahorn (1963:33-39) interviewed 400 American students studying in France, as well as 5300 American grantees who were spread all over the world. They extended the U curve framework of cross-cultural adjustment to a W curve model, as illustrated in figure 2, which implies both an acculturation process in the foreign culture and re-acculturation process when returning back home.

**Figure 2: The W curve of international sojourning**



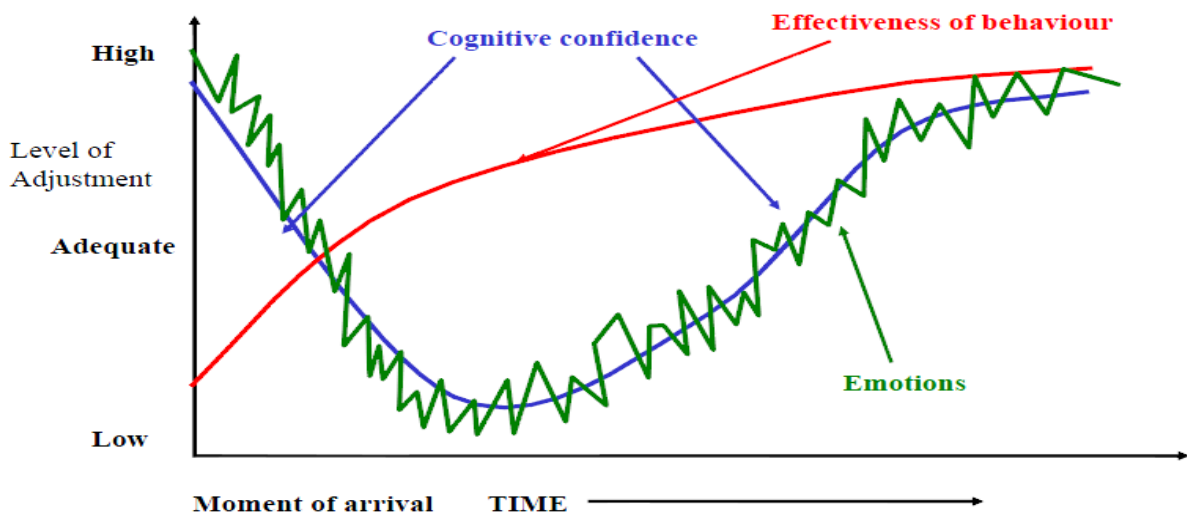
Source: Dörzenbach, Christiane Meier (2008). " *Die erfolgreiche Reintegration von Expatriates- Motivationale und organisationale Einflussfaktoren*", pp. 67

In this paper, a closer look will be taken at the different stages expatriates pass through, both during and after the assignment. This overview will help the reader to understand what critical phases the expatriate passes through and whether these adjustment difficulties negatively affect the expatriate's or repatriate's work efficiency and intention to stay with the company.

Scholars such as Lysgaard, Liu and Lee and Oberg are in agreement that the level of satisfaction is high during the first weeks abroad and that expatriates are fascinated by the new and different culture. Contacting new interesting people and seeing different things, give them a feeling of happiness. At work they are impressed by new facilities, trying to get used to the new job requirements and free time activities. (Lysgaard 1955: 50; Liu and Lee 2008: 180-181) According to Oberg (1960: 143), the "honeymoon stage" lasts between a couple of weeks to half a year and if the international assignment is a short-term one, then the expatriate will turn home with enchanting memories of his/her time spent abroad. (See figure 4)

However, Haslberger (2008:137-138) distinguishes between cognitive, behavioural and emotional curves, and shows them following different trajectories, just from the honeymoon stage, as it can be seen in figure 3.

**Figure 3: Adjustment curve including 'culture shock'**



Source: Haslberger, Arno (2008). "Expatriate adjustment: a more nuanced view", pp. 138

He states that from the behavioural point of view, the curve starts from a low, as the expatriate might experience difficulties in the verbal and nonverbal communication. He/she might notice that the old attitudes are not suitable for the new cultural setting. And as a consequence, he/she might experience some misunderstandings with the host nationals. "Expatriates sometimes feel like they are children again during the first few weeks and months in their new environment." (Haslberger 2008: 137) Everything is more time-consuming and a bit harder: shopping, finding the necessary things and solving any problems that arise. In any case, expatriates learn more and more every day. (Haslberger 2008: 137)

From the cognitive point of view, if the international assignee acquired some prior information about the political, economical, cultural and behavioural system in the new country, there is a greater probability that the curve will start from a high level of satisfaction, whereas the lack of the appropriate interaction skills and reactions to the host cultural norms create a "*cognitive inconsistency*". Furthermore, lack of sufficient knowledge about how to react and behave in certain circumstances, might create a "*cognitive ambiguity*" and in this case, the curve may start from a low level. (Haslberger 2008: 137)

On the emotional level, the euphoria related to the new experiences is high. The emotional curve starts high with many little ups and downs, as the international assignee sometimes experiences some confusion and displacement, and often feels isolated. However, general satisfaction is high, as the expatriate sees most of the things through "*rose-colored lenses*" at the beginning of his/her stay and pays little attention to distressing issues. (Ting-Toomey 1999: 248; Haslberger 2008:137-138)

Scholars agree that the honeymoon stage is followed by the so-called "*culture shock*" phase (Haslberger 2008: 138; Winkelman 1994: 122; Gullahorn and Gullahorn 1963: 38; Pires et. al. 2006:160) or "*crisis*" according to Oberg (1960: 143), or "*hostility stage*" according to Ting-Toomey (1999:248) as illustrated in figure 4. This crisis phase is caused on one hand by the exposure to a new cultural environment and on the other hand by the loss of the old, familiar setting. (Winkelman 1994: 122)

At this stage the expatriate becomes aware of the fact that he/she is insufficiently prepared to cope with the difficulties of the new cultural surrounding. (Pires et.al. 2006: 160) As he realises that attitudes which were accepted in the home culture are not suitable abroad, feelings of uncertainty and confusion creep in. (Black and Gregersen 1991: 499) The increasing awareness of differences in language, symbols, values and norms between the home and the new culture, causes anxiety and anger. (Kühlmann 2004: 13) The expatriate feels strained and what seemed to be interesting and amazing at the beginning, become more and more a burden. (Haslberger 2008:138) A study by Suutari and Burch (2001: 308) on 40 foreign expatriates working in Finland shows, that many difficulties are related to the interaction with host nationals. Here the respondents enumerate challenges such as: inappropriate language skills, differences in communication styles and the lack of personal networks, which prevent them from interacting effectively with the locals.

At the host company, the expatriate may be suddenly confronted with a new working environment and job role, as different plants have their own organisational structures, production flows, working techniques, customer desires, management styles etc., complex inputs that have to be understood and need adaptation. (Mezias and Scandura 2005: 527-528) In Suutari and Burch's (2001:303-304) study, respondents enumerate difficulties of communication with the working colleagues, due to different communication, leadership and decision-making styles. Often the expatriates do not know what exactly their responsibilities and tasks are, because they are not given a clear job description.

In this situation, the expatriate is suddenly confronted with a lot of new information about the culture, the new job and the attitudes of people. So, he/she has to make an additional effort to speak the new language, to make himself/herself understood and to decode the direct and indirect communication style of the host nationals. Of course, he/she learns every day and tries to be more efficient, but his/her behavioural performance still does not come up to his/her expectations. As it can be seen in figure 3, the behavioural curve rises, but still does not reach the optimum level. The new circumstances in which the expatriate finds himself/herself, requires both a physical and an emotional effort, which creates a cognitive ambiguity and emotional exhaustion, as it can be also noticed from the downward slope of the cognitive and emotional curves. (Winkelman 1994:123; Haslberger 2008: 138, Pires et. al. 2006: 160) The expatriate begins to be bad-tempered towards people around him/her because he/she becomes aware that nothing goes well and that he/she cannot cope with the cultural differences and daily worries. He/she is lonely, not understood and may be even disregarded. (Ting-Toomey 1999:248; Oberg 1960:143) Little problems are perceived as huge challenges and the inability to solve them discourages the expatriate. He/she gets disappointed, irascible, aggressive and often affronted. He/she feels abandoned and distrustful by others and is often concerned about being fooled. Sometimes he/she is even scared that others will take advantage of him/her. He/she may find different motives for judging the behaviour and living habits of those in the host country, and see everything from a pessimistic perspective. All these fears and concerns, may lead to depression or even physical disturbances. The culture shock phase may induce several unpleasant symptoms such as: exaggerated eating and drinking, family disagreements, quarrels or crying. (Winkelman 1994: 122-123; Ting-Toomey 1999:248-249; Pires et. al. 2006: 160) According to Winkelman (1994:123), the international assignee suffers both a "*personal shock*" and a "*role shock*". Living in an unfamiliar environment, the lack of the well-known social networking or lack of social support may

damage his/her self-confidence, lead to a loss of identity and uncertainty about his/her place and role in the society. In this situation, some expatriates might isolate themselves more and more, staying at home and waiting for the assignment to come to an end. Others may even decide to return home earlier because they cannot manage the stress, and because of homesickness and lack of friends. (Winkelman 1994: 122-123; Ting-Toomey 1999:248-249; Pires et. al. 2006: 160)

It is thought, that this painful scenario may not only negatively affect the contentedness and willingness of the expatriate to stay abroad, but also his job efficiency. (Pires et. al. 2006: 158) In Kenter and Welge's (1983: 176) opinion, there is interdependence between the private sphere and the professional sphere, as they influence each other reciprocally. For example, personal dissatisfaction, conflicts with host nationals and family disputes, may negatively affect his/her ability to efficiently complete the job related tasks.

According to Oberg (1960: 143), those who are able to get over the culture shock period and are still overseas, slowly leave this crises stage behind them and enter the "*recovery*" stage, as illustrated in figure 4. They begin to master the foreign language, start to socialise more and more with host nationals and their general approach towards the foreign culture improves, too. Instead of being reluctant, they start to consciously notice the cultural differences between the home and the foreign culture, being able to notice the advantages and disadvantages. (Ting-Toomey 1999: 249) They make progress daily, learning how to become more efficient and gradually adapt to the new values, norms and rules of behaviour. (Liu and Lee 2008:181) Although there are still some behavioural and communication difficulties, expatriates are no longer disappointed, but view their own blunders in a humorous way. That is why, Ting-Toomey calls this period the "*humorous*" stage. As seen in figure 3, from the emotional point of view, there are little emotional ups and downs, but generally the satisfaction level increases, due to an increased sense of ease in the new environment and increased self-confidence. (Ting-Toomey 1999: 249; Oberg 1960:143)

As time passes, the expatriate manages to enjoy the new culture fully. At this stage, he/she communicates efficiently in the foreign language and knows a wide range of language structures and functions. He/she also has an understanding of the local habits and rules of behaviour and everything that was odd at the beginning, seems to be normal now. (Ting-Toomey 1999: 249) Now that he/she has very good verbal and non-verbal communication



skills, he/she expands his/her social contacts and networks. There is also a cognitive and behavioural certainty, as expatriates now function effectively in the new cultural environment. As shown in figure 3, the cognitive and behavioural curves have reached a high adjustment level by now. (Haslberger 2008: 138) At this moment, people around accept and welcome the expatriate into their own social groups, so that he/she starts to feel like a safe and integrated member of the local community. (Lysgaard 1955: 50-51) He/she is totally adjusted and that is why, according to Oberg (1960: 143), this stage is called the "*adjustment*" stage. (See figure 4) The thought of leaving the host country at this stage, may even provoke a feeling of homesickness, as the expatriate would miss his/her newly acquired friends and the surroundings. From an emotional point of view, all fears have disappeared by now (Oberg 1960: 143) and during this "*in-sync*" stage, as Ting-Toomey calls it, expatriates regain the confidence and appreciation of the host nationals. (Ting-Toomey 1999: 249) For this reason, the emotional curve returns to its normal level. (See figure 3) Nevertheless, Haslberger (2008: 138-139) argues that the "*emotional rollercoaster*" still persists, as the emotions vary continuously on short term, because they vary according to different, everyday happenings.

According to Ting-Toomey (1999:249-250), the international assignee's mood level goes down as the departure day draws near. The "*ambivalence*" stage is characterised by alternating feelings of happiness and sadness. (See figure 4) On the one hand the expatriate is sad to leave his/her new home and new acquired good friends, but on the other hand he/she is self-confident and proud of the experiences he/she has gained during the overseas assignment and is eager to share all his/her adventures with his/her former companions back home. This idea is also supported by Oberg (1960:143), who argues that the expatriate might even take some treasured things back home to remind him/her of his/her pleasant time spent abroad.

Hirsch (2003:423) describes a three-phase model of German expatriates who related their experiences after their return home. Dörzenbach (2008: 56) analysed Hirsch's model and draw a curve which is illustrated in figure 4. According to Hirsch (2003: 423), the first six months after returning home, are characterised by feelings of joy at being home again. The repatriate is optimistic, open and ready to readjust to the new environment. Hirsch describes this phase as the "*naive integration*" stage, which is actually only a surface readjustment before entering a deep crisis again.

Little attention is given to repatriation, as it is believed that expatriates return to the well-known social environment, to their familiar job tasks and interact with their old, well-established social circle. But in reality, repatriation is often a more difficult period than expatriation. (Hyder and Lövblad 2007:264) When expatriates and their families return home, they might return with erroneous mental images, perceiving a reverse culture shock as the old ways of behaving are no longer valid and all these changes may induce feelings of confusion and an impression of returning to a "foreign" country. (Stroh et al. 2005:190) According to Ting-Toomey (1999:250), the "re-entry culture shock" follows the ambivalence stage, without passing through a naive integration phase. (See figure 4)

Actually Dörzenbach (2008: 64-65) argues, that reverse culture shock appears because of the unexpected confrontation with the well-known environment. During the expatriate's time abroad, lots of things to do with the social, political, economical systems have changed in the home country. After a longer global assignment, the host country has become a more familiar environment than the home country. The expatriate and his/her family have adapted both to the host country's culture and to the corporate culture and changed their old behaviours. Often the expatriate returns with a different view of life, because he/she has absorbed some of the host land values during his/her stay there. Naturally, close friends and relatives do not understand these changed attitudes and as a result the repatriate will once again feel misunderstood. Besides the changed behaviour, the repatriate also changes his/her attitude towards the home life styles that were perceived as normal before. Comparing cultural norms, structures and behaviour rules back home with those from the host culture, he/she will realise that he/she has to re-adapt to the sometimes negatively perceived home life styles. (Stroh et. al. 2005: 190-193; Burghaus 2006: 19-20). The initial euphoria at his/her return drops off slowly, as the repatriate realises, that old friends have moved on and that those who are still there no longer appreciate his/her inter-cultural stories and experiences. He/she often compares the living conditions at home with those in the host country, noticing unpleasant aspects of the home environment such as: travel difficulties, dirty town or political corruption. (Hirsch 2003: 423; Hurn 1999:225)

Changes have also occurred in the home corporation, where there may have been changes to managerial staff, management strategy or other kinds of reorganisation. (Stroh et. al. 2005: 190-193) Often, due to technological innovations, the repatriate's level of knowledge might be out of date. Because of potential structural reorganisations, he/she might no longer understand the internal communication channels and working processes.

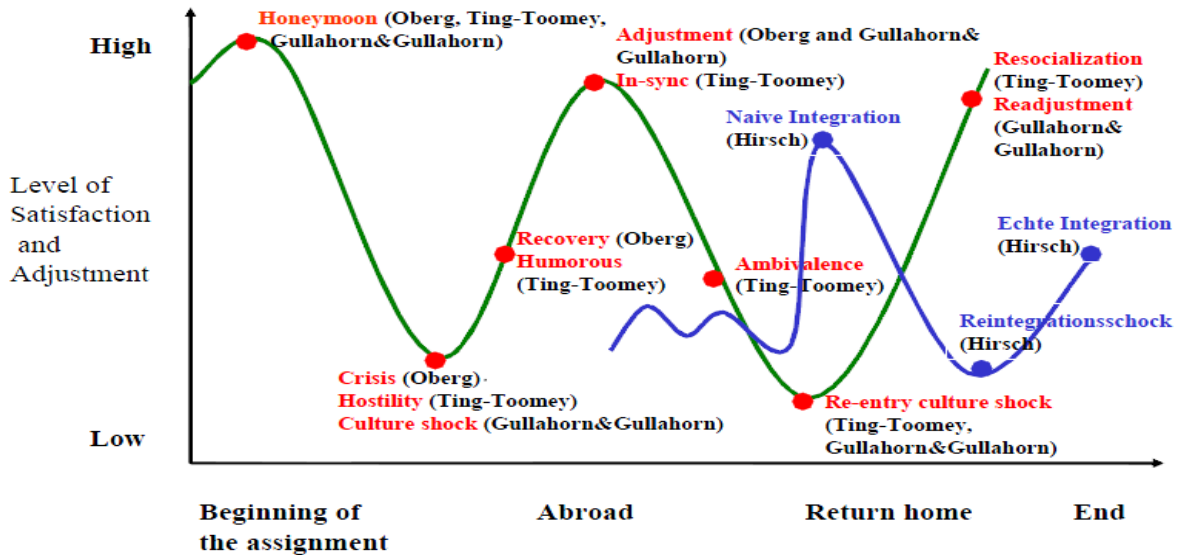
Furthermore, he/she might not receive the necessary support to adapt to these changes. (Burghaus 2006: 21) Lots of repatriates encounter career challenges such as: uncertainty regarding their future position in the home company, or getting a lower position than they expected. Sometimes receiving a lower position in the home company goes hand in hand with a professional degradation, due to a restricted range of responsibilities. For example, an expatriate who had a managerial position overseas, may return home to a lower position, and feel bad when he/she realises that his/her former colleagues have reached higher positions in the meantime. Moreover, often the skills, experiences and qualifications the employees have acquired, are disregarded by the management and they do not receive any kind of support from the company. The expatriate is often forgotten while at the host company, receiving no careers planning for his/her future career path. As a result of all these, the repatriate will quit, knowing that his/her new acquired qualifications will give him/her better chances in another company. (Suutari and Valimaa 2002: 617-618; Hyder and Lövblad 2007:265; Burghaus 2006:22-26)

As a consequence, the repatriate feels more and more marginalised and the situation gets worse, as the personal and professional difficulties collect: new job, new job tasks, new working atmosphere, the family's readjustment difficulties and the inability to understand new political and social developments within the home country. All these create a feeling of depression and frustration, which might be even more extreme than the entry culture shock. The repatriate does not feel home any more, as the reality he/she finds does not fit his/her expectations. He/she feels angry, unsatisfied, stressed and might withdraw in resignation. (Hirsch 2003: 423-424; Ting-Toomey 1999: 250) Stroh et al. (2005:194) consider that low work efficiency and high attrition rates among repatriates after returning home are a direct consequence of these readjustment difficulties.

As time passes, the repatriate undergoes a so called "*readjustment process*" (see figure 4) to his/her home environment which, according to Gullahorn and Gullahorn (1963:39) is identical with the adjustment process experienced abroad. This stage is called "*Echte Integration*" by Hirsch (2003: 424), who claims, that only one year after the return, the repatriate feels at home and fully integrated. He/she gradually succeeds to develop realistic expectations, regains his/her self-esteem, satisfaction and learns to get over difficulties. He/she slowly regains old behaviour patterns, re-socialising. (Ting-Toomey 1999: 250) From time to time he/she might relapse to the crisis stage, if faced with difficulties in his/her social or

professional life, or when reminiscing about good times had while abroad. (Hirsch 2003:424) Yet, according to Dörzenbach (2008: 46) the degree of satisfaction will only have reached a middle level by now.

**Figure 4: Cross-cultural adjustment models in the conceptualization of different scholars**



Source: Own. The figure integrates curves developed by Ting-Toomey, Stella (1999). "Communicating across cultures", pp. 248 and Hirsch's reintegration three phase model in the conceptualization of Dörzenbach, Christiane Meier (2008) "Die erfolgreiche Reintegration von Expatriates- Motivationale und organisationale Einflussfaktoren", pp. 56

Analysing the figure above, it can be noticed that different researchers have come up with different models to describe the cross-cultural adjustment. The whole assignment requires a continuous adjustment process over a long time period, which is marked by different degrees of satisfaction and adjustment. (Kenter and Welge 1983: 178) It is a long-term process full of peaks and valleys, as the individual goes through a lot of cognitive, emotional, behavioural and identity changes. (Ting-Toomey 1999: 233) It can also be noticed, that an international assignment is connected to two big crises: the so called 'culture shock' at the entry and the 're-entry culture shock' at the return home, characterized by psychological and physical disturbances, which create low satisfaction levels. This is due to the difficulties related to coping with the new cultural environment, the new working settings and dealing with interactions with people, both during and after the international assignment. The negative consequence of low satisfaction levels is low work efficiency, premature returns or even the desire to leave the company.

### **5.3.2 Family cross-cultural adjustment difficulties and their impact**

So far, only the adjustment and readjustment difficulties which the expatriate and repatriate face, have been discussed. This section will analyse, whether the family members experience such problems and whether these affect the job performance and the expatriate's or repatriate's intention to leave the company.

Especially at the beginning of the assignment, both the spouse and the children may encounter adjustment difficulties.

Arriving overseas, the spouse has to piece together a well-functioning household in a foreign environment, cope with the foreign language, solve any problems that might emerge with the local authorities, ensure the health care facilities for the entire family, create social connections with the locals and sort out schooling for the children. All these are tasks that require additional effort, adaptation and communication abilities on the spouse's part. Furthermore, spouses who have had to abandon their earlier job may feel desolated in their struggle to arrange everything alone or to find a suitable workplace overseas. For this reason, they may become depressive, disappointed or feel abandoned. (Stahl 1995: 41; Selmer and Leung 2003:11) An additional problem in Selmer and Leung's (2003:11) opinion might be the financial constraints due to the loss of the spouse's wage. They state that nearly 25% of the expatriates' partners do not find a suitable job abroad and for this reason the family's level of wealth can decline. All these obstacles and challenges can cause a loss of self confidence, frustration, stress and a low level of satisfaction in the new cultural environment. Today, as Riusala and Suutari (2000: 83) state, most dual career couples do not receive any support from the company and are instead left alone with their difficulties.

Children too, often encounter difficulties in adjusting to the different educational system. (Avril and Magnini 2007: 57) They might have difficulties making friends abroad, which could influence their willingness to stay and also their learning performance. Interestingly, Haslberger (2008: 141-142) argues that the children's problems adjusting, negatively affects the parents' adjustment from a cognitive, behavioural and emotional point of view. Of course, vice versa a successful adjustment of the children may delight the parents. Family members' difficulties adjusting abroad, might lead to expatriation failure. Researchers such as: Selmer and Leung (2003:9-10), Avril and Magnini (2007:57), Tung (2009:150), Fukuda and Chu (1994: 37-39) and Stroh et al (2005:112) point out, that the adjustment difficulties of the spouse have a critical impact on the expatriate's adjustment and job

performance and may be an important reason for failure. For instance, Oddou and Mendenhall (2007: 208-213) found that the acculturative stress of the partner had a negative impact on the ability of the expatriate to successfully master the job responsibilities. In another article, Stahl (1995:41) mentions a study made by Blaker, in which half of the managers returned prematurely, because the spouse could not adjust overseas. The adjustment reciprocity of all family members is also underlined by Black and Stephens (1989:538) and Stahl (1995:42-43). Stahl (1995:42) maintains that the difficulties any family member faces adapting to the environment, can be transmitted to the others, by a so called "*contagion effect*", leading the expatriate to work less efficiently, to a weakening of the family unit and perhaps to a premature return from the assignment. This in Stahl's (1995: 42-43) opinion also depends on the extent of the crisis the family goes through, so, "*for families that experience severe culture shock, mutual dependency can intensify the stress rather than solidify relational bonds*".

After the international assignment is completed, the family members might also undergo the reverse culture shock, maybe more severely than the repatriate himself. (Howard 1974: 23)

After returning home, the spouse may again encounter difficulties finding a suitable job. A study made by Stroh et al. (2005: 205-206) on American spouses accompanying their partner overseas, show that while half of them had a workplace before engaging in the assignment, only 30% found a job upon returning home. This is explained by the lack of professional skills, lack of proper social contact and little support from the company. Another explanation is that the spouse has to struggle to find accommodation, to re-establish the household and to support the children in readjusting and for this reason less time is left for job seeking. Of course, the whole family, like the repatriate, goes through the same difficulties in readjusting to the general environment, having to readapt after having been alienated from their own home country. They often have to re-establish old contacts and to readjust to the political and social changes. (Burghaus 2006:18) In many cases, the expatriate had an important position in the host company and enjoyed a high level of prestige and status. This might have been reflected also in luxurious living conditions, like having housemaids, free housing or even a private chauffeur. Returning to a lower job position back home, might be accompanied by a loss of status and a drop in standard of living for all family members. Having no choice but to give up these privileges, might upset and frustrate the spouse. High wages, housing allowances and bonuses often stop when the repatriate begins work back

home, which can lead to financial limitations and tensions within the family. (Howard 1974: 24; Kenter and Welge 1983: 176-177)

Children returning back home may also encounter difficulties readjusting. The return back home means uprooting again, and abandoning their new friends and the environment they have just become accustomed. (Burghaus 2006: 18) They might have difficulties in readapting to the new schooling system, to new requirements, different teaching methods and grading systems. Often, due to different educational systems, they have gaps in their knowledge, or know things the other children have not learnt yet. Moreover, children have to readapt to the new social and living conditions and just as in the case of the repatriate, cultural differences may affect also the smooth readjustment. All these difficulties may induce feelings of insecurity and sadness, making reintegration very hard. (Burghaus 2006: 18-19; Howard 1974: 23-24)

All these challenges, that the spouse and children are confronted with on their return back home, may make them unhappy and the tensions within the family members may have a direct impact on the repatriate. (Burghaus 2006: 19) According to Kenter and Welge (1983: 176-178), the repatriate goes the challenge of readjustment twofold: first, as a result of his/her own experiences and secondly, indirectly through those of his/her spouse and children. So, the whole family may enter a reverse culture shock phase, experiencing unhappiness. Feelings of hostility within the family can have a negative impact on their attitude towards the home company, with the effect that the repatriate has lower job satisfaction and performs less well. As Stroh et al. (2005: 194) point out, *"When a partner has difficulty adjusting, it is likely to be reflected in the performance of the employee"*.

#### **5.4 Cross-cultural adjustment as a predictor of job performance and commitment to the company**

The results of the analysis made in section 5.3.1, highlighted that problems adjusting to the general environment, to the new working setting and to the interaction with people, both during and after the assignment, lead to low satisfaction levels that might negatively affect the expatriate's/repatriate's ability to achieve job-related goals and his/her willingness to continue his/her professional path in the company. This section proposes thus to find out whether cross-cultural adjustment both during and after the overseas assignment, is the key towards success. In order to do so, results from empirical studies will be discussed.

Several authors such as: Ehnert and Brewster (2008:110), Brewster and Scullion (2009:19), Collings and Scullion (2008:88) and Schuler et al. (1991:368) write theoretically that there is a correlation between successful cross-cultural adjustment during expatriation and job performance and the employee's intention to stay with the company. Their ideas have been put to the test by a number of empirical studies, which will be discussed below.

With regard to the impact of cross-cultural adjustment during the assignment on job performance, although results of empirical studies do not agree on the question of which aspects of adjustment might enhance the best work efficiency, overall there is mounting evidence of a positive relationship between cross-cultural adjustment during the assignment and job performance. (See figure 5) For instance, both Early<sup>8</sup> (1987: 688-695) and Pires et al. (2006: 160) reported a positive correlation between adjustment and job performance. They relate cross-cultural adjustment to a high degree of satisfaction and less acculturative stress, as understanding all aspects of the foreign setting, automatically results in a better ability to master the job responsibilities abroad. Both Stroh et al. (2005: 102-103) and Oddou and Mendenhall<sup>9</sup> (2007: 208-213) agree that all three facets of adjustment enhance the ability to master the job tasks. However, while Stroh and his colleagues found that adjustment to the job was the most important indicator for job efficiency, Oddou and Mendenhall found that adjustment to the general environment and interaction with host nationals was more important. In another study<sup>10</sup>, Kraimer et al. (2001:79-90) divide expatriate efficiency into (1) "*task performance*" meaning the fulfillment of the job tasks, having technical abilities and working efficiently in general and (2) "*contextual performance*" meaning good networking and the ability to interact with work colleagues. The results confirmed the positive influence of at least two facets of adjustment on expatriate performance. While adjustment to the job had a positive impact on task performance, adjustment to general environment had a positive effect on contextual performance. As a critique to the above mentioned research, most of the

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<sup>8</sup> Early (1987:688-695) carried out a study on a number of 80 American expatriates assigned to South Korea. He noticed that those expatriates, who experienced less acculturative stress, considered themselves high performers and/or were rated by their chief as such. They measured performance by evaluating their general work efficiency, networking skills, task fulfilment and quality of job completion. However, it remains unclear how exactly adjustment to the new culture and its' intensity have been defined and rated. The reader doesn't get an insight whether adjustment is viewed as a mono or multidimensional construct.

<sup>9</sup> In their survey of 150 expatriates, Oddou and Mendenhall (2007: 208-213) found that those respondents who felt satisfied with the new general environment, who succeeded to interact successfully with their host national counterparts, reported higher job efficiency.

<sup>10</sup> Kraimer et al. (2001:79-90) found that those expatriates which reported a high degree of comfort with the working circumstances fulfilled their responsibilities more successfully, although there was found no significant link between adjustment to work and contextual performance. Additionally they found that while adjustment to the general environment was negatively related to contextual performance, those who felt content communicating with the host nationals, were rated high on the contextual performance facet.



studies did not use a standardised measurement of job performance or adjustment and they did not have precise definitions or examples of adjustment and job performance.

Furthermore, research suggests that overseas adjustment is also related to the expatriates' intention to stay in the company. Again, empirical studies offer different views on which facets of adjustment might enhance the best company commitment. Nevertheless, overall the positive correlation is underlined. (See figure 5) The findings of Black and Stephens<sup>11</sup> (1989:533-538) and Gregersen and Black (1990: 476) were similar. Only those expatriates, who felt comfortable in the new general environment and/or interacting with locals, reported an intense commitment to the company. There was no evidence for the hypothesis that there was a link between intention to stay with the company and employees having fewer difficulties adjusting to their work conditions. In contrast, Takeuchi et al. (2005:90-95) also investigated this issue evaluating data from 243 Japanese expatriates during their assignments in the United States. Their hypothesis that adjustment to the work environment during an assignment leads to fewer premature return intentions, has been confirmed.

With regard to the effect of readjustment back home on job performance and willingness to stay with the company, there can be found only a few empirical surveys by Gregersen and Black (1993:133-135), Vidal et al. (2007: 317) and Lee and Liu (2006: 751), that investigate this issue. (See also figure 5 for an overview of their results) Moreover, much of the literature by Black et al. (1992b: 753-754), Suutari and Valimaa (2002: 633), Blakeney et al. (2006:190) and McCaughey and Bruning (2005: 27) on this topic is purely theoretical and hypothesis is not backed up by surveys and analysis of the results. Thus, it seems that less attention has been paid to the aspect of readjustment. A short overview will be taken below.

In their survey<sup>12</sup> Gregersen and Black (1993:132-135) assert that although all facets of repatriation adjustment will have a positive influence on job performance, readjustment to work will have the strongest impact, as usually “*work repatriation adjustment is most closely*

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<sup>11</sup> Black and Stephens (1989:533-538) evaluated the 220 responses of American expatriates assigned in Japan, Korea, Taiwan and Hong Kong, showed that only the general and interaction facets of acculturation had a positive impact on the expatriate's willingness to stay. As all expatriates were satisfied with their job conditions, this facet did not influence their attrition intentions.

<sup>12</sup> Gregersen and Black (1993:133-135) conducted a survey on a sample of 174 U.S, 173 Japanese and 104 Finnish repatriates. This study viewed readjustment as a multilayer construct, still the reader can't find out on what criteria aspects of adjustment relied on. However, among few studies, the reader is given a detailed insight of job performance measurement: (1) general efficiency, (2) interaction and communication skills (3) work quality and (4) completion of the job related targets.

associated with the job the individual is performing.” This hypothesis was reinforced by the results of their survey.

In their article, Black et al. (1992b: 753) assume that although all facets of repatriation adjustment will have a positive influence on the willingness to stay in the company, adjustment to work will have the strongest impact. Indeed, the findings of the survey conducted by Gregersen and Black (1993:134) found a significant positive correlation between all three facets of readjustment and willingness to stay. Readjustment to work was however the strongest predictor. The findings of a recent empirical study<sup>13</sup> by Lee and Liu (2006:756-757) support the idea that readjustment had a negative correlation with the intention of repatriates to leave the company. One failing of the article is that the term readjustment is not defined and the reader is not told how it was measured.

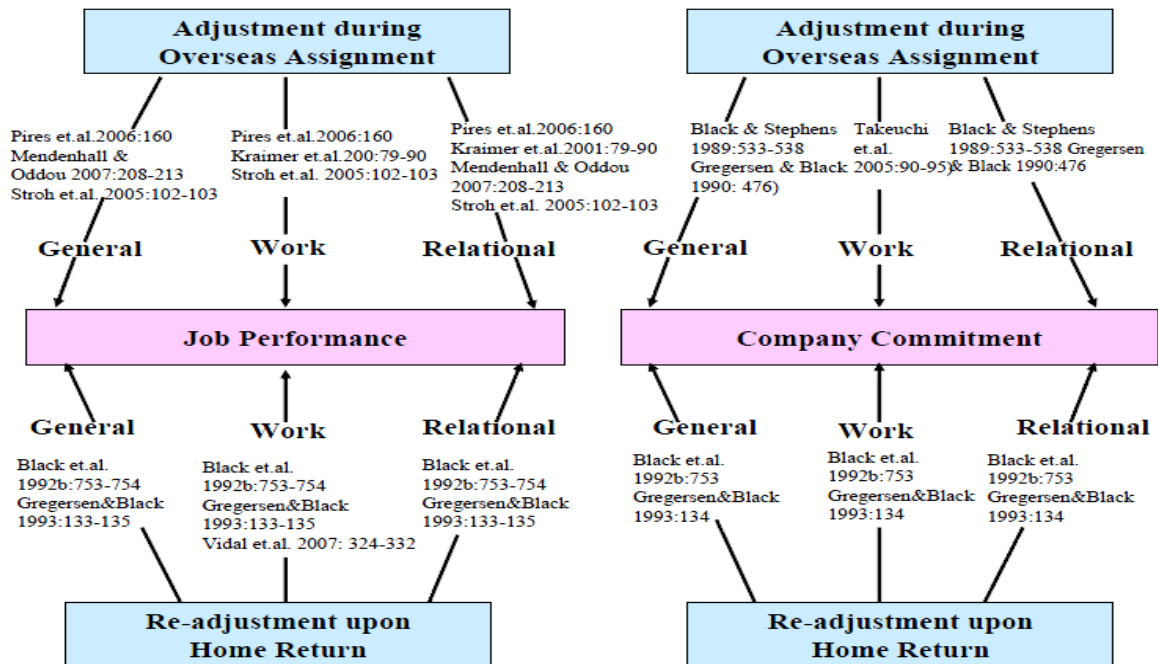
In their research<sup>14</sup>, Vidal et al. (2007: 317) also attempted to find a link between the readjustment process and job performance respectively intentions to stay with the company. Unlike other scholars, their intention was to find out also whether readjustment increases with time. One interesting finding was that returnees felt less readjusted 2 months after their return than after 9 months. The results of their study revealed that the better repatriates readjusted to work, the better they performed upon return. Increased performance took place 2 months after perceived readjustment, and only after 9 months of perceived work adjustment, repatriates reported satisfaction and fewer intended to leave the company. In contrast, those returnees who did not manage to readjust to work after 9 months, were unsatisfied and reported that they were considering leaving. (Vidal et al. 2007: 324-332) A limitation of the research is that, the terms work readjustment and job performance were not defined and it was not made clear how these were measured. Nor examples were given. Another shortcoming is, that the scholars did not analyse all three facets of readjustment namely: general, job and interaction readjustment. Instead they focused only on the work aspect.

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<sup>13</sup> Lee and Liu (2006:751) surveyed a number of 124 Taiwanese repatriates recently returned from their overseas assignment.

<sup>14</sup> Vidal et al. (2007: 317) analyzed the impact of different factors on repatriation adjustment on a sample of 122 repatriates returning to their Spanish corporations.

**Figure 5: Link cross-cultural adjustment/readjustment with the expatriate’s/repatriate’s job performance respectively intentions to stay with the company**



Source: Own. The figure is based on a literature review of some empirical studies discussed in section 5.4 of the present paper

From the analysis above, it can be concluded that most scholars see cross-cultural adjustment during and after the assignment as a predictor to the expatriate's and repatriate’s job performance and commitment to the company. Nevertheless, while some studies show support for the impact of one or another facet of adjustment, others demonstrate the influence of all of them. (See figure 5) For this reason, in this thesis, it can be maintained, that it is crucial to the success of an international assignment, that the expatriates and repatriates feel satisfied with their general environment, their work conditions and are able to interact effectively with host/home nationals. Another observation is that little of the empirical research, which has been conducted, focuses on this relationship and few details are given on the assessment and measurement of adjustment and job performance.

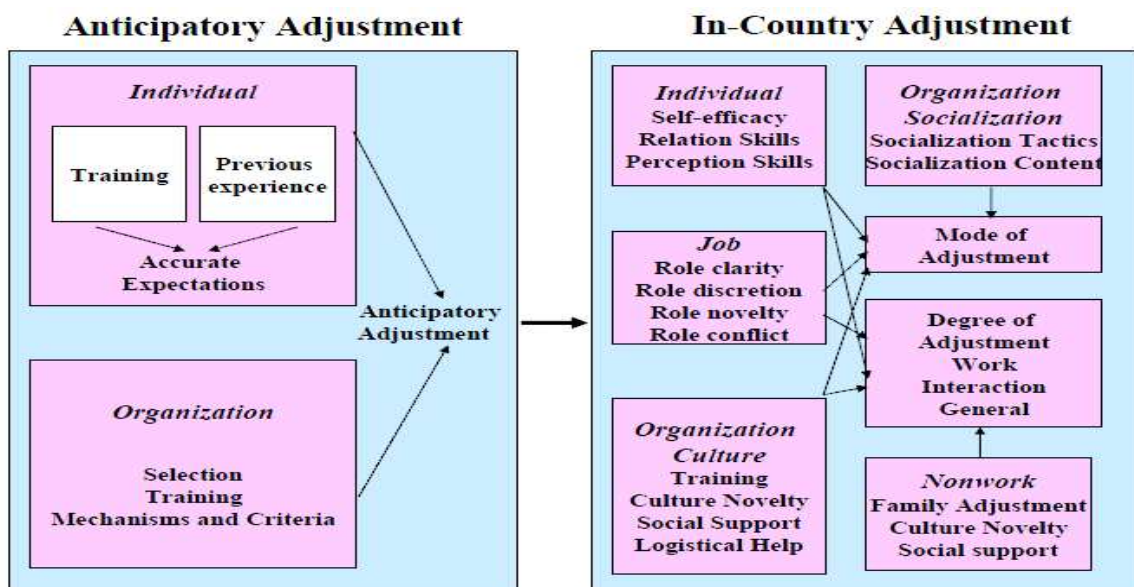
### 5.5 Factors affecting cross-cultural adjustment

In order to improve the expatriate's and repatriate’s cross-cultural adjustment and thus indirectly his/her job performance and intentions to stay with the company, it is important to identify the factors which affect his/her adjustment both during and after the assignment. To illustrate these variables, two representative theoretical models have been chosen, because

they reflect the assumptions of authors such as: Black et al. (2009: 344-346) and Black et al. (1992b:745) regarding the factors which either enhance or inhibit the adjustment before, during and after the assignment. These models will be thus elaborated upon, with the aim to find out which variables raise adjustment ease along the whole assignment period.

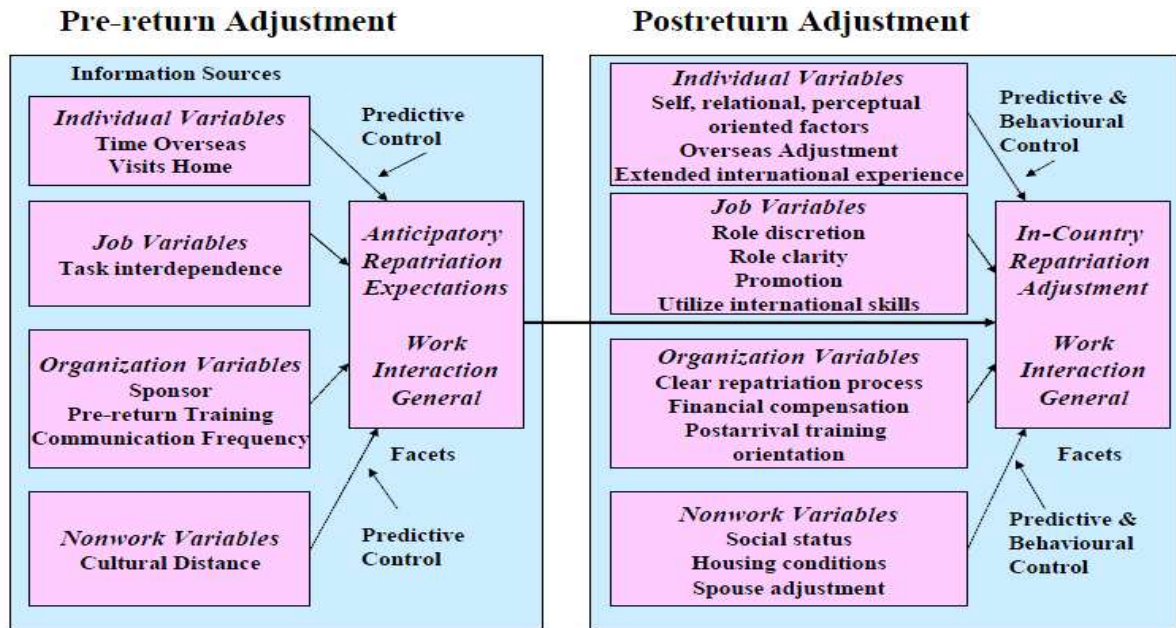
In their study carried out in 1991, Black Stewart J., Mendenhall Mark and Oddou Gary made a comparison of domestic and international adjustment literature and developed a theoretical model of cross-cultural adjustment. They identified factors that affect adjustment for the period before and during the assignment. (See figure 6) They assume that an "anticipatory adjustment" before leaving abroad, is a precondition for a smooth and rapid "in-country adjustment". (Black et. al. 2009: 344-346)

**Figure 6: Factors affecting cross-cultural adjustment before and during expatriation**



Source: Own. Figure integrates models of Black et al. (2009), "Toward a comprehensive model of international adjustment: an integration of multiple theoretical perspectives", pp. 343 and of Stroh et al. (2005) "International assignments - an integration of strategy, research and practice", pp. 101

Another study by Black Stewart J., Gregersen Hal B. and Mendenhall Mark in 1992, focused on the development of a theoretical model of repatriation adjustment, as it is illustrated in figure 7. They argued that before leaving home, a so called "prereturn adjustment" is a prerequisite for a successful "postreturn adjustment". (Black et al. 1992b:745; Stroh et al. 2005:195-197)

**Figure 7: Factors affecting cross-cultural adjustment before and after repatriation**

Source: Own. Figure integrates models of Black et al. (1992b) "Toward a theoretical framework of Repatriation adjustment", pp.745 and of Stroh et al. (2005) "International assignments - an integration of strategy, research and practice", pp. 196

The authors identified certain factors related to the individual, job, organization and non-work issues, that affect all the three facets of adjustment in different ways, both before and during the assignment (Stroh et al. 2005:107; Black and Gregersen 1991:499) and before and after repatriation. (Black et al. 1992b:745; Stroh et al. 2005:195-197) These factors will be discussed in detail in the followings.

### 5.5.1 Factors influencing anticipatory adjustment

According to Stroh et al. (2005:107), expatriates have to create for themselves clear mental images, describing different aspects of the foreign culture, because only by developing precise "anticipatory expectations" before leaving their country, they will be able to cope with the challenges waiting for them abroad. Doing so will reduce their fear of stepping into the unknown. In their article, Black et al. (2009:345) hypothesise that precise expectations will facilitate a "degree of international adjustment", because, being informed in advance about the job expectations, country and corporate culture, methods of interacting with local people, the expatriate will encounter less difficulties and the culture shock will be less intense. In such a way the expatriate will be able to understand what kinds of behaviours are suitable or

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unsuitable in the host culture. The antecedent variables, as it can be noticed in figure 6, have been grouped into two categories in this theoretical model: individual and organisational.

Cross-cultural training and previous experience are the individual factors which are assumed to facilitate the creation of precise expectations.

Self-provided pre-departure cross-cultural training is supposed to reduce uncertainty and facilitate a smooth adjustment process, as collecting information in advance about the cultural, political, social, economical setting and the requirements of the future position abroad, allow the expatriate to form a clear image of what the living and working conditions will be like. (Black et al. 2009: 346)

Former international experience is also thought to help the expatriate to realise what to anticipate from his/her new cross-cultural assignment, because all the information gathered on previous trips abroad, can be used in the new setting, thus reducing anxiety about the relocation. (Black et al. 2009:345)

The organisational factors are the selection criteria, pre-departure cross-cultural training provided by the company and support with anticipatory adjustment.

The importance of selecting the right person for the overseas assignment is said to be critical, because the more the individual fits the requirements of the company and the more he is selected on the basis of a wider array of criteria, the better his/her adjustment will be. (Black et al. 2009:346)

Company provided cross-cultural training, is thought to be an important predictor of proper adjustment. (Stroh et al. 2005:108)

Stroh et al. (2005:109) suggests that logistical and emotional assistance provided for the employee and his/her family before departure would be beneficial, because the more time the company is dedicated to the future physical and psychological comfort of the international assignees, the quicker and the easier their adjustment will be.

Summing up, the factors which are assumed to enhance anticipatory adjustment are: self-provided and company provided cross-cultural training, right selection criteria of candidates, logistical and emotional assistance provided for the employee and family members.

### 5.5.2 Factors influencing in-country adjustment

Experts argue that there are factors that enhance a rapid adjustment after arrival in the foreign country and others which inhibit it. Therefore, a closer look will be taken on these, in order to gain a better understanding of how they impact the adjustment process. The variables have been grouped in four categories: individual, job, organisational and non-work ones. (See figure 6)

There are three categories of individual factors which are connected to the individual's competencies and are thought to be positively related to adjustment during the assignment: "*self-oriented*", "*other-oriented*" and "*perceptual-oriented*". (Black et al. 2009:347)

The first category is the "*self-oriented*" dimension. Aspects of self-oriented skills are discussed by Mendenhall and Oddou (1985:40-41). They argue that a healthy self-image, the ability to master stress situations and the technical skills necessary to accomplish the job tasks are likely to aid adjustment. People who strongly believe in themselves and possess the necessary technical expertise will be able to change their behaviour quickly in the new setting and learn from their own mistakes. Furthermore expatriates who have a secure background, to which they can withdraw and relax when confronted with difficult situations, are likely to be successful and get over the initial culture shock phase quicker. (Stroh et al. 2005:110; Mendenhall and Oddou (1985:41)

The second category is the "*other-oriented*" dimension. Black et al. (2009:347) believe that good relational skills of the expatriate enhance adjustment, as communication enables the expatriate to understand the new environment better, by interaction with nationals from the host country. This is connected to two further aspects: the ability to create a network of local friends and the desire to interact with them. Furthermore, the communication skills of the expatriate and his/her desire to speak the foreign language, even if not proficiently will have a positive effect on his/her acculturation. (Mendenhall and Oddou 1985: 41-42)

The last individual factor is the "*perceptual-oriented*" dimension. The expatriate's ability to grasp invisible cultural values, assumptions and cultural rules and thus to understand why people from the other culture behave in a certain way, is thought to be important when interacting in a foreign setting. For instance, personal traits such as: cultural empathy, low ethnocentrism and non-judgmentalism are assumed to enhance adjustment. (Mendenhall and Oddou 1985: 42-43)

The job factors impact both the mode and the level of adjustment to the job facet and have been sorted into four categories, as illustrated in figure 6: "*role clarity*", "*role discretion*", "*role novelty*" and "*role conflict*" (Black et. al. 2009: 348)

"*Role clarity*" and "*role discretion*" are both thought to have a positive effect on adjustment to the job facet. (Black et. al. 2009: 348) When expatriates receive a precise description of the job tasks and objectives they have to achieve, they will be more confident, the unease at starting a new job will be reduced and this in turn will increase their work adaptability. (Black and Gregersen 1991: 501) When expatriates have freedom in their job position, when they themselves can determine what tasks to proceed, how and with whom to work in team, then their work satisfaction will raise. (Stroh et. al. 2005:111)

It is assumed that "*role novelty*" and "*role conflict*" have a negative effect on the expatriate's ability to adjust to the new job. (Black et. al. 2009:349) A new, unfamiliar work role might consist in a new hierarchical position and new responsibilities and functions. These might amplify feelings of unease towards work. (Black et al. 2009: 348-349) "*Role conflict*" refers to the fact that, even if the expatriate knows exactly what he has to do, different people might have different expectations or cultural differences might lead to misunderstandings about the job role. This situation would increase his/her misgivings and inhibit his/her work adjustment. (Black and Gregersen 1991: 501; Black et al. 1992a: 127)

The organisational culture factors which might affect the overseas adjustment have been classified in four categories, as seen in figure 6: "*post- arrival cross-cultural training*", "*culture novelty*", "*social support*" and "*logistical help*" provided by the company. (Black et al. 1992a: 127-128)

As Stroh et al. (2005:111) argue a complex and country-specific training might help the expatriate to make sense of the foreign culture, behaviour there, norms and communication patterns, giving him/her additional useful information. Moreover, exercises and workshops might help him/her to develop inter-cultural skills that would enhance his/her ability to adjust rapidly.

"*Organization culture novelty*" relates to the degree of corporate culture differences between the home and the host setting. The greater the differences, the bigger will be the work ambiguity and the lower the expatriate's adjustment to the work dimension. (Black et al. 2009: 349)



The degree of help the newcomer receives from the company during his/her stay abroad, can also ease his/her adjustment. The provision of information and emotional support would help the expatriate settle in and help him/her understand how to get along in the company. (Black et al. 2009: 350)

As well as social support, "*logistical support*" provided by the company is also welcome, because moving from the familiar to a completely unknown setting, goes hand in hand with difficulties in adjusting to the non-work environment, both for the expatriate and his/her family members. (Black et al. 2009: 350)

The organisational socialisation factors relate to socialisation. The authors believe that when an individual integrates and communicates well in a group, he/she might learn new things, which increases his/her ease of adjustment. (Black et al. 2009: 350-351)

The non-work factors are classified in three groups: "*family adjustment*", "*culture novelty*" and "*social support*". The authors assume that these factors affect the three facets of adjustment differently. (Black et al. 1992a: 128)

Black et al. (2009: 351) assume that "*family adjustment, especially spouse adjustment, will be positively related to employee international degree of adjustment.*" As discussed at length in section 5.3.2, the degree of "*family adjustment*" is an important predictor for the success or failure of an international assignment, as it has an important impact on the performance of the expatriate and his/her willingness to stay abroad. It was also pointed out, that there is a strong reciprocal influence between the adjustment of the spouse, children and expatriate.

Another predictor is the "*culture novelty*" the expatriate and family members face when going abroad. The greater the differences between the home culture and that of the host land, the more difficult to adjust to the non-work environment and to interact with local people. (Black et. al. 2009:351) This is because, people belonging to different cultures act, behave and communicate differently, which can lead to misunderstandings and conflicts. (Stroh et al. 2005: 112-113) Vianen et al. (2008:461-462) revealed that "*surface-level cultural differences*" – all aspects that can be easily observed, such as: accommodation, food, climate etc are hard to avoid and dissatisfaction with these issues might be a reason to return back home. But there are also "*deep-level cultural differences*"- beliefs and values which are invisible and are only noticed after a longer stay in the host country. The authors also argue

that these different values and assumptions may also affect work dimensions, influencing the working climate.

The "*social support*" received from local people outside the company is also thought to aid adjustment, as the important information and emotional assistance received, helps reduce feelings of uncertainty related to the host culture. (Stroh et al. 2005:113)

Summing up, the factors which are assumed to enhance the in-country adjustment of the expatriate are: certain individual characteristics of the individual, job clarity and job discretion, cross-cultural training, social and logistical support received and a smooth adjustment of the family members.

### **5.5.3 Factors influencing pre-return adjustment**

In their model of repatriation adjustment, Black et al. (1992b:742-744) argue, that by developing a clear, realistic mental map of what it is exactly that expatriates will return back home to, uncertainties related to the new job, general environment, home culture and social interaction with home nationals, may be reduced. The authors assume that there are a range of causal factors that either diminish unease, enhancing the ability to adjust after returning, or boost the feelings of uncertainty, which inhibit the post-return adjustment. They categorise the causal factors, as illustrated in figure 7, as follows: "*individual*", "*job*", "*organizational*" and "*non-work*" variables. (Black et al. 1992b:743)

The individual factors relate to how the period of time spent overseas and the frequency of visits home, affect the formation of assumptions regarding the three aspects.

Black et al. (1992b:745) assert that re-adaptation becomes more of a challenge, the longer the expatriate is abroad and the bigger the changes that take place in his/her home land in the meantime. This is because it will be difficult for him/her to create a precise image about what it is like in the home country, instead comparing it to how it was before he/she engaged in the assignment.

It is also assumed that frequent visits home might help the expatriate to have more realistic expectations in relation to all three adjustment facets. (Black et al. 1992b:746) On regular visits home, the expatriate can keep up contact with working colleagues, friends and relatives and get up-to-date on work and non-work related events. (Stroh et al. 2005: 198)

The job variables refer to how similar the approaches of the home company and the international assignee are regarding work issues and how often the two communicate. Black et al. (1992b:746) assume that when the expatriate frequently communicates with his home company about work-related aspects, there is likely to be a high job interrelation and so the expatriate is likely to develop a clear image about the work expectations and the state of affairs in the home company.

The organisational predictors that influence the formation of precise expectations related to the three facets of adjustment prior to leaving the host country are considered to be: "*training and orientation prior to the return home*", the assignment of a "*sponsor*" and the degree of repetitiveness of "*communication*" between the home and the host company. (Black et al. 1992b: 746-747; See also figure 7)

The authors assume that training and orientation provided before the expatriate leaves the host country can help him/her gather information and form a clear picture about the situation back home. In their opinion, an extensive training should focus on all three aspects, because only training like this would increase the probability of full repatriation adjustment. (Black et al. 1992b:746-747)

A mentor or a colleague at the home company, who is especially assigned to the assignee to provide support, especially careers guidance, and to inform him/her about relevant organisational, hierarchical and political changes in the parent company, is also likely to help him/her adjust to his/her new job upon repatriation. (Black et al. 1992b:747)

It is believed that when the expatriate frequently communicates with his/her home company about work-related issues, he/she is likely to develop a clear image about the work expectations and about state of affairs in the home company. (Black et al. 1992b:747)

Unfortunately, non-work variables are not discussed in the article by Black et al. (1992b:745), although they do appear in their model of repatriation adjustment. For this reason, these variables will not be discussed in this paper.

Summing up, the factors which are assumed to enhance pre-return adjustment of the expatriate are: periodical home visits, frequent communication with the home company, training and orientation before leaving home and keeping the contact with a home mentor.

#### 5.5.4 Factors influencing post-return adjustment

The variables that might influence the repatriate's post-return adjustment have been arranged into the following groups: "*individual*", "*job*", "*organizational*" and "*non-work*". (Black et. al. 1992b:748-751; See also figure 7)

The individual predictors relate to individual characteristics, the extent of the international assignee's adjustment to the host country and his/her cross- cultural experience.

In their model, Black et al. (1992a:233) assume that the individual characteristics which influence in-country adjustment also have an impact on the assignee's post-return adjustment ability. So, healthy self-image, relational skills and the ability to comprehend invisible cultural values, assumptions and specific rules, would reinforce adjustment to repatriation in all three areas.

Interestingly, in the framework of this model, overseas adjustment is thought to have a negative effect on the adjustment to repatriation. (Black et. al. 1992b: 749-750) The consequence is, according to Black et al. (1992a:234), that people who have stayed overseas for a long period of time, who have gained relevant cross-cultural experience in the host country are likely to find it challenging returning home.

From the job factors, "*role discretion*", "*role clarity*", "*promotion*" and "*utilization of international skills*" play an important role in the success or failure of repatriation adjustment, as seen in figure 7. (Stroh et al. 2005: 224)

Again, "*role clarity*" and "*role discretion*" are assumed to have a positive effect on work repatriation, as the prerequisite for a successful adjustment to work is being provided with precise job responsibility description, a high degree of autonomy and decision-making power. The explanation is that, when the repatriate knows what is expected from him/her, his/her anxiety regarding the new responsibilities is lower. (Black et. al. 1992b:750)

As discussed in point 4.1.2, one reason why expatriates engage in overseas assignments is that they hope for future promotion opportunities. The reason why promotion might increase the ease of readjustment in the work sphere is that the repatriate is more likely to be motivated and positive about work, if he/she perceives the international assignment as an integral part of his/her career path within the company. (Feldman 1991:173)

A final and critical factor affecting the ability of the repatriate to adjust to the job is the extent to which the company values and utilises the knowledge, skills and international

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experience he/she has gained during the international assignment. (Stroh et. al. 2005:202) If the repatriate's new skills are valued and put to use, the repatriate is likely to feel satisfied and motivated at the workplace. (Suutari and Valimaa 2002: 622)

The organisational variables refer to the energy which the company invests in the entire repatriation process, the level of financial compensation the repatriate receives and the extent to which a post-return training program is provided. All these factors can affect the repatriate's ability to readjust in a positive or negative way.

As Black et al. (1992b:751) argue, if a company provides a clear, personalised picture of the career plan and position the repatriate will enter upon repatriation, this is likely to increase the ease of job readjustment, as the course of readjustment is smoother, if there is a bigger correspondence between his/her expectations and the reality found once back home. In contrast, ambiguity about the job position upon repatriation, lack of a clear career path, lack of support provided by the firm, may create uncertainty. (Black et. al. 1992a:238)

Researchers point out the positive effect of giving the repatriate substantial payments and rewards following the international assignment. (Stroh et. al. 2005:203) These reflect the company's appreciation of the employee and can really help to facilitate a smooth readjustment to the living conditions. (Stroh et. al. 2005: 225)

After the repatriate returns home, cross-cultural training is thought to have a positive effect on all three aspects, if the issues discussed and the workshops focus on the work, non-work and relational facets. (Black et al. 1992b: 751)

The non-work factors that affect the repatriate's readjustment ability were found to be: changes of social status, shifts in housing-conditions and the extent to which the spouse successfully readjusts, as it can be seen in figure 7.

As discussed in point 5.3.2, the return of the repatriate and his/her family, is often accompanied by a loss of status, prestige and lower living standard which has a negative effect on the physical and emotional well-being of the family. Black et al. (1992b:751-752) assert that a drop in social status may cause worries and feelings of uncertainty, as the re-acclimatisation to less glamorous lifestyle is tough. Moreover, in the new social environment, old ways of behaviour are no longer valid, so behavioural adjustments will also be harder. The authors thus assume that a lower living standard inhibits all aspects of readjustment.

If the standard accommodation is lower than expected after repatriation, the general level of comfort will drop and the family will become dissatisfied. The researchers argue that poor accommodation will negatively impact all three aspects. (Black et. al. 1992b: 752)

It is also asserted that, if the spouse feels comfortable back home, the repatriate will face fewer adjustment difficulties at the workplace. (Stroh et al. 2005:207)

Summing up, the factors which are assumed to enhance post-return adjustment of the repatriate are: certain individual characteristics, job clarity and job discretion, advancement opportunities, the appreciation of the acquired competences, post-return training, extent to which the company approaches the entire repatriation process, the level of financial compensation, proper accommodation and social status and a smooth family readjustment.

## **5.6 Concluding summary**

The results of chapter 5 show, that two big painful scenarios: 'culture shock' and 'reverse culture shock', might be seen as inhibitors of adjustment, characterised by psychological and physical disturbances, which create low satisfaction levels. The unexpected confrontation with a new/changed cultural environment, the removal from the familiar setting, and a lack of preparation and support from the company, may create dissatisfaction and make it difficult for the expatriate/repatriate to cope with the challenges of his/her general environment, work conditions, interaction with host/home nationals both during and after the international assignment. In addition to the employee's personal adjustment problems, the family members may go through the same difficulties. Research has also suggested that the family's adjustment and readjustment problems may increase the employee's ones. All these have a negative impact on his/her job performance and willingness to stay with the company.

A review of several empirical studies demonstrated that cross-cultural adjustment is a predictor for successful assignments. For this reason, it is maintained that in order to avoid expatriation failure, it is crucial that the expatriates and repatriates feel satisfied with their general environment, with their work conditions and are able to effectively interact with host/home nationals. In so far, the models of international adjustment sketched out in section 5.5, revealed a range of factors which might either facilitate or inhibit cross-cultural adjustment before, during and after the assignment. Next, this thesis will focus on specific

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solutions designed to increase the benefits of international assignments, where also the facilitator adjustment factors will be taken into consideration.

## **6. Solutions to increase the benefits of international assignments**

As already discussed, expatriates and repatriates represent a great human resource potential for multinational companies. They break new ground to their organisations and possess broad knowledge of the complexities of international operations, thus they have the potential to enhance the company's business opportunities abroad. As failed assignments are extremely costly and may ruin the whole corporation, "*assignment failure should never be considered an option.*" (Csizmar 2008: 61) The management of the company should therefore provide the international assignees with all support they need in order to adjust well, be content, work efficiently and be committed to the company. (Haslberger 2008:146) Hence, this chapter will make proposals of how the benefits of international assignments can be increased.

### **6.1 Smoothing the cross-cultural adjustment curve**

As seen in section 5.3, the crisis stages during and after the assignment have a damaging effect on both the international assignees and the company, because they create adjustment and readjustment difficulties. Thus, it is imperative to avoid severe and long-lasting crisis stages during the course of the whole assignment. However, in the literature on this topic, there is disagreement whether crisis stages during the adjustment process can be avoided totally.

For example, Haslberger (2008:147) regards a smooth adjustment curve as having a linear shape, arguing that culture shock is not necessarily a compulsory phenomenon when relocating abroad. One of Haslberger's (2008:139) arguments relies on the study of Takeuchi and his colleagues. They found that people, who had been to the target-country before starting their assignment suffered no culture shock, while those who had never visited the country before, suffered culture shock. This argument is drawn into question by Stroh et al. (2005:108), who argue that a long period of time between two assignments, during which significant changes may have been occurred in the country, or a low degree of interaction with host nationals at the previous secondment, might be predictors for an occurrence of culture shock in a future assignment. Haslberger (2008:139)'s second argument is, that when going to a country where the culture distance is small and the language is similar, the

expatriate will not experience culture shock. This statement is contradicted by Weaver (1993:138), who argues that often unexpected events are not foreseen and thus, the existence of a certain degree of culture shock even in a similar cultural environment, is inevitable. In contrast to Haslberger, Weaver (1993:164) and O'Keefe (2003:234) argue, that culture shock is a general, unavoidable and repeated phenomenon, which attacks even those with extended international experience and which can come in different degrees, during the course of the international assignment. They argue that culture shock cannot be avoided, because in a new cultural setting, familiar ways of behaviour are no longer valid or are disrupted, due to cultural incompetence or feelings of uncertainty. Without sufficient evidence of people experiencing no culture shock when crossing borders, the ideas of Weaver and O'Keefe presented above are more plausible.

Regarding repatriation, when returning home after a long-term assignment, the existence of a certain degree of reverse culture shock is inevitable. One explanation is, that people returning back home usually do not foresee unexpected and unpleasant experiences, so the probability that they will be able to cope with them, is lower. (Weaver 1993:138) Another explanation is that, as shown in section 5.3.1, both the individuals and their home countries have gone through a lot of changes during this period. Moreover, expatriates have acquired new behaviour patterns during their overseas sojourn which are no longer valid in the home environment. In combination, these changes might cause a certain degree of dissatisfaction and lead to readjustment difficulties.

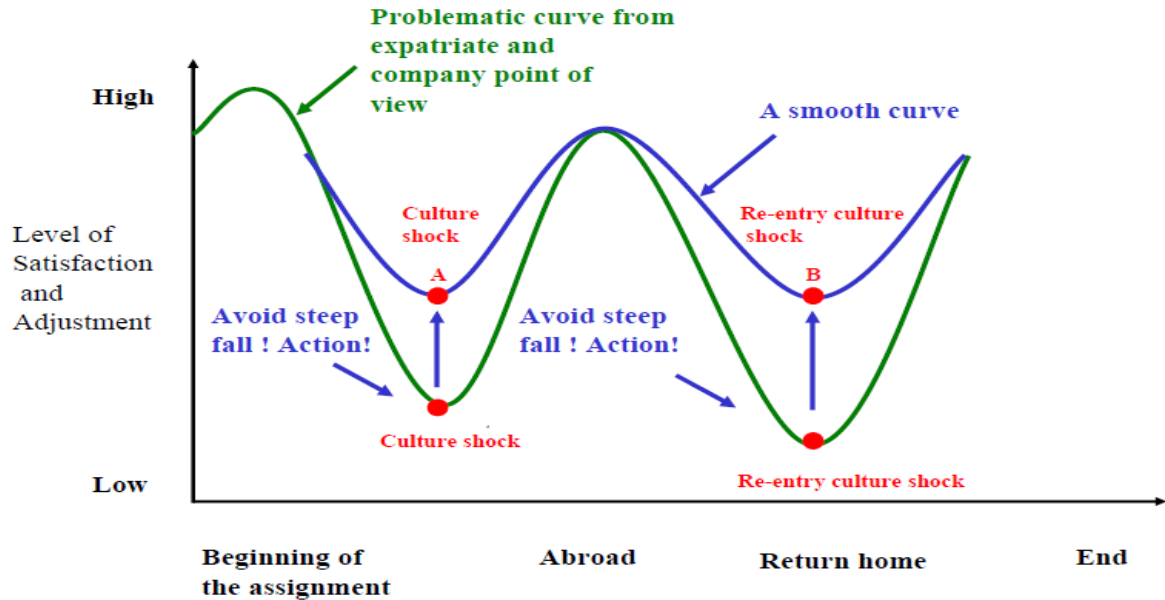
With regard to the degree and severity of these unpleasant phases, Stroh et al. (2005:44-46) stress that the more seriously habits are disrupted, the more severe the symptoms of culture shock, the more unpleasant the out-coming culture shock and the more stamina is required to get over the difficulties. Furthermore, the severity of culture shock is augmented by the stress of upsetting and uncertain experiences that the individual and his/her family have to endure over the time. Moreover, cultural incompetence and lack of any support are also predictors of severe crisis stages as revealed in section 5.3.1.

So, the company has to be aware that culture shock and reverse culture shock are normal phenomena of international assignments. (O'Keefe 2003: 234) Therefore, the aim should not be to eliminate or bypass culture shock, but to take all necessary measures to ensure smoother,



shallower falls, with fewer severe physical and psychological symptoms. (See figure 8: Point A and B on the smooth adjustment curve)

**Figure 8: A smooth cross-cultural adjustment curve**

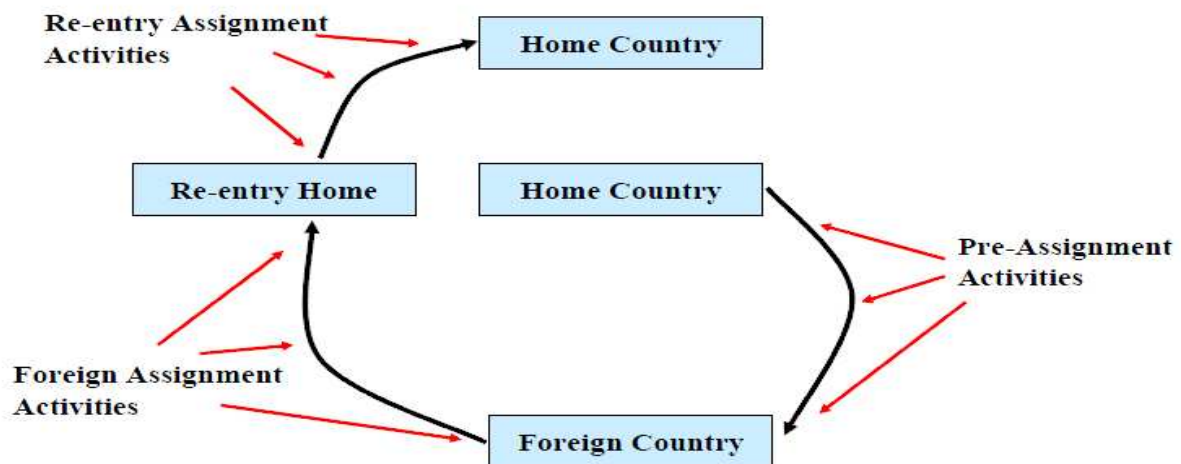


Source: Own. Figure is based on the conceptualization of the literature findings of O'Keefe (2003) *"Preparing expatriate managers of multinational organisations for the cultural and learning imperatives of their job in dynamic knowledge-based environments"*, pp.234

## 6.2 The importance of a systematic approach in managing international assignments

As exposed in the previous section, special attention should be given to enabling a smooth adjustment, both during and after the completion of the assignment, so as to avoid steep and extended low points and the expatriate failure this results in. In the followings it will be highlighted the approach needed to achieve this goal.

During an overseas assignment, expatriates progress through a cycle, going through several stages in relocating from a home position to an international assignment and back home after its completion. This so called *"expatriate's career cycle"* (Adler 2002:262), consists of three phases: (1) pre-departure stage, (2) expatriation stage when the expatriate is abroad and (3) repatriation stage when the repatriate returns back home (Crocitto et. al. 2005: 527-529), with two key international transitions: the entry into the host country and the re-entry back home. (Adler 2002:262; See also figure 9)

**Figure 9: Expatriate career cycle**

Source: Own: Figure is changed based on the conceptualization of Adler (2002). "International Dimensions of Organizational Behavior", pp. 262

In order to obtain maximum benefit from the international assignment, it is argued in this paper, that the expatriate career cycle should be treated as an entire process, because as Lazarova and Caligiuri (2001:395) state: "*expatriation and repatriation are not two separated processes, but rather expatriation is the initiation, and repatriation is the culmination of the same process.*" As shown in chapter 4, an explanation for this is, that the company can only benefit fully from the international assignee, if he/she successfully completes the assignment and continues his/her activity in the parent company, enriching its knowledge base with his/her expertise. Another explanation relies on the interconnection of the assignment stages, namely in the impact the pre-departure period has on the expatriation period and on the repatriation and as a consequence, on the success of the entire assignment.

For example, as shown in section 5.3, cultural incompetence (lack of language knowledge or lack of cross-cultural skills) and the gap between the expatriate's expectations and the reality found in the foreign country/company, lead to adjustment difficulties on part of the expatriate and his/her family members, which negatively affect the expatriate's ability to cope efficiently with the job requirements and as a consequence leads to premature returns. As a result, the assignment is disrupted and the company will not benefit either from the expatriate's job mission abroad, or from the complex knowledge base he/she will bring back home after a completed mission. So, expatriation failure in the expatriation stage results from the uncertainty that arises just in the pre-departure stage. It is actually the result of a lack of sufficient information and preparation prior to departure.

Another example discussed in section 5.3, relates to uncertainties regarding a proper job position, social situation or compensation back home. This is firstly a barrier which puts employees off accepting an assignment. Secondly, the anxiety it results in, leads to dissatisfaction, which in turn causes poor job performance and attrition soon after returning back home. So, expatriation failure that happens in the repatriation stage is a result of the uncertainties that arise in the pre-departure and/or expatriation stages.

Thus, only by a systematic management of the entire expatriate's career cycle, the company can avoid failed assignments. This approach will serve as a basis for the following discussions on the particular measures that need to be taken by the human resource management of a multinational corporation at each stage. (See figure 9) Taking into consideration the success factors discussed in section 5.5, the following chapters will give answers to following questions: (1) What particular measures should be taken at each stage of the expatriate career cycle? (2) When is the proper moment to take them in order to avoid failure? (3) How could these measures enhance adjustment and readjustment of the expatriate, repatriate and family members? (4) Whether these actions would enhance also job performance and commitment to the company, and if so how?

## **7. Measures to be taken before the international assignment**

This chapter will discuss the measures that the human resource management of a multinational company should take just before the international assignees leave their homeland. The aim is thus to analyse (1) the kinds of activities that would enhance not only the anticipatory adjustment of the expatriate and his/her family members, but also his/her job performance and company loyalty and (2) why these activities should be carried out at this stage.

### **7.1 Selection of candidates**

When going abroad, employees are expected to accomplish the job requirements, to interact efficiently with people from another culture and to cope as soon as possible with all general matters. (Forster 2007:84) That is why, selection of the best candidate for a particular task, in a certain cultural setting, is the first key step. (Avril and Magnini 2007:54) This section sets out to examine what should be taken into consideration when selecting the candidates for a long-term international assignment, to ensure their success abroad.

As shown in section 4.2.1, cross-boarder mobility constraints are a real challenge for companies. So, the willingness of the employee to engage in a long-term assignment plays a decisive role in the selection process. The results of Minssen and Schmidt (2008: 238-245)'s empirical study<sup>15</sup>, revealed that the individuals' motivation to go abroad was the most important selection criteria. An impending overseas experience was actually a prerequisite for individuals to apply for a job within the company. Many enthusiastic employees asked their superior repeatedly for overseas assignment opportunities. Dörzenbach (2008: 255) also emphasizes the importance of recruiting future expatriates from a pool of potential motivated candidates. Companies that allow a self-selection rather than forcing employees to engage in such a sojourn are likely to have lower rates of failure according to Minssen and Schmidt (2008: 244) and Dörzenbach (2008: 255).

Nevertheless, the willingness of the family members to relocate abroad and the employee's family circumstances, also have to be considered when selecting the proper candidate. As the family members' inability to adapt in a foreign environment is often a reason for premature return, their involvement in the selection process is imperative. (Mendenhall and Oddou 1988:82) Minssen and Schmidt (2008: 239-240)' survey underlined, that the employee's family situation was the second most significant selection criteria. The human resource officer needs to develop a clear picture of the couple's relationship, the spouse's personal well-being, professional situation, the children's schooling situation and their networking skills. For example, the spouse's current career path could be disrupted by a long-term overseas sojourn, which might be damaging for his/her career. All this information allows the human resource officer to predict whether future expatriates are likely to be able to shoulder the possible burdens of a long-term assignment.

The next step is to choose the right person for the particular mission, from this pool of potential candidates, who are willing to relocate abroad and who have a suitable family situation. His/her skills and competencies for the specific job task to be carried out in the particular overseas location should be assessed. Unfortunately, literature on the subject does not reveal the profile of the ideal expatriate, because, as Adelman (1988:195) argues: "...it

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<sup>15</sup> Minssen and Schmidt (2008: 228-233) conducted a survey among 415 German headquartered, small and middle-sized companies being active in the field of chemical industry with the aim to find out to what an extent international assignments are important in their global business. The researchers examined also the selection practices and found out that self-selection instead of selection by the employer is more likely to lead to success.

*will be always impossible, to develop global selection criteria for cross-cultural personnel.”*

This is because a wide range of variables such as: cultural, economical and political situation, geographical location, characteristics of the job itself and the company's strategic orientation and requirements differ a great deal from case to case. (Linehan and Scullion 2001: 319; Stahl 1998:26)

However, Dörzenbach (2008: 47), Perlitz (2000:445) and Avril and Magnini (2007: 54) agree, that considering the technical competence at the new job when selecting the candidate, is an important predictor for a successful assignment. This is, because the expatriate has to rely on his/her own know-how when confronted with job specific matters in the host location. (Tung 2009:141) His/her technical expertise, leadership skills, and understanding of company specific processes and politics, his/her product knowledge, ability to solve specific tasks quickly and his/her experience in that particular field of work, are just some of the skills which will allow him/her to perform his/her overseas job tasks abroad efficiently. (Dörzenbach 2008: 47; Perlitz 2000:445)

As well as the job related competencies, it is widely acknowledged that a future expatriate needs far more to possess abilities that enable him/her to quickly adapt to the specific cultural setting, to interact effectively with host nationals and to understand the behavioural patterns of the specific culture. (Mendenhall and Oddou 1988:82) In literature, there are a large number of different opinions on the personal traits and intercultural abilities a future expatriate should have. For example, Avril and Magnini (2007:54-55) support selection based on the individual's language skills, tolerance for ambiguity, adjustment skills, emotional intelligence, open-mindedness, tolerance for difference, verbal and non-verbal communication abilities, empathy, flexibility, curiosity, motivation and self-reliance. Perlitz (2000: 445) argues that personal adaptability skills, tolerance for ambiguity, communication skills, health and realistic expectations are the most important personal traits. Suutari and Brewster's survey (2001:563) showed that expatriates considered the following selection criteria listed here in order of their importance, as predictors for success: job-related skills, willingness to go abroad, language skills, relational abilities, prior job performance, prior international experience and knowledge about the foreign country.

Nevertheless, intercultural competence seems to encompass most of these skills. In the last few decades, intercultural competence is increasing in demand on the labour market when it comes to selecting people for overseas assignments (Lüsebrink 2005:9), and for this reason this paper sets out to provide an insight on this topic. Intercultural competence has been defined by Böcker and Jäger (2006: 5) as: “*the ability to interact effectively and appropriately in intercultural situations, based on specific attitudes, intercultural knowledge, skills and reflection.*” It is the ability to communicate effectively with nationals belonging to a particular culture and to understand their values, norms of behaviour and communication styles. (Lüsebrink 2005:9) Although this term has been conceptualized in a number of different ways, it can be defined simply, as the sum of skills that allow a person to go along well in a foreign setting. Lüsebrink (2005:9) differentiate between the affective, cognitive and behavioural levels of intercultural competence. (See table 4)

**Table 4: Dimensions and components of intercultural competence**

Affective Dimension	Cognitive Dimension	Behavioural Dimension
<ul style="list-style-type: none"> <li>• Tolerance for ambiguity (ability to function in an environment with unclear rules)</li> <li>• Motivation and interest for intercultural contacts</li> <li>• Positive mental-attitude towards other cultures</li> <li>• Realistic expectations</li> <li>• Self-confidence</li> <li>• Empathy (ability to identify with the other person’s emotions)</li> <li>• Non-judgmentalism</li> <li>• Open-mindedness</li> <li>• Tolerance</li> <li>• Stress reduction abilities</li> <li>• Low ethnocentrism</li> <li>• Respect towards other cultures</li> <li>• Readiness to learn and find out more about other cultures</li> </ul>	<ul style="list-style-type: none"> <li>• Awareness of intercultural processes</li> <li>• Self-awareness</li> <li>• Knowledge about the own/foreign culture, values, norms of behaviour, economical and political situation</li> <li>• Technical competence</li> <li>• Initiative, ability to work under pressure, endurance</li> </ul>	<ul style="list-style-type: none"> <li>• Language skills</li> <li>• Verbal and non-verbal communication skills</li> <li>• Social competence (ability to build trustful relationships)</li> <li>• Self-disclosure</li> <li>• Agreeableness</li> <li>• Politeness</li> <li>• Conflict management abilities</li> </ul>

Source: Own. The table integrates opinions of several authors such as: Straub (2007) “*Kompetenz*”, pp. 43 and Schenk (2001) “*Interkulturelle Kompetenz*”, pp. 56 and Avril and Magnini (2007). “*A holistic approach to expatriate success*”, pp. 54-55, regarding the components of the affective, cognitive and behavioural dimensions of intercultural competence

The affective level refers to intercultural sensitivity, to the individual's actual disposition to learning and curiosity towards the other culture that gives him/her positive emotional responses when interacting with people from that particular culture. (Lüsebrink 2005:9; Schenk 2001: 56)

The cognitive level refers to the individual's knowledge both about his/her own culture, and about the other culture, and a thorough understanding of the cultural differences. (Straub 2007:43; Lüsebrink 2005:9-10)

The behavioural level reflects actually the individual's skills that enable him/her to apply the theoretical knowledge, when interacting with people from another culture. (Holzmann 81-82) It refers to the willingness to interact with host nationals, ability to speak the foreign language, relational and communicational abilities. (Straub 2007:43)

It is clearly very difficult to find individuals who possess all these traits and for this reason the selection of the most suitable candidates is difficult. Today most of the companies put emphasis mostly on the technical abilities when selecting expatriates, believing that exclusively job qualifications will lead to success overseas. (Tung 2009:142) As shown in section 4.2.2, the under-performance of international assignees on overseas assignments is an important reason for failure and can be extremely costly for companies. That is why all the other aspects mentioned above, should also be taken into consideration when carrying out the selection process. Black et al. (2009:346) argues, that the more the individual fits the requirements of the company and the more he/she is selected on the basis of a wider array of criteria, the better his/her adjustment will be. Dörzenbach (2008:48) and Tung (2009:142) believe that the selection process does not follow a recipe, but rather that the selectors should carefully analyse each particular situation. After having selected the right person, he/she has to be prepared for the expatriation.

## **7.2 Preparation for expatriation**

As shown in section 5.5.1, a proactive expatriation system should start with managing the expatriates' expectations just before they leave for the assignment, because a precise mental image of what exactly awaits international assignees abroad is likely to facilitate their adjustment. The management of a multinational company should thus prepare the selected candidate and his/her family members for the forthcoming change in their living and working conditions. A range of assistance activities to accustom the expatriate to possible hardships

and the drawing up and signing of a written agreement regarding the details of the assignment are advisable.

### **7.2.1 Providing logistical and emotional assistance**

As shown in section 5.5.1, logistical and emotional assistance provided prior to departure was assumed to aid adjustment. By providing precise information about the foreign environment and assistance in living and working matters, feelings of uncertainty can be reduced. In this way, unpleasant but predictable events that might create hardship both for the expatriate and his/her family can be avoided and the possible physical or psychological symptoms caused by severe culture shock can be reduced. (Harvey and Wiese 1998: 38-39)

Scholars assume that the formation of precise anticipatory expectations is likely to occur through mentoring programs. Mentoring seems to be a practical solution to assist future expatriates in their adjustment, as the establishment of a personal bond with the mentor and the knowledge that there is someone there, who they can rely on, can increase the expatriate's feeling of security. (Harvey and Wiese 1998:38) This personal relationship between an experienced and an inexperienced person, inevitably leads to a transfer of important information about the new environment too, as mentoring is "*a one-to-one relationship between a mentor with advanced experience and knowledge and a protégé with less experience and knowledge.*" (Harvey and Wiese 1998:34)

Crocitto et al. (2005: 524-527) emphasise the need to establish a multiple mentoring program, to assign mentors to assist international assignees. These mentors would help the expatriate in organisational and emotional matters, during all the stages of the assignment. Crocitto et al. (2005:527) argue that a "*relocation mentor*" should be appointed in the pre-departure stage to support the expatriates along the whole assignment period. A former expatriate with international experience in that specific country would be a very appropriate candidate for this position, because of his/her thorough knowledge of the corporation and host country culture. (Harvey and Wiese 1998: 40; Crocitto et al. 2005: 524)

Firstly, the relocation mentor should provide logistical assistance for the international assignees. Although in practice there can be found examples of companies providing different kinds of pre-departure logistical assistance, there have not been made any proposals



suggesting standard activities to be taken in this stage. For instance, Henkel KG obtains the necessary documents (entry visa, residence and work permit), ensures health care (takes over inoculation expenses, provides an on-site doctor for the entire family, provides medical check-up for the entire family), looks for schooling opportunities for the children abroad, helps in home house clearance and looks for suitable accommodation possibilities abroad. (Debrus 1995a: 127-128) In their study<sup>16</sup> Suutari and Brewster (2001:564-565) relate about Finnish corporations that helped expatriates with arrangements and organised look and see trips, so that the employees could gain an impression of the country prior to departure.

Secondly, the relocation mentor should provide emotional support, as well (Crocitto et. al. 2005: 527) helping future expatriates to gain an idea what they will encounter when they arrive abroad. (Holt and Wigginton 2002:453) Personal discussions with the expatriates about the specifics of the host organisation, job details and contact persons in the host company help the expatriates to build up an idea about their working environment. Advice regarding proper communication methods with host nationals would help the expatriates to develop appropriate behavioural competencies and apply culture specific coping strategies. The mentor should support the expatriates in any issues related to his/her career path during and after the assignment such as: job position, remunerations, allowances and performance evaluations. (Harvey and Wiese 1998:40) Scholars such as Harvey and Wiese (1998:37) and Dörzenbach (2008: 273) argue that as a method to reduce future difficulties, mentoring programs can facilitate the expatriate's job satisfaction, which indirectly leads to increased job performance and commitment to the company.

It is however important that the spouse's needs are also taken care of. A face-to-face discussion with him/her is useful for preparing him/her emotionally for the difficulties and changes he/she will encounter abroad. For example, activities such as searching for job opportunities abroad or arranging workshops as a back-up to employment are likely to prevent the spouse being severely disappointed. (Harvey and Wiese 1998: 40-41) In their study, Suutari and Brewster (2001: 564-565) found that even though respondents considered important to prepare the spouse for life abroad, such discussions and preparation sessions occurred scarcely.

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<sup>16</sup> Although these actions were welcome, there is not specified in how far these preparatory activities enhanced satisfaction and job performance. The reader does neither find out whether these activities were carried out within a mentoring program and neither on what organizational structural level was this responsibility overtaken.

As it can be seen, logistical and emotional assistance provided for the international assignees before departure is beneficial. Helping the expatriate and his/her family members to develop a realistic image of the future living and working conditions and by providing emotional assistance, is very likely to enhance adjustment ease on all three facets of adjustment, upon arrival in the new environment. This would lead to the expatriate's increased job performance and loyalty to the company. Although there are a number of theoretical proposals and statements on this subject, there is unfortunately little empirical evidence provided by studies demonstrating the benefits of certain preparation activities. Hence, practitioners and companies should devote more attention to this issue.

### **7.2.2 Pre-departure cross-cultural training**

In their model of international adjustment, (Black et al. 2009: 346) asserted that pre-departure cross-cultural training is an anticipatory adjustment method, which implicitly facilitates in-country adjustment. The aim is thus to find relevant evidence of how this measure would increase the benefits of overseas assignments.

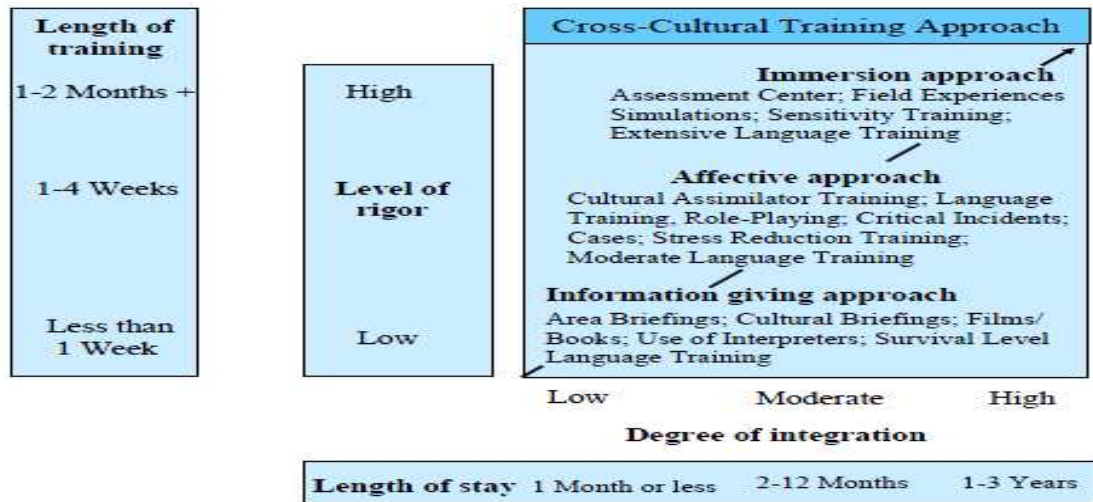
Forster (2007: 85) defines cross-cultural training as "*any procedure intended to increase an individual's ability to cope and work in a foreign environment.*" The author argues that training methods designed for overseas assignments should be able to guarantee the quick ability to deal efficiently with the new job requirements and all cultural differences in the new working and living environment. In this way, training techniques should enhance the expatriate's ability to relate to others in the cross-cultural environment, to adjust and increase his/her job performance. (Ehnert and Brewster 2008: 115) In practice, this can be obtained by implementing training programs focussing on two aims: (1) to provide all the necessary information about the specific cultural setting, teach the expatriate how to deal with cultural differences and cope with emotional discomfort resulting from cultural differences, and (2) to build up skills necessary for the specific country of secondment. (Ehnert and Brewster 2008: 115; Pires et al. 2006: 164; McCaughey and Bruning 2005: 25) There are plenty of cross-cultural training models being used and several opinions<sup>17</sup> on their effectiveness. As a result it is a real challenge for companies to choose the best models to meet the above aims.

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<sup>17</sup> While Waxin and Panaccio (2005: 64) argue that effective cross-cultural training should be customized to the country specific cultural differences, job requirements and length of overseas assignment, other authors such as Ehnert and Brewster (2008: 116), Mendenhall et al. (2009: 10-11) or Tung (2009: 152) propose the need to tailor

As exposed in section 5.3.1, expatriates and their family members have to learn to cope on cognitive, emotional and behavioural levels in order to get easier over culture shock. Thus, they have to understand and adjust their attitudes and behaviour habits to the particularities of that specific culture. (Haile et al. 2007: 102) A focused integration of all these levels into one single training model, such as that developed by Mendenhall et al. (2009:10-11) is considered to be significant to this topic. (See figure 10)

**Figure 10: Cross-cultural training model**



Source: Mendenhall, Mark E. / Dunbar, Edward/ Oddou, Gary R. (2009) "Expatriate selection, training and career-pathing: a review and critique", pp. 11

As it can be seen from figure 10, expatriates are provided with a tailored training program with different time duration and content, depending on the level of immersion in the host culture and length of the assignment abroad. In order to ensure a high degree of integration into the idiosyncrasies of host culture, the authors propose a comprehensive training approach designed for long-term international assignments, with focus on all three levels: cognitive, emotional and behavioural.

The practices involved in the information giving approach, provide information about all aspects of the foreign setting, through non-participative methods, thus increasing the likelihood of a successful adjustment to the general environment. This information is usually based on facts regarding the general geographical, political, economical, cultural environment and value system of the specific culture. (Tung 2009: 143) While exercises focusing on the affective level, help the employee to develop the skills necessary so that he/she can react

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the training program to the trainee's needs correlated with the particularities of the other culture and with the company's requirements.

effectively to unpleasant events caused by cultural differences (Mendenhall et.al.2009:10), methods focusing on immersion, increase the expatriate's ability to communicate and help him/her to develop suitable behaviour patterns for the specific culture. Field experience, for example, consists in trips made abroad, so that the expatriate can meet host nationals, and sensitivity training is a technique to develop cross-cultural awareness. (Tung 2009: 143-144; See also figure 10) The results of the literature review by Black and Mendenhall (1990: 123-132), concluded that such participative training methods can improve cross-cultural skills enhancing the self, perceptual and relational competences of expatriates. For instance, culture assimilator exercises focusing on proper or improper attitudes in communication with host nationals from the specific culture, help the employee to develop a positive self image, as he/she will know in advance how to behave and cope in difficult cross-cultural situations. These exercises provide on the one hand a map of the culture in question, and on the other hand, they teach proper attitudes to aid interaction with host nationals, developing relational skills shortly before departure. Mendenhall and Oddou (1988: 82) argue that only participative exercises can enhance the understanding of the cultural differences. Through these exercises, the trainee is confronted with real culture specific situations and can develop cross-cultural skills which he/she will be able to use successfully overseas. Similarly, the empirical study of Waxin and Panaccio (2005:51-64) revealed that those expatriates who received specific experimental training<sup>18</sup>, succeeded to adjust quicker than those who received only conventional training<sup>19</sup>, because participative exercises focusing on that specific culture made expatriates more proficient than a straight-forward information transfer. So, a combination of non-participative and participative training methods is ideal for enhancing cross-cultural adjustment.

Black and Mendenhall's hypothesis (1990:131) that: "*Cross-cultural training reduces the severity of normal culture shock and reduces the time necessary to reach a level of cultural proficiency*", has been backed-up by the empirical studies by Black and Gregersen<sup>20</sup> (1991:509-510) and Waxin and Panaccio (2005:65) who argue that cross-cultural training provided prior to departure is vital in order to smooth the effects of culture shock, as this

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<sup>18</sup> "*specific experimental trainings*" - methods where the specific foreign culture is brought closer by simulations (Waxin and Panacio 2005:53)

<sup>19</sup> "*conventional training*" - non-participative methods of information giving (Waxin and Panacio 2005:53)

<sup>20</sup> The study of Black and Gregersen ( 1991: 501-510) made on a sample of 220 American expatriate managers working in Japan, Korea, Taiwan and Hong Kong found out that pre-departure training had the biggest impact on interaction adjustment. Still no information is given about what kind of training was provided.

appears just at the beginning of the sojourn abroad. In their research<sup>21</sup>, Waxin and Panaccio (2005:63) observed that those expatriates (46%) who did not receive any form of pre-departure cross-cultural training encountered adjustment difficulties abroad, while the 54% who did receive such a training program, succeeded in adjusting rapidly to the general environment, interaction with host national and to their job. It was noted that the most effective training programs, were the participative training methods with focus on the specific foreign country's culture.

The positive effect of pre-departure cross-cultural training on the expatriate's job performance can be explained by the precise anticipatory expectations that can be created by it. For instance, training that prepares the expatriate in advance for his/her new job responsibilities, may enhance job performance, (Ehnert and Brewster 2008: 111; Tung 1998: 33) as properly prepared expatriates would accomplish their job tasks to a higher standard. (McCaughey and Bruning 2005: 25)

In her literature review, Tung (2009: 142-144) comes to the conclusion that the most effective training forms are those that focus on the development of relational competencies, as these enhance job efficiency most effectively. For this reason, she proposes five different training programs aimed to increase these skills: (1) area studies programs, (2) culture assimilator, (3) language training (4) sensitivity training and (5) field experiences. She argues that less or more rigorous training programs should be chosen, depending on the level of communication with local employees required by the job and how different the cultures are. An individualised training program focusing on the trainee's shortcomings, and tailored to the length of assignment, cultural similarities/dissimilarities and the specific job position would be an ideal pre-departure preparation as McCaughey and Bruning's (2005: 25) also argue.

Researchers have tried to find out whether there is evidence for the positive impact of pre-departure cross-cultural training on job performance. The literature review of Black and Mendenhall (1990: 119) found that the majority (73%) of the analysed empirical studies underlined a positive influence of training on job performance. Still, Ehnert and Brewster (2008: 110) state that empirically it is difficult to find a relevant relationship, due to hardships in establishing standardised variables to determine job performance.

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<sup>21</sup> Waxin and Panaccio (2005: 51-55) conducted a study on a sample of 224 managers from French, German, Korean and Scandinavian companies assigned to India, with the purpose to analyze the impact of pre-departure cross-cultural training on all three facets of adjustment.

Black and Mendenhall (1990: 131) argue that cross-cultural training is likely to enhance company commitment, too: "*Cross-cultural training would lead to more realistic expectations, greater job satisfaction, lower intentions of returning early and lower rates of early returns from cross-cultural assignments*". The ability of pre-departure cross-cultural training to ensure lower attrition rates was supported by McCaughey and Bruning (2005: 25), who argue that properly prepared expatriates seem to work more independently and have a higher degree of satisfaction, and that this enhances their commitment to the company. Unfortunately there has been no empirical research to this issue.

Since the family's ease of adjustment is crucial to the expatriate's success, as shown in section 5.3.2, authors such as McCaughey and Bruning (2005:26) and Mendenhall and Oddou (1988: 82) underline the importance of involving family members in pre-departure training. For example, Haile et al. (2007:103) propose language courses and general orientation courses for family members focusing on everyday topics such as: shopping habits, travel, financial issues and information about the norms, communication and behaviour patterns in the country.

Following this overview of different opinions on the subject, it can be concluded that: "*The mere existence of some kind of cross-cultural training is not sufficient*" (Waxin and Panaccio 2005: 64). If the content of pre-departure training program is well-structured and tailored to the expatriate's weaknesses, the length of the assignment and degree of cultural distance and if it focuses on cognitive, emotional and behavioural levels, it can enhance all three aspects of adjustment and also company commitment. A combination of non-participative and participative training methods is likely to build up the skills necessary for the specific country of assignment and as a consequence to improve job performance. Furthermore, the early involvement of family members is considered to be important as well. Despite the positive effects of pre-departure cross-cultural training, such programs are not widely used. However, as recent studies<sup>22</sup> confirm, there is a growing awareness of the importance of training and the

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<sup>22</sup> The study of Suutari and Brewster (2001: 564-565), revealed that Finish expatriates working abroad received language training (38%), job related training (32%), information giving training (26%). Only 10% received country/culture related training, while family training was almost absent (7%). According to the GMAC Global Relocation Services survey (2004: 41), 40% of the respondents confirmed the lack of any cross-cultural training program. However, while only 5% of the companies provided training only for the expatriate, 27% included also the spouse and 28% involved the whole family in the training program. The majority (73%) of the companies considered that the training programs were beneficial, adding value. According to KPMG Global Assignment

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involvement of the expatriate's family in this process. It is difficult to provide exact figures on pre-departure cross-cultural training. However, several studies reveal that, in between 38%-40% of the cases, there is still no form of training provided. Nevertheless, while in the year 2001 family training was almost absent (7%), in the period between 2004 and 2008, this figure increased to 28% and 36% respectively.

### **7.2.3 Contract clarification**

In order to clarify mutual expectations and to avoid future misunderstandings, a written contract should be agreed in the pre-departure stage and signed by both parties involved. (Csizmar 2008: 63) Here it is not the intention to deal in advance with all problems that could arise, which is often an impossible task, but rather to find solutions for predictable unpleasant events, that might occur during the whole period of the expatriate career cycle. The contract should in the end be a best possible agreement, where both parties make compromises in order for the contract to be transparent and fair. (Dörzenbach 2008:261) A written contract of this kind should contain the following details: type of the international assignment, position and job responsibilities, hierarchical job position, length of the assignment, rewards and compensation, terms of termination, accommodation issues, holidays and home visits, social security provisions, taxation issues and career development program. (Kühlmann 2004: 63) In this thesis, agreements on career development, compensation issues, and social security provisions will be discussed.

#### **7.2.3.1 Career development program**

As shown in section 4.1, integrating the international assignments into the employee's individual career path is an advantageous measure not only for the company, but also for the expatriate, due to tremendous benefits they bring for both parties. Hence, international assignments should be considered a useful investment in the professional development of employees, because increased organisational performance can be reached only by a continuous professional staff development. (Dörzenbach 2008:228) In addition, embedding international assignments in the individual career plan, will not only increase staff motivation

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Policies and Practices Survey (2008:64) survey, 38% of the respondents confirmed the lack of any cross-cultural training program. Still, significant more companies offer cross-cultural training for the expatriate, spouse and children (36%) than those who offer training only for the expatriate (7%).

to accept assignments and the willingness of the expatriate to learn, but will also enhance his/her reintegration back home, as the employee won't consider his/her overseas sojourn as a disruption to his/her career path within the company, but rather as an integral part of it. (Weber et al. 1998:196) So, the career development program is important, as it enables continuous employment of the employee, both in the parent company and in the foreign location and provides the corporation with highly qualified specialists and managers with international experience. (Dörzenbach 2008: 229)

As an integral component of the individual career development program, the company should establish a so-called "*succession plan*", which is discussed before sending the expatriate abroad. (Holt and Wigginton 2002: 465) Its aim is to clarify both the employee and company's expectations on expatriation and repatriation issues and to establish what the repatriates' position will be after repatriation.

This discussion would determine the assignment details such as the: responsibilities involved in the job and the competencies necessary to carry out the job and would set out a clear job description for the positions during and after the assignment. (Holt and Wigginton 2002: 465; Mendenhall et al. 2009: 12) Clear hierarchical structures should be defined, as well as the expatriate's position within the hierarchy in both the host and home companies. (Debrus1995a:131) The probable length of the stay abroad should also be stipulated in the contract, to allow the human resource management department ample time for a job search and facilitate a smooth reintegration of the employee. (Burghaus 2006: 34-35)

The employee's training needs before and during the assignment should also be established, so that skill gaps can be filled in. (Holt and Wigginton 2002:465; Mendenhall et al. 2009: 12)

It is also recommended that companies take a close look at the mentoring program and identify all the important contact persons for the duration of the assignment. This would enable the company to organise networking activities in order to ensure lasting contact with key people in the organisation. This will reduce the feeling of being "*out-of-sight-out-of-mind*", show that the company cares and ensure the employee is kept up to date with the home organisation issues. (Mendenhall et al. 2009:12)

The company should also inform the expatriate about the evaluation program that will assess his/her performance during expatriation and give regular feedback once the employee is on the placement. (Stahl. et al. 2009: 133) They should assure him/her that, if necessary,



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further training sessions and workshops will be given during expatriation to improve his/her technical and intercultural abilities. (Holt and Wigginton 2002:465)

The reintegration of the employee in the parent company should be also discussed. In the light of a successful reintegration back home, international assignments must be treated as an opportunity for employees to move upwards in an organisation, a step ensuring promotion. (Dörzenbach 2008:230) Holt and Wigginton (2002:465) state that both parties should say what position they think the repatriate should return to. However, the company is often unable to guarantee promotion or a particular position in advance, due to potential fluctuations in the job market. For this reason, this issue has to be given a great deal of attention, and the details should be dealt in a transparent way, so that the repatriate does not decide to leave upon repatriation. (Dörzenbach 2008:235-236) Scholars hold various opinions about whether the contract should stipulate a specific position upon repatriation. Dörzenbach (2008:235) considers it necessary to specify the position on return and to clarify how long a potential demotion would be for, and whether this would be only a temporary situation. In contrast, Burghaus (2006:34) recommends that companies avoid promising the employee the position which he/she held before leaving on the international assignment, as he/she might be disappointed after returning with a higher level of professional competency. That is why the company should state its commitment to giving him/her a position which corresponds to his/her qualifications. This is a compromise which allows the company not to guarantee a particular position in advance. Similarly, Black and Gregersen (2007a: 127) suggested the best practice would be to allow the expatriate to write a statement that included a self-evaluation and his/her career aims before returning home from the assignment. Based on this report, the human resource officer should then search for potential job opportunities which would suit both the expatriate and the company.

The integration of international assignments into the expatriate's career development program and the establishment of a succession plan in the pre-departure stage regarding the whole period of the expatriate career cycle, are key elements to the overall success. (Stahl et al. 2009:132-133) Firstly, a succession plan enables the expatriate to adjust and readjust more successfully (Holt and Wigginton 2002:465), as the open communication of both parties' wishes and expectations create a transparent and trusting relationship. (Dörzenbach 2008:240) Secondly, the close participation of the employee in this process strengthens his/her belief that

he/she is able to influence and shape his/her own career path, and in this way reduces his/her doubts. Thirdly, a systematic and transparent career plan increases the employee's willingness to stay with the company, because the company's long-term goals reflected in the individual career path increase the employee's trust in the company. Moreover, an upward movement is a reward for the taking part in an international assignment and for the work achieved. (Dörzenbach 2008: 236-240)

### **7.2.3.2 Compensation**

Compensation packages are an important tool not only for smoothing cross-border transfer of the employee, but they are also particularly useful for motivating him/her to perform well professionally and get him/her to commit to staying with the company. This is the case because, by establishing the details of the compensation for the period during and after the assignment right at the start, reciprocal expectations can be expressed and discussed, and thus future disappointments avoided. Uncertainty caused by the unknown can thus be reduced, which makes for a smooth adjustment process. The expatriate will be reassured by the company's open show of commitment towards him/her and thus he/she will be able to concentrate fully on his/her job tasks. (Dörzenbach 2008: 264-267)

However, as Debrus (1995a:132) points out, the design of a compensation package is very difficult, because it has to balance the expectations of the company and those of the expatriate. It is in the company's interest to integrate the expatriate's payment into the overall corporation's policy and pay attention to issues of cost/effectiveness. The expatriate, on the other hand does not want to be at a financial disadvantage compared to the home colleagues, and wants to be sure of proper living standards while abroad/home and to be rewarded for the extra efforts and for taking the risks of accepting an international assignment. In practice companies use several compensation methods which will be shortly discussed in the followings, with the aim (1) to describe the challenges of finding equilibrium when designing a compensation package and (2) to propose how to design a suitable compensation package.

Often, in their efforts to enhance the cross-border mobility of their highly qualified workforce, companies offer generous compensation packages (Stroh et al. 2005: 163-164; Bonache 2006: 160), which however are actually more damaging than beneficial.

For example, an overly generous compensation package may increase the employee's willingness to accept an assignment and increase the likelihood that the employee will stay with the company, but it could also encourage the expatriate to lead a more luxurious life style abroad than he/she did at home. This may cause separation<sup>23</sup>, as expatriates might send their children to private international schools rather than to local ones, or they might network with home nationals rather than with host nationals or might buy only home national products. (Stroh et al. 2005:163-164) Furthermore, the re-entry back home to a lower remuneration, may lead to huge readjustment difficulties, dissatisfaction (Bonache 2006:160) and hence the probability of the employee leaving the company would be higher.

Another disadvantage is that providing generous compensation packages, leads to high expatriation costs and as a consequence to financial inefficiency. As a response, many companies cut their rewards or benefits they had already promised, at the expense of losing highly qualified expatriates and not achieving the company's goals. (Bonache 2006:160)

Another problem with providing high financial incentives is the resulting payment inequity between expatriates and the local staff (Bonache 2006:160), but also between expatriates. A Japanese manager of a subsidiary of an American head quartered corporation said in an interview: *"I have a German expatriate working two levels below me with a compensation package equal to mine and twice as large as a British expatriate one level above him."* (Stroh et al. 2005:164)

Thus, generous compensation packages might tempt top talent to engage in international assignments, but at the same time these make both in-country adjustment and reintegration more difficult. Furthermore, if employees feel that there is inequity in payment, this could raise attrition rates.

To avoid inequity between expatriates and local staff, some companies use the so called *"host-country approach"*, providing compensation packages for expatriates, similar to those from the host country. (Bonache 2006:161) As a result, expatriates tend to only engage in assignments at subsidiaries with a higher income level and refuse to be relocated to subsidiaries with a lower income level. (Stroh et al. 2005: 175)

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<sup>23</sup> When an individual avoids being in contact with host nationals, identifying exclusively with the homeland culture, it is spoken about *"separation"*. (See the model of acculturation strategies by Berry and Sam 1997: 296) The result of this attitude is avoidance to learn new things from the host culture and withdrawal from the large society. (Berry and Sam 1997: 297; Oudenhoven 2006: 168; Kühlmann 1995: 17)

In order to avoid inequity between expatriates, some companies apply the "*global approach*" compensating all expatriates equally in all their worldwide locations. This again means that if employees are transferred between several regions which have different compensation packages, the chance of inequity to emerging is higher and repatriation adjustment could also be made more difficult. For instance, if an expatriate from a low wage and living standard country gets a higher level of compensation, this won't facilitate his/her re-entry back home. (Bonache 2006:161)

In order to enhance the cross-border mobility of expatriates and their smooth re-entrance, other companies apply the "*home country approach*" maintaining them at the same wage and living-standard level as at home. This is made by paying allowance differentials in order to obtain the same home basis living level. Limitations of this method are that there will be inequity between expatriates from different countries, and that it does not take into account the higher salary tax international assignees might be subjected to, due to the host country's national regulations. (Bonache 2006:162; Stroh et. al. 2005:172)

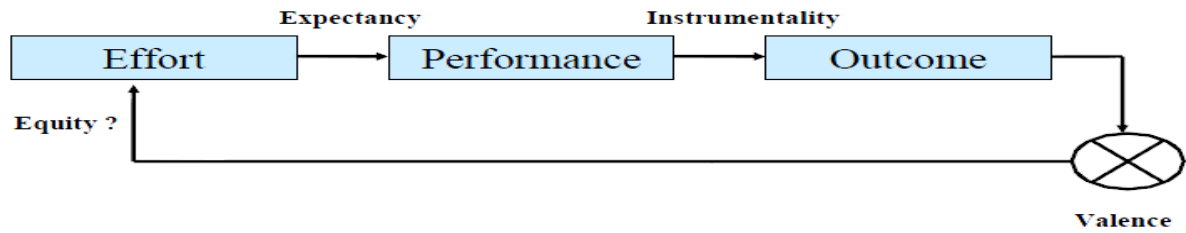
All these examples reveal that it is hard to achieve a balanced solution in practice. As shown, the motivation to accept an assignment is often inhibited. In other cases, feelings that there is inequity in pay, high costs or a difficult reintegration back home could be causes of failure. While in Stroh et al. (2005:185)'s opinion a solution to improve the problem of compensation strategy which would work in both party's benefit, would be to apply Vroom's Expectancy Theory, Dörzenbach (2008:266)'s suggests applying Adam's Equity Theory.

According to Vroom's Expectancy Theory, individuals have different kind of needs and they can be motivated to achieve job tasks effectively, if they believe that: (1) their performance will improve if they put in more effort, (2) they will gain the reward they want by obtaining the desired performance level, (3) the reward obtained will satisfy their personal wishes, (4) and the desire to obtain this particular reward is strong enough to make the effort worthwhile. As illustrated in figure 11, there is a strong link between effort, performance and outcome. Vroom thinks that if variables<sup>24</sup> such as: expectancy, instrumentality and valence exist then the individual will be motivated. (Wikipedia 2009, Arrod Co UK 2009; Stroh et. al. 2005:182)

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<sup>24</sup> Vroom calculates motivation via the following formula: Motivation= Valence x Expectancy (Instrumentality) where (1) expectancy - the person's belief that by putting a certain effort, he will obtain the increased performance level, (2) instrumentality - his belief that if the desired performance is achieved, he will get the

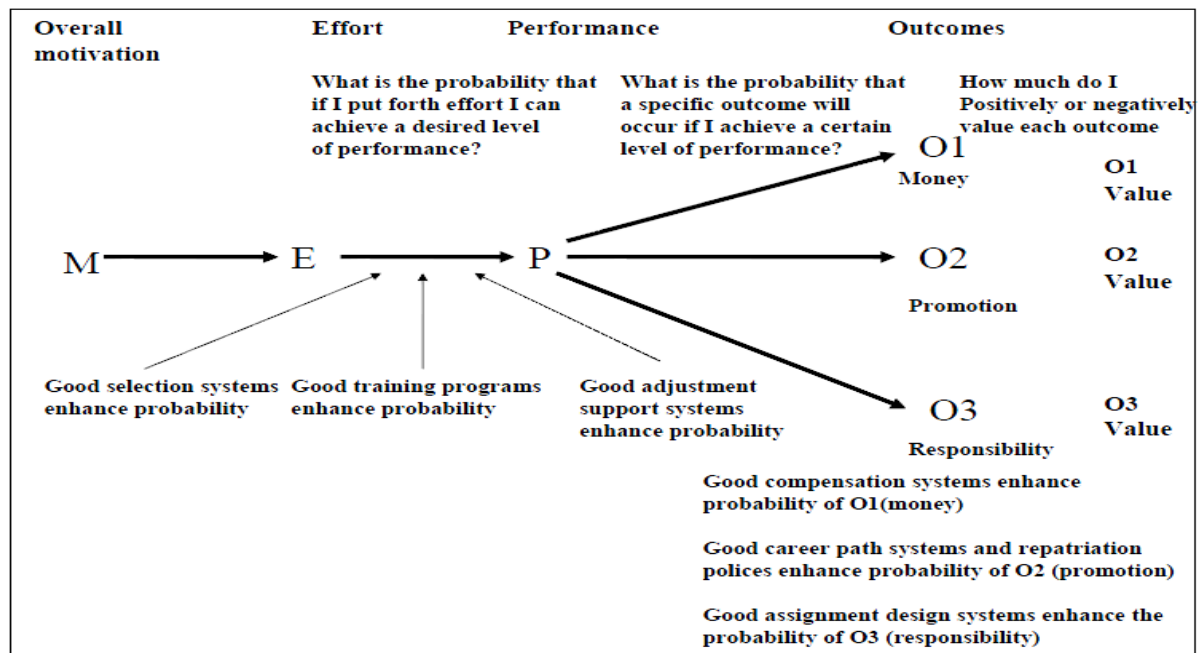
**Figure 11: Vroom's expectancy theory**



Source: Arrod Co UK - Learn, grow, act (2009). "Expectancy theory of motivation" [http://www.arrod.co.uk/archive/concept\\_vroom.php](http://www.arrod.co.uk/archive/concept_vroom.php) (05.12.2009)

As each person is motivated by different desires to put an effort, Avril and Magnini (2007: 61) propose to design an individual "basket of benefits". This according to the model of Stroh et al. (2005: 182) would consist in a combination of monetary and non-monetary benefits. (See figure 12)

**Figure 12: Expectancy theory in global assignments**



Source: Stroh et. al. (2005), "International assignments - an integration of strategy, research and practice", pp. 183

For example, by combining monetary compensation with non-monetary elements such as training opportunities or career development programs, not only would the level of satisfaction both during and after the assignment be increased, but the probability that the

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desired outcome and (3) valence- the value each individual puts on the outcome [http://en.wikipedia.org/wiki/Victor\\_Vroom](http://en.wikipedia.org/wiki/Victor_Vroom) (08.12.2009)

employee managed the required job tasks would also go up. (Stroh et al. 2005:184) Furthermore, by concentrating on the satisfaction of individual needs, the employee's commitment to staying with the company will increase. As an example, many expatriates put great value on embedding international assignments in their career plan. Moreover, a combination of monetary and non-monetary elements fitted to the individual, would not only make international assignments more attractive in the eyes of the expatriate, but would also ensure the cost control for the company. (Dörzenbach 2008: 266)

According to Adam's Equity Theory, the focus should be on ensuring that the expatriate feels, the rewards of his/her efforts are fair in comparison with other co-employees with the same functions. So, it is suggested that the efforts of an individual have to be rewarded fairly, taking into consideration the above mentioned input/output ratio. Only in this way, will the employee be content and feel that it is worthwhile to put in the effort. (Wikipedia - Equity Theory 2009)

In summary, it can be argued that discussing the issue of compensation with the expatriate before he/she leaves for abroad and including it in the contract, will improve the ease of his/her adjustment and readjustment. Furthermore, by designing compensation packages by combining Vroom's Expectancy Theory with Adam's Equity Theory, important objectives can be reached: (1) an increased motivation to accept an assignment, (2) equity, (3) cost control (4) a smooth reintegration back home (5) completion of the job tasks and (6) commitment to the company.

### **7.2.3.3 Social security provision**

The approach a company takes in the field of social security is considered to be central in avoiding uncertainties and smoothing over the difficulties and unexpected events that might occur, when working and living in a foreign setting. By ensuring social security continuity over the whole expatriate career cycle period, not only will mobility and ease of adjustment abroad be fostered, but the repatriate can also return contented, knowing that he/she is safeguarded from negative consequences of his/her activity back home. The company should guarantee that the expatriate will receive a proper social security package abroad and back home. In so far, human resource management experts should be up-to-date on the international guidelines and country specific regulations. (Mütze and Popp 2007: 85; Debrus

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1995a: 141) The aim in this thesis, with the exception of one practical example given below, is not to detail all the elements of a social security package. Rather the intention is to outline the importance of giving attention to this aspect, when preparing the relocation.

For example, according to Henkel KG, it is very important to ensure continuous pension insurance also during the international assignment in order to avoid any negative consequences, when the expatriate returns home. They even consider the possibility of double pension coverage in both countries. They also provide the expatriates with unemployment insurance. Accident insurance is dealt with by the branch of Henkel KG in the host country. However, in order to ensure total security, they also pay for private accident insurance for the expatriate and a regularly and private health insurance for all accompanying family members, too. The company pension scheme runs at home during the international assignment, providing security for the expatriate after the return back home. A range of other types of insurance are also provided: travel accident insurance, luggage insurance, household insurance both at home and abroad, liability insurance, car insurance and legal costs insurance, because the risks in a foreign settlement are often higher than in the homeland. (Debrus 1995a: 138-141)

### **7.3 Concluding summary**

Pre-departure measures are linked to the factors that have a positive influence on the anticipatory adjustment as pointed out in the theoretical model of cross-cultural adjustment in section 5.5.1. In the framework of this chapter, it has been demonstrated that the combination of good selection systems, logistical and emotional support, proper training programs offered for the employee and family members and an extensive contract, do not only aid all three aspects of adjustment to the new host location, but also enhance the expatriate's job performance and commitment to the company. Furthermore, it has been highlighted that an extensive contract which contains issues related to the succession plan, compensation packages and social security provision for the whole period of the expatriate career cycle, is the foundation for a successful expatriation and repatriation process. For a detailed review, table 5 illustrates the results of chapter 7.

**Table 5: The impact of pre-departure activities**

Activity in pre-departure stage	Foreign-Country impacts			Home-Country impacts		
	Expatriate's adjustment in the foreign-country	Expatriate's job performance in the overseas company	Intent to stay	Repatriate's re-adjustment in the home country	Repatriate's job performance in the parent company	Intent to stay
Selection of candidates	All three facets (more empirical research is needed)	Yes (more empirical research is needed)	Yes (more empirical research is needed)	-	-	-
Logistical and emotional assistance (For expatriate and family members)	All three facets (more empirical research is needed)	Yes (more empirical research is needed)	Yes (more empirical research is needed)	-	-	-
Pre-departure cross-cultural training (For expatriate and family members)	All three facets (if properly designed)	Yes (if properly designed)	Yes (more empirical research is needed)	-	-	-
Career development program (contract)	Yes especially to job facet	Yes	Yes	Yes especially to job facet	Yes	Yes
Compensation (contract)	Yes (especially general and job facet)	Yes	Yes	Yes (especially general and job facet)	Yes	Yes
Social security provision including also family (contract)	Yes (especially general and job facet)	Yes	Yes	Yes (especially general and job facet)	Yes	Yes

Source: Own. Table is based on the results from chapter 7

## 8. Measures to be taken during the international assignment

The arrival in the host country means for the expatriate and his/her family the encounter with the reality they find there, aspects to which they have been prepared just in the pre-departure stage. Nevertheless, even a thorough preparation dealing with language, job and cultural issues, cannot do away with all the unfamiliarity of living and working circumstances abroad. The critical time period for culture shock, where efficient task completion and satisfaction are likely to be endangered, is thought to be between the first three months and a year. (Kühlmann 2004: 83; Sullivan et al. 2002: 81) For this reason, the company has to support the newcomers to facilitate their rapid integration. This chapter proposes thus to discuss the measures that a multinational company should take during the international assignment, in order to foster the in-country adjustment, job performance and company loyalty.

### 8.1 Providing logistical and emotional assistance

Authors such as Mezias and Scandura (2005:527) believe that special attention should be paid to the logistical and emotional support the company gives to the expatriate and family



members. This is because, once they have arrived in the host location, the number and intensity of stressful factors affecting them is very great. As the advantages of this kind of support have been already discussed in section 7.2.1, this section will examine only the best approaches for facilitating their rapid integration in the foreign environment. In contrast to the pre-departure stage, where only the relocation mentor had an important function, it is thought to be beneficial to have several mentors providing assistance at this stage. (Harvey and Wiese 1998:41-43; Croccito et al. 2005:527-528; McCaughey and Bruning 2005: 26) This is because particular types of mentor-protégé relationships in both the foreign location and the home one, can increase the expatriate's and his/her family's ease of adjustment. (Mezias and Scandura 2005:530)

It is recommended that the expatriate have both informal and formal relationships with mentors in the foreign location, when it comes to his/her host country/company adjustment.

For example, informal protégé-mentor relationships are considered to be the most suitable for fostering general adjustment and successful interaction, due to the trustful interpersonal and long-lasting relationship that may result between the two persons. Working peers, friends and former international assignees could give important aid in matters to do with general orientation. (Mezias and Scandura 2005:527) At Henkel KG, expatriates receive important support when searching for accommodation or for a suitable school for children, when opening a bank account, when dealing with local authorities, establishing purchasing opportunities and medical health care for the entire family, etc. (Debrus 1995b: 162-167) According to McCaughey and Bruning (2005: 26) and Harvey and Wiese (1998: 42), a local inhabitant can be a real help, by offering advice about suitable cultural behaviour and helping the expatriate to make sense of the cultural values and norms. He/she could also help expatriates and their family members to network with nationals, thus increasing their satisfaction. Kühlmann (2004:88-89) refers to empirical studies which showed that newcomers who were involved in social networks, perceived potential stress-factors less threatening and coped better with high-pressure situations.

The expatriate also needs information and support to adjusting to his/her new work role at the host location. (Mezias and Scandura 2005: 527-528) Opinions about who should give this assistance are however divergent. Drawing on Mezias and Scandura (2005: 528), the expatriates' hierarchical head is the most suited person to explain the strategy, task specificities and the expatriate's position. In contrast, Harvey and Wiese (1998: 42) argue that

the most suited person to provide assistance in all these issues would be a former expatriate, as he/she is in a better place to explain the differences between the home and the host company's values, behavioural patterns and working attitudes. This person could help him/her to integrate into the local working group and office culture, so that he/she feels like part of the team. Thus the expatriate can be helped to settle into his/her job and build relationships.

Although opinions differ regarding formal or informal on-site mentoring relationships, assigning a number of host country mentors is commonly considered to be useful for fostering the expatriates' general, relational and work adjustment. Due to the lack of empirical studies, these proposals are based only on the authors' hypothesis and further research into this is required.

Besides host location mentors, some authors argue that continuous communication with mentors from the parent firm is crucial, because, as revealed in section 5.3.1, the expatriate is often forgotten while he/she is abroad and this is a common reason for dissatisfaction and for the decision to leave the company. The "*relocation mentor*" (Croccito et al. 2005: 527) located in the home company, should be thus an important information source for the expatriate, letting him/her know about the events and structural changes that take place in the home organisation. (Croccito et al. 2005: 527; Harvey and Wiese 1998: 41)

Supporting the expatriate's spouse along his/her career path is also considered to be important. The mentors' main concern should be to facilitate the family members' well-being, helping them settle down in the foreign location and establish social networks with the host nationals. (Harvey and Wiese 1998: 42) A host country national can smooth the adjustment process of the expatriate's spouse by assisting with a job search, helping him/her to obtain a work permit and suggesting different kinds of workshops on cultural issues. (Harvey and Wiese 1998: 42-43) Nevertheless, as KPMG 2008 Global Assignment Policies and Practices survey (2008:18) shows, only 19% of the companies assisted the expatriate's spouse in his/her job search and only 29% helped with the acquisition of a work permit.

As well as helping with in-country adjustment, Ehnert and Brewster (2008: 121) and Croccito et al. (2005: 528) also stress that on-site mentoring enhances job performance and the expatriate's willingness to complete the mission abroad. This hypothesis was confirmed by

the empirical study<sup>25</sup> carried out by Feldman and Bolino (1999: 64-66). They found that on-site mentoring had a positive influence on expatriate adjustment, and thus influenced job satisfaction, the completion of the tasks and intention to finish assignments, positively too.

Although there are examples of companies that provide different kinds of on-site assistance, there is no research which examines actual worldwide practices, nor makes proposals of standard activities to be taken in this stage. With regard to mentoring, few companies provide programs such as these for their assignees, at present. (Croccito et. al. 2005: 524) In their study, Suutari and Brewster (2001: 559-567) found that only 25% of the respondents had a contact person in the home company who kept them up to date with the events happening in the home corporation. Even though international assignees considered having a "godfather" as the most helpful support instrument, the results of Mayrhofer and Scullion (2002:821-825)'s study<sup>26</sup> show that only 23% of the respondents had a mentor in the host location, providing them with support. By 2008 however the situation has improved, as according to the KPMG 2008 Global Assignment Policies and Practices survey (2008: 66-78), 41% of the respondents said they provided a host national mentor as a contact person.

## 8.2 Job performance management of the expatriates

In order to gain a competitive edge in the current global business context, companies acting internationally need to have clear global strategies, which are implemented efficiently throughout the corporation. Hence, the job performance of the international assignees is critical for the success of the international assignment. (Tahvanainen and Suutari 2005: 91) This implies that the employee should come up to the expectations of the company and achieve the best outcomes. According to Cascio (2006:176) and Thomas and Lazarova (2006:255) the expatriate will be able to perform well at his/her workplace<sup>27</sup>, not only if he/she fulfils the organisation's job specific goals and the technical requirements of the

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<sup>25</sup> Feldman and Bolino (1999: 54) conducted a study on a sample of 179 expatriates located in 19 countries worldwide with the aim to demonstrate the impact of on-site mentoring on expatriate adjustment and its outcomes.

<sup>26</sup> Mayrhofer and Scullion (2002:821) investigated the differences between male and female expatriates from 36 companies belonging to the German clothing industry sent on overseas assignments.

<sup>27</sup> Cascio (2006:176) considers that performance at the workplace consists of "task" and "contextual" performance. While task performance relates to fulfil job specific organizational goals and technical requirements of the position, contextual performance relates to personal skills like diligence, endurance, dutifulness, teamwork, networking abilities or even willingness to do also tasks that are not part of the job description (Thomas and Lazarova 2006: 255)

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position, but also if he/she possesses abilities necessary for carrying out these tasks and communicating well. This is where the human resource management comes in play. Its role is to *"turn employees' potential into the desired results."* (Tahvanainen and Suutari 2005: 92)

Firstly, special attention should be paid to the expatriate's work satisfaction, which is a key element in his/her job performance and contentedness. This means, to act both on the *"intrinsic"*<sup>28</sup> and *"extrinsic"*<sup>29</sup> facets of work satisfaction, because *"if expatriates are neither intrinsically nor extrinsically satisfied while on assignment, the motivation to perform well and/or remain abroad for the specified length of time is diminished."* (Downes et. al. 2000: 123)

Secondly, in order to carry out the organisation's strategies effectively, the expatriate has to understand exactly what his/her job tasks are and what is expected of him/her. Furthermore he/she has to be focused on task completion and want his/her quality of work to improve more and more. Naturally, he/she should have the necessary skills and resources to do the job adequately and last but not least he/she should be motivated and keen to accomplish the tasks correctly and on time. (Cascio 2006:179-181; Tahvanainen and Suutari 2005: 94)

The company's job is therefore to implement a feasible performance management process which includes the following steps: task and goal establishment, job performance measurement, evaluation, feedback and encouragement of job performance through training and performance-related payment. (Cascio 2006:179-181; Tahvanainen and Suutari 2005: 94)

In the following sections the above mentioned steps of a performance management process will be discussed, focusing on their positive impact on job satisfaction, performance encouragement and company commitment.

### **8.2.1 Task and goal establishment**

It is important that the communication of the tasks and goals is clear and transparent, so that the expatriate understands exactly what is expected from him/her during the assignment. As discussed in section 7.2.3.1, this should be clarified within the contract in the form of a job

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<sup>28</sup> Intrinsic satisfaction means feelings of fulfilment and contentedness residing from successfully completing the job tasks (Downes et. al. 2000: 123)

<sup>29</sup> Extrinsic satisfaction means feelings of fulfilment and contentedness residing from the appreciation, rewards and promotion at the work place (Downes et. al. 2000: 123)

description, before he/she leaves for the assignment. Nevertheless, it should be also revised by the management and/or by the expatriate during his/her residence abroad, during the course of every day's activities. (Tahvanainen and Suutari 2005: 94; Cascio 2006:179)

Several empirical studies<sup>30</sup> confirm the assumptions made within the theoretical model of international adjustment (See also section 5.5.2) by Black et al. (2009: 348) that job variables play an important role in the new work setting. Most of them agree that job clarity and job discretion help adjustment to work and improve job performance and loyalty to the company. These studies reveal that a clear explanation of the new job responsibilities, not only reduced the expatriate's uncertainties about the new work situation, and thus helped him/her adapt to the work better, but also led to a full understanding of what was expected, thereby increasing the expatriate's motivation to carry out and finish the tasks. Furthermore, the freedom to configure new job tasks independently, the freedom to make decisions and to do interesting things, resulted in better job satisfaction, performance and company commitment. (Black and Gregersen 1991: 501-510; Stroh et al. 2005: 111; Naumann 1993: 67-76)

Goals have to be established in such a way, that they motivate the expatriate to make an effort to reach them and encourage perseverance in obtaining higher levels of performance (Cascio 2006:179), because achieving certain goals, will enhance self-esteem and contentedness. (Moorehead and Griffin 1998: 198) This can be obtained by setting clear, challenging, but also reasonable and measurable goals, with clear deadlines such as: increasing sales by five percent in the next six months. Setting achievable and challenging goals, which also require certain degree of effort, will foster the motivation to attain them. The employee should be

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<sup>30</sup> The study of Black and Gregersen ( 1991: 501-510) made on a sample of 220 American expatriate managers working in Japan, Korea, Taiwan and Hong Kong examined the impact of some job variables on the three facets of adjustment. All three variables: role discretion, role ambiguity and role conflict had an influence only on the adjustment to work. Job discretion seemed to have the strongest positive influence. Role ambiguity was negatively related to work adjustment, as uncertainties at the work place inhibit adjustment. The reverse is valid, that clear set of tasks diminish ambiguity, fostering work adjustment. Role conflict increased uncertainty and inhibited adjustment, as conflicting demands made on the expatriate were hindering work adjustment due to different expectations. As a limitation to this study, it can be mentioned that no detail had been given on how adjustment was measured, how the job variables have been determined and how these variables affected expatriate's job performance. Naumann (1993: 67-76) conducted a survey on 157 American expatriate managers assigned by U.S. headquarters in subsidiaries from South Korea, Hong-Kong, Taiwan and the People's Republic of China, with the purpose to reveal the influence of the job characteristics on their job satisfaction. Those expatriates who got clear responsibilities, who were allowed to use a multitude of competences, who could identify themselves with the job, who were allowed to do a complex range of tasks and make independently decisions in their positions, were content in their job position abroad. Task autonomy also led to greater satisfaction. The author draws the conclusion that by enhancing job satisfaction, the commitment to the company can be obtained. According to Stroh et.al. (2005: 111) job discretion, and job clarity have a positive impact on the performance, while role conflict hinders it.

given a deadline for achieving particular goals, as the sense of urgency increases efforts and the results will be obtained quicker. It is important that the employee accepts these goals and is willing to achieve them, because the higher his/her commitment to the goal, the higher his/her motivation to perform. (Tahvanainen and Suutari 2005: 94; Moorehead and Griffin 1998:199)

Proper task and goal establishment is thus an important step in achieving job satisfaction and thus implicitly job performance and company commitment, too. The results of a recent empirical study<sup>31</sup> by Tahvanainen (2007:180-181) on goal setting practices at Nokia Telecommunications were alarming. In all positions apart from top and middle managers, expatriates were not given a clear and extensive definition of the goals to be achieved. Expectations were often only communicated on a daily basis.

### **8.2.2 Job performance measurement and assessment**

After defining the expatriate's job responsibilities and setting goals, the management has to identify the performance criteria and measure whether these goals are achieved. Moreover, it should be explained to the expatriates what the requirements are and how their work efficiency will be measured. Appraisal of the individual's performance and regular feedback on his/her current level of performance, will let him/her know exactly where he/she stands and will foster him/her to learn to achieve goals better. (Cascio 2006:179-180)

Given the difficulties connected with defining valid performance criteria, a fair assessment of the expatriate's work efficiency is crucial.

Firstly, the translation of the goal into clear indicators will enhance the expatriate's understanding of what should be accomplished. For example, setting a goal such as "*make a company successful*" is very unclear, unless clear criteria for measuring the success are established. In this case, the number of quality claims received from customers, could be an indicator, which would be relevant for measuring customer satisfaction. (Cascio 2006:180)

Secondly, in an international context the determination of valid performance criteria is often hard, because failure to consider the real dimensions of the foreign context such as:

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<sup>31</sup> Tahvanainen (2007:174-175) examined the performance management practices of Nokia Telecommunications. She interviewed a number of 81 Finnish expatriates who worked in different positions like top managers, middle managers, business founders, customer project employees and research and development project personnel in Finland, Thailand, China, United Kingdom and the United States.

local inflation rate, quick currency exchange rate variation, unstable political situation, strict government regulations, cultural differences etc. could lead to an unfair assessment of the expatriates' efficiency and thus to dissatisfaction. For instance, high depreciation of the local currency over a longer period of time may be reflected in a loss in the accounting in the home currency, even though the subsidiary is actually profitable. (Stroh et. al. 2005: 149; Cascio 2006:180-181) One solution would be to find a balance between "*achievements in relation to objectives, behavior on the job as it relates to performance (competencies), and day-to-day effectiveness*" (Stroh et. al. 2005: 150), meaning that the exceptional challenges the expatriate has to struggle working abroad, should be considered, too. Another solution to the problem of accurate measurement and assessment of the expatriate's performance would be to establish both<sup>32</sup> hard and soft performance criteria, (Tahvanainen and Suutari 2005: 94-95) as in a foreign setting often good collaboration with local or governmental authorities, excellent cross-cultural competencies and negotiation skills are more likely to lead to success. (Stroh et. al. 2005: 150) Unfortunately, in most of the empirical studies, the reader is not given a detailed insight into how job performance was measured. There are however a few studies that do. The survey conducted by Gregersen and Black (1993:133-135) revealed that performance was measured using both hard and soft criteria: (1) general efficiency, (2) interaction and communication skills (3) work quality and (4) completion of the job related targets. However, general efficiency and work quality were not defined.

As well as environmental factors, scholars argue that job performance during the overseas assignment might be affected also by certain task requirements, the personality of the individual, and the expatriate's and his/her family member's hardships adjusting (Schuler et al. 1991: 368-369; Collings et al. 2009: 81), which should all be taken into consideration when establishing the success criteria for the expatriate. As these factors have already been discussed in detail in this paper, here they are only mentioned in passing.

Unfortunately, the importance of establishing proper criteria to measure the performance of the expatriate in the foreign setting is often disregarded, in practice. (Stroh et. al. 2005: 150) Table 6 presents some criteria used by Pepsi-Cola International to measure individual performance, in order to illustrate this.

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<sup>32</sup>Tahvanainen and Suutari (2005: 94-95) distinguishes between (1) hard performance criteria: profits, return on investment, sales, cash flows, market share, physical volumes produced and (2) soft performance criteria: establishing customer relationships, networks at job, loyalty, collaboration etc.

**Tabel 6: Success factors for performance measurement and management at Pepsi-Cola International**

Crt. No.	Success Factors for Performance Measurement	Tasks
1.	Handling business complexity	Figuring out what needs to be done and charting a course of action
2.	Drives/results orientation	Focusing on an outcome and driving for completion
3.	Leads/manages people	Directing the work of and motivating others
5.	Organizational savvy	Knowing how the organization works and how to maximize it
7.	Executive maturity	Always acting with maturity and good judgment
8.	Technical knowledge	Understanding and applying technical knowledge
9.	Positive people skills	Knowing how to get along with people from all cultures

Source: Schuler et al. (1991) *"Strategic Performance Measurement and Management in Multinational Corporations"*, pp. 373<sup>33</sup>

Taking a look at the second success factor, at Pepsi-Cola International, it can be seen, that each expatriate manager should focus on a particular goal and try to find original solutions in order to maximize results. Nevertheless, the company should define specific outcomes for different locations, because according to Stroh et al. (2005: 153-154), the success criteria in Chile could be different from those in Great Britain or China. For example, focusing on the return on investment in the short term would be less important in China than the establishing good relationships with local public institutions or the professional development of Chinese employees. Both could enhance organisational performance in the long term. Schuler et al. (1991:373)'s article does not mention this shortcoming in Pepsi-Cola International. Another limitation is, that setting a target for an expatriate manager to get along with people from all cultures (See the last success factor from table 6), seems unreasonable, as a manager who is successful in a certain cultural setting, will not necessarily achieve the same results in another cultural environment, as Forster (2007: 84) argues.

<sup>33</sup> The management of Pepsi-Cola International, having sales offices in over 150 countries, developed a common performance system for measuring individual performance in all its' global units. The table contains few criteria for the purpose of further discussion within the paper. For all criteria, see (Schuler et. al. 1991: 372-373)



Regular performance appraisal and feedback has a proven track record of success not only in improving performance (Cascio 2006:180; Luthans and Farner 2002: 785), but also in increasing the expatriates' job satisfaction according to the empirical studies<sup>34</sup> by Naumann (1993: 72) and Tahvanainen (2007:177-181). Those expatriates, who received a realistic and regular assessment of their accomplishments, were more satisfied with their workplace. However, the mere presence of feedback is not sufficient. Feedback, which emphasizes the strengths of the expatriate and focuses on improving his/her competences are likely to enhance self-awareness, satisfaction and performance. By making the expatriate aware of his/her weaknesses, these can be recognised and transformed in strengths, with the help of rigorous training programs. Without a realistic assessment, expatriates may develop an erroneous insight into their strengths and weaknesses. (Luthans and Farner 2002: 790-791)

Nevertheless, giving feedback is a difficult task in the global context, as it is embedded in the specificity of the companies' global approach, cultural differences and the different performance requirements of the parent and host locations. (Tahvanainen and Suutari 2005: 92-93; Thomas and Lazarova 2006: 255) Thus it should be given special attention in order to avoid "*unintended consequences*". (Cascio 2006: 186) For example, while in individualistic societies a direct discussion between the supervisor and the expatriate is a well accepted norm, in collectivist cultures this would lead to an embarrassing situation and a loss of face and would thus upset the expatriate. Here, an indirect and rather circumspect approach is more welcome, possibly involving a third person. (Cascio 2006: 187-188) Cascio (2006: 187-189) stresses the importance of being aware of cultural differences with respect to the performance appraisal process. He says that these are often neglected in practice. The author proposes in his work<sup>35</sup> best practices in three different cultures with regard to raters, feedback objectives, -style and -frequency.

In a foreign context, a multi-rater performance assessment approach seems to be most efficient (Stroh et. al. 2005: 156-157; Tahvanainen and Suutari 2005: 96), as a supervisor located in headquarters is often unable to judge the expatriates' job performance in an objective way. (Stroh et. al. 2005: 156-157) Stroh (2005:157) therefore proposes that a

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<sup>34</sup> Naumann (1993: 72) found that those expatriates who received a performance appraisal were more satisfied at their workplace. Tahvanainen (2007:177-181) shows that in the majority of the cases the expatriates working at Nokia Telecommunications received a regular feedback which made them satisfied. Still, the expatriates working in customer project did not receive any performance feedback, although they expected it.

<sup>35</sup> The author illustrates in a table differences in performance appraisal practices in Western cultures (United States) Middle Eastern culture (Saudi Arabia) and Far Eastern culture (Korea) – for details see (Cascio 2006: 189)

team<sup>36</sup> of organisation members and external evaluators, led by a team leader, assess the performance of the expatriate. However, Tahvanainen and Suutari (2005: 96-97) outline some disadvantages of this approach, for example possible disagreements between evaluators or personal antipathy. In contrast, Aycan (1997: 449) argues that, while the expatriates' general satisfaction, communication abilities, networking skills and teamwork ability should be assessed by the on-site supervisor and co-workers, the quality and quantity of the outcomes and effective communication with headquarters, should be assessed by a home-site supervisor, so that the evaluation is fair.

With regard to feedback frequency, some scholars suggest the best practice is a yearly performance evaluation and feedback (Cascio 2006:180), while others consider a performance appraisal every six months to be suitable. (Stroh et al. 2005:159) Taking into account the time needed to adjust abroad, the first evaluation should be done between 3-6 months after beginning the job in the foreign location. (Sullivan et al. 2002:81)

It is clear that the expatriates' job performance measurement and assessment is a complex issue. This requires much attention, especially in a foreign environment, if the expatriate's efforts at work are to be fairly assessed - a prerequisite for a successful mission abroad. Therefore, all factors that might impact the international assignee's job performance in the foreign environment have to be considered, in order to avoid dissatisfaction, work inefficiency and premature returns.

### **8.2.3 Encouraging high job performance**

Companies take a number of steps to increase job performance, such as: (1) training and development of the international assignees during the assignment and (2) providing performance-related rewards. (Tahvanainen and Suutari 2005: 98-101) These will be highlighted in the followings.

#### **8.2.3.1 Post-arrival cross-cultural training**

Several scholars such as: Suutari and Burch (2001: 300-301), Avril and Magnini (2007: 59), Black et al. (1992a: 106-108) and Waxin and Panaccio (2005:65) stress the necessity of carrying out cross-cultural training after the international assignee and his/her family have

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<sup>36</sup> The team of evaluators proposed by Stroh et al. (2005:157) consists of on-site supervisor, peer-managers, subordinates, global manager, clients led by a team leader

arrived in the host location. They argue that, if a proper pre-departure training had been provided, the expatriate's adjustment to the day to day organisational issues will be less problematic. However, post-arrival training can help expatriates to better master the difficulties related to cultural, communication and job matters, as the host location is the ideal place to grasp all these. As discussed in section 7.2.2., about the benefits of cross-cultural training, these are considered to be valid during the assignment, also. Training might be a useful instrument for improving the expatriate's job performance, when performance evaluation has established that he/she lacks some abilities necessary for achieving particular goals, or simply for future performance improvement. (Tahvanainen and Suutari 2005: 98)

Avril and Magnini (2007:59) suggest classroom style training, real-time training, CD-Rom and/or online forms of training. In their article, Mendenhall and Stahl (2000: 253-254) argue that as well as the traditional cross-cultural training sessions, international assignees should discuss specific cross-cultural issues with a personal coach. This person might be a help in solving current problems that expatriates might encounter during their overseas sojourn.

### **8.2.3.2 Performance-related rewarding**

Performance bonuses in expatriate compensation packages are very important reward instruments, for showing appreciation for the results that have been achieved. (Tahvanainen and Suutari 2005: 100) Performance bonuses are thought to motivate and push expatriates to achieve higher levels of performance and implicitly to satisfaction and company commitment. (Downes et. al. 2000: 123; Aycan 1997: 450)

However, literature on the topic mentions that expatriates are often not rewarded adequately for their efforts. Research highlights, that expatriates often receive their bonuses only long after the completion of the assignment abroad, while other studies report that employees are not satisfied with their bonuses. (Tahvanainen and Suutari 2005: 101) The study<sup>37</sup> of Suutari and Tornikoski (2001: 400) exposed that some expatriates complained about the lack of correlation between their achievements at work and the wage they were paid and proposed

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<sup>37</sup> Suutari and Tornikoski (2001: 390) analysed the level of satisfaction among a number of 301 Finnish expatriates with their compensation packages.

performance-related bonuses. Another study<sup>38</sup> by Tahvanainen (2007:174-181) showed that in the case of most expatriates working at Nokia Telecommunications, the link between performance and pay was unclear, because goals were not clearly defined. Offering performance-related payment, would improve the employee's satisfaction and performance. Nevertheless, the management should provide rewards tailored to the needs of the expatriates, immediately after the completion of an important project. Obviously, it would be ideal if there was a clear relation between goals, achieved job accomplishments and performance bonuses. (Cascio 2006:181)

As seen in this section, designing performance management systems for expatriates is very complex, but at the same time crucial to enhancing the individual's job performance, helping his/her satisfaction and increasing his/her commitment to the company. This is a real challenge for multinational companies, as they have to be aware of the large number of variables which affect performance, especially the cultural and adjustment ones. As expatriation cannot be separated from repatriation, this paper suggests that the performance management of the employee should be continued in the repatriation phase.

### **8.3 Preparation for repatriation**

As shown in section 5.3., the perceived reverse culture shock back home may be the most negative re-entry experience of an overseas assignment, both for the repatriate and for the family members and it may well affect the repatriate's job performance and loyalty to the company. The negative psychological and physical reactions to the new and/or changed home environment are usually caused by the unexpected confrontation with the present circumstances of the home country/company. As illustrated within the theoretical model of repatriation adjustment in section 5.5.3, it is assumed that a proactive repatriation should start by managing the expatriates' expectations just before the completion of the mission abroad. The empirical study<sup>39</sup> by Black (1991: 96-98) confirmed the hypothesis of Black et al. (1992b:744) that by developing an accurate picture of exactly what repatriates will return to in

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<sup>38</sup> Only in the case of top managers the goals were clearly defined in the frame of incentive schemes and their major aim was therefore to achieve these goals, as a precondition to get a performance-related payment. Tahvanainen (2007:176)

<sup>39</sup> Black (1991: 96-97) made a study on a number of 174 repatriates who turned back from four big U.S. companies after an overseas assignment lasting for more than 9 months. He examined the impact of precise expectations on readjustment ease and job performance back home. Here work performance was measured in terms of general efficiency, communication skills, quality in the work and degree of obtaining the work targets.

advance, the insecurities about their non-work and job situation will be reduced, and thus a smooth readjustment and better job performance will be achieved.

Many researchers think that appropriate pre-return and post-return adjustment is achieved by carefully planning repatriation. Preferably preparation for repatriation should begin six months before the completion of the foreign assignment, in order to ensure a smooth repatriation. It should help international assignees to prepare themselves for foreseen home events, for changes that could influence their expectations and help them develop strategies to cope with them. (McCaughey and Bruning 2005: 27; MacDonald and Arthur 2005: 148-153; Mendenhall et al. 2009: 12; Aycan 1997: 444) It should also focus on the private and professional future of the employee and family members. (Harvey and Wiese 1998: 43)

This section will analyse (1) what kind of preparation activities would enhance not only the pre-return adjustment of the expatriate and his/her family members, but also his/her job performance and commitment to the company upon re-entry and (2) why these activities should be carried out at this stage.

### **8.3.1 Providing information and assistance**

The key to creating anticipatory expectations is in fact providing realistic, precise information and assistance with issues of general, organisational and social changes. As in the pre-departure stage, it is recommended that this measure takes place before the expatriate returns home, in order to reduce anxieties caused by the looming repatriation. Expatriates, who feel secure and supported, are more likely to adjust and perform well, than those who are anxious about their future situation back home. (MacDonald and Arthur 2005:150; Harvey and Wiese 1998: 43; Aycan 1997:450; Black et al. 1992b:744) Moreover, the company's support will increase the employee's identification with the company (Dörzenbach 2008: 284), as met or over met expectations<sup>40</sup> are likely to increase satisfaction of the returnees. (MacDonald and Arthur 2003:7) Steps such as: pre-departure repatriation training, continuous communication with the home office, mentoring, frequent home visits, are useful (MacDonald and Arthur 2005:148-150; Lazarova and Caligiuri 2001:389) and thus their benefits will be discussed in detail.

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<sup>40</sup> MacDonald and Arthur (2003: 4-7) surveyed a number of 8 Canadian repatriates who worked for more than 3 years overseas. They found out that met or over met expectations after repatriation led to a smooth transition, while unmet expectations caused readjustment problems. Nevertheless the sample of respondents was small.

It is recommended that the international assignee receives training before leaving the host company, so that he/she can form an image about the living and working circumstances back home. Such workshops should explain to expatriates (1) the possible negative effects of reverse culture shock, (2) the changes that have taken place in the home country/company, in the individual himself, and in the family members during their overseas sojourn and (3) methods of dealing with possible uncertainties back home. (MacDonald and Arthur 2005:150)

Scholars believe that the formation of precise anticipatory expectations is more likely to take place through permanent contact with the home office. Continuous communication between the home company office and the expatriate should thus focus on the reducing of all fears about repatriation. (MacDonald and Arthur 2005:150; Harvey and Wiese 1998: 43; Aycan 1997:450) The empirical study by Suutari and Valimaa (2002:630) showed that keeping up-to-date on events taking place in the parent country, had a positive effect on repatriates' ease of general readjustment and interaction, while results of Aycan (1997:450) highlighted its beneficial impact on the repatriates' ease of readjustment to their work. Empirical research<sup>41</sup> by Lazarova and Caligiuri (2001: 393) and Stroh<sup>42</sup> et al. (1998:120) showed similar findings. Discussions on what to expect upon return and permanent contact with friends and work colleagues from the parent company helped the expatriate to have expectations which corresponded with the reality, and thus positively affected the his/her intentions to stay with the corporation.

Even though friends, family members or work colleagues located at home may be a real support, often these people have never lived in a foreign country and are thus unable to give advice on readjustment. That is why company initiated mentoring just before the employee returns home is crucial, preventing a severe reverse culture shock and poor job performance resulting from it, back home. (Mezias and Scandura 2005: 529) The relocation mentor can provide plenty of informational and psychological support, updating the expatriate about the structural changes within the home company, and informing him/her about home living circumstances, schooling possibilities for children, medical facilities and other family issues

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<sup>41</sup> Lazarova and Caligiuri (2001: 389) made a survey on a sample of 58 expatriates from four North-American based multinational companies with the aim to find out what kind of supportive practices are likely to increase the retention of repatriates

<sup>42</sup> Stroh et al. (1998: 118) surveyed a number of 174 repatriates working overseas who returned back to their settlements in the United States. The aim of their study was to find out what gaps existed between the expatriates' work and non-work expectations and the realities they found and how methods of closing this gap enhanced their commitment to the company.

etc. Furthermore he/she may aid the establishment of contact with former colleagues and/or friends and counsel the expatriate in various non-work matters. (MacDonald and Arthur 2005:150; Harvey and Wiese 1998: 43)

Frequent visits to the home country and office, are also useful practices which provide an excellent opportunity for the expatriate to get up-to-date on home circumstances and thus facilitate a smooth move back home. (Black et. al. 1992b: 745-746) A Canadian respondent told: “...*And we knew there would be a lot of changes in everything here when we came back...We talked to people who had come back, so we sort of knew what to expect.*” (MacDonald and Arthur 2003: 7)

In addition, Harvey and Wiese (1998: 43-44) stress the importance of counselling the expatriate’s family about re-entry, too and to organising the spouse's home career. It is also suggested that the relocation mentor should start discussions with the spouse about his/her home job position at least six months before the relocation. (Harvey and Wiese 1998: 43) Preparing the housing conditions is critical (Harvey and Wiese 1998: 44), as proper accommodation is essential to ensuring the repatriate’s successful readjustment at work. (MacDonald and Arthur 2005:152) The re-entry date should be scheduled to fit in with the beginning/end of school term. (Hurn 1999: 226-227)

### **8.3.2 Planning the return position**

Several scholars argue that the expatriate’s career progression has to be continued in the preparation phase, just before the re-entry back home. Two important activities are advisable: (1) performance appraisal for a successful repatriation and (2) consultation on home career possibilities (Dörzenbach 2008: 279; Hurn 1999: 226; Harvey and Wiese 1998: 43; Crocitto et al. 2005: 529), which will be discussed in the followings.

Drawing on Dörzenbach (2008:279-280), an examination of the job accomplishments achieved, should take place just before the employee leaves the host location. This performance evaluation can detect in early stages possible efficiency discrepancies. These potential weaknesses could be corrected later with a focused training session. Moreover, authors emphasise the need to check the knowledge base, competencies and expertise that the

expatriate acquired during the assignment, so that these assets can be properly utilised upon repatriation. (Crocitto et al. 2005: 529; Hurn 1999: 226)

Another essential step is planning the job position which the expatriate will hold on his/her return. Literature on the subject makes clear, that the expatriate's job expectations are absolute critical. If these are not taken into account, readjustment to the work environment, job performance back home and commitment to the company could be endangered. This is because, when uncertainties about future work conditions are diminished, the employee will be better prepared for the new home office environment. (Stroh et al. 2005: 229-230; Vidal et al. 2007: 321-332) Indeed, in a recent empirical study<sup>43</sup>, Vidal et al. (2007: 327-332) found that accurate information about the work issues measured in terms of job tasks, job position, responsibilities and independence in decisions, enhanced the repatriates' ability to cope with the job tasks back home. The study by Suutari and Valimaa (2002: 632) confirmed earlier findings and found that those returnees who were informed long time before repatriation about their exact job positions and responsibilities, showed higher level of general and job satisfaction, due to the less ambiguous nature of their future.

As seen in point 5.3.1., a major anxiety and obstacle to repatriation adjustment is the question whether a proper job position will be arranged upon re-entry in the home company or not. So, it is advisable to start preparations in advance and to counsel the individual about his/her home career. The empirical research<sup>44</sup> by Stroh (1995: 450-454) highlighted that in those companies where the repatriation of their employees had been planned, where the assignment fitted into the employees' career development path and where expatriates were given a realistic impression of the home position, employees were more satisfied and thus the repatriate attrition rates were lower. As a practical solution, Stroh et al. (2005: 229-230) suggest the formation of a repatriation team made up of the relocation mentor and a human resource employee, who should start assessing and preparing the future job position of the employee, three to six months before repatriation. Obviously, the job position agreed in the contract before leaving overseas should be considered and it should be chosen to fit with the career development of the employee. (Dörzenbach 2008:235-236) Still, a discussion with the expatriate about what kind of job he/she would like to do upon the re-entrance or attempting

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<sup>43</sup> Vidal et al. (2007: 317) analysed the impact of different factors on repatriation adjustment on a sample of 122 repatriates returning to their Spanish corporations.

<sup>44</sup> The study by Stroh (1995: 443) was made on a sample of 51 human resource managers from 51 US-headquartered US multinational corporations with the aim to find out which variables impact the attrition willingness of the repatriates.



to find a position within the organization that fits the expatriate's wishes and acquired competencies, seems to be a best practice. This kind of approach has led to the diminishment of attrition rates among repatriates at the Monsanto company. (Stroh et al. 2005: 230) Black and Gregersen (2007a:127) also found that those repatriates who were involved in the process of discussing repatriation issues just before departure, felt more appreciated and that the attrition rates among them fall rapidly.

Unfortunately preparation for re-entry is given little attention in practice. Many companies underestimate the importance of a proactive repatriation preparation and consider that the return home is not a problematic issue. In their research, Baruch et al. (2002: 665-668) studied the repatriation practices of a middle-sized UK corporation. Expatriates were allowed to visit their country once per year. For regular communication with the home company, a line manager was nominated to keep them updated on changes within the headquarters, by e-mail. Nevertheless, expatriates reported poor organisation and expressed their dissatisfaction, as these contact persons changed continuously and due to structural changes, old networks were lost. In addition, there was no special preparation for work and non-work issues before leaving the host country, either for the expatriate or for his/her spouse. *"I was not prepared; my expatriation was due to be finished in July, but in May I still had no idea of my next job!"* stated one repatriate. (Baruch et al. 2002: 665) In consequence, half of the repatriates left their company upon return. (Baruch et al. 2002: 668) The results of another empirical study<sup>45</sup> by Linehan and Scullion (2002b: 650-652) are astonishing. Only two companies out of fifty prepared their expatriates in order to make their re-entry smoother, by providing regular activities to keep them up-to-date on home events, by organising a yearly home visit and a six month job assessment prior to re-entry back home. The respondents involved in this preparation stated, that this practice enhanced their readjustment and reduced many difficulties regarding repatriation. According to the GMAC Global Relocation Services survey (2004: 52) on global relocation trends 2003/2004, only 44% of the respondents took part in discussions about repatriation issues before completing the international assignment. This is a rather low percentage, which shows that this issue is disregarded in many multinational companies. Unfortunately, no study was found that reported the existence of pre-departure preparation for the family members. Hence, *"without this assistance and*

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<sup>45</sup> Linehan and Scullion (2002b: 650) investigated the repatriation of female managers on a sample of 50 Western Europe companies.

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*information, there is a heightened potential for a 'spillover' from the manager's personal life that could impact his/her professional repatriation."* (Harvey and Wiese 1998: 43)

#### **8.4 Concluding summary**

The measures to be taken during the assignment are linked to the factors that have a positive influence on the in-country and pre-return adjustment, as pointed out in the theoretical model of cross-cultural adjustment and re-adjustment in sections 5.5.2 and 5.5.3.

It has been revealed that logistical and emotional assistance provided for the international assignees during the assignment especially through complex mentoring programs seems to be beneficial, because it reduces ambiguities and anxieties about the unknown and the general and working environment. Appointing informal and formal mentors to provide psychological and logistical support regarding the living, working and networking issues, is likely to improve the ease of adjustment in all three facets. This would then indirectly lead to an increased improvement in job performance and commitment to the company. Unfortunately, although there are some theoretical proposals and statements on this issue, there is little empirical evidence. For this reason, future research should carry out more detailed examinations.

Designing performance management systems that focus on task and goal establishment, on the measurement of job performance, on the assessment and encouragement of performance by means of post-arrival cross-cultural training and performance related bonuses, is also likely to enhance ease of adjustment, job performance and increase the employees' intention to stay in the company. Nevertheless, special attention is required when establishing goals and assessing the expatriate's activity fairly, because there are a multitude of variables that need consideration.

In addition, companies have to be aware, that a proactive repatriation process begins just before the expatriate has finished the assignment abroad, and makes preparations with the family to return back home. Although in practice this issue is rather neglected, it has been shown that pre-departure repatriation training, intensive interaction with the home organisation, information and the provision of support for the expatriate and his/her family members are likely to lead to the fulfilment of job- and general expectations and increase the

interaction ease with individuals from the home location. This will not only enhance the anticipatory repatriation adjustment, but also strengthen the expatriate/repatriate's commitment to the company and his/her job performance back home. Furthermore, careful planning of the expatriate's job position on return and the integration of the assignment into the employees' career development path should be part of this process. For a detailed review, table 7 illustrates the results of chapter 8.

**Table 7: The impact of activities done during the international assignment**

Activity in expatriation stage	Foreign-Country impacts			Home-Country impacts		
	Expatriate's adjustment in the foreign-country	Expatriate's job performance in the overseas company	Intent to stay	Repatriate's re-adjustment in the home country	Repatriate's job performance in the parent company	Intent to stay
Logistical and emotional assistance for foreign-location (For expatriate and family members)	All three facets (more empirical research is needed)	Yes (more empirical research is needed)	Yes (more empirical research is needed)	-	-	-
Task and goal establishment for the expatriate during assignment	Yes especially to job facet	Yes	Yes	-	-	-
Job performance measurement and assessment during assignment	Yes especially to job facet	Yes	Yes	-	-	-
Post-arrival cross-cultural training (For expatriate and family members)	All three facets (if properly designed)	Yes	Yes	-	-	-
Performance related rewarding during assignment	Yes (especially general and job facet)	Yes	Yes	-	-	-
Providing information and assistance for returning home (For expatriate and family members)	-	-	-	All three facets	Yes	Yes
Planning the return position of the expatriate back in the home company	-	-	-	Yes especially the job facet	Yes	Yes

Source: Own. Figure is based on the results from chapter 8

## 9. Measures to be taken after the international assignment

This chapter will discuss the measures that the human resource management of a multinational company should take after the re-entrance of the returnees in the home country, to alleviate the problems involved in repatriation. The aim is thus to analyse (1) the kinds of activities that would enhance not only re-adjustment of the repatriate and his/her family

members, but also his/her job performance and company commitment and (2) why these activities should be carried out at this stage.

### **9.1 Providing logistical and emotional assistance**

Section 5.3 revealed that repatriates and their family members have often huge difficulties re-adjusting, because they are confronted with administrative issues related to relocation, which are difficult, lengthy and distract from job responsibilities. That is why, relocation assistance provided by the company, will allow the repatriate more time to concentrate on his/her job duties. (Feldman 1991:174) Moreover, Dörzenbach (2008:280) argues that corporate assistance is a demonstration of the company's appreciation of the repatriate, and thus increases the employee's feelings of trust, his/her satisfaction and identification with the corporation. This statement was confirmed by the study by Lazarova and Caligiuri (2001:394), who found that support given to aid quick reintegration upon arrival back home, was perceived positively by employees and it was related to stronger intentions to continue the professional activity in the company.

For example, physical relocation can be arranged by special organisations such as so-called "*relocation-services*". This allows the repatriate to concentrate fully on his/her job tasks, being relieved of all relocation troubles. (Dörzenbach 2008:281) Other scholars point out the importance of a formal mentoring system, enhancing the home-country repatriation adjustment. (Mezias and Scandura 2005: 529) For instance, on arrival home, the relocation mentor may greet the returning repatriate and his/her family at the airport. He/she might also provide support in finding accommodation, solve problems with local authorities, health care facilities, solve children's education issues, give financial advice and counsel the family in daily organisational matters. (Holt and Wigginton 2002: 474)

With regard to emotional assistance, it is advisable to give the repatriate full assistance over this difficult period, to avoid a severe reverse culture shock. For instance, a special holiday could be granted to allow some time for reintegration. (Dörzenbach 2008:281) Furthermore, the company can help this process by contacting the repatriate's friends and former working colleagues, in order to help him/her build up social contacts. New returnees can be introduced to social clubs, where they may come together and develop new networks and exchange their experiences. (Kühlmann 2004: 97-101) However, the repatriate himself/herself can also do

many things to smooth this transition. Objective expectations, flexibility, open mindedness, setting achievable goals, networking with friends and working colleagues and keeping in contact with the host company, are just a few examples of measures the repatriate should take to ease his/her own readjustment. (Hurn 1999: 227)

Mentoring can be a real help for easing readjustment in the home company. In order to alleviate the stress caused by changes that have taken place in the home organisation, the relocation mentor can update the repatriate with useful information. He/she can also represent the repatriate's career path expectations in discussions with the management, give the repatriate career counselling and keep him/her updated with training opportunities and job vacancies. (Mezias and Scandura 2005: 530; Kühlmann 2004: 96; Vidal et al. 2007: 322) If repatriates have been assigned a mentor to assist them in these issues, they are more likely to be promoted to an adequate job position, as Feldman (1991:174) stresses. Drawing on Crocitto et al. (2005: 529 –530) it is advisable that the relationship with the relocation mentor continues for at least 12 months after repatriation, in order to facilitate full readjustment.

As shown in section 5.3.2, shock experienced by family members upon re-entry, can be very disruptive and have a negative impact on the repatriate's job performance and commitment to the company. MacDonald and Arthur (2005: 152) suggest providing re-entry assistance for the spouse, which would include assistance in finding a job and career counselling. Help with job seeking and help with writing the curriculum vitae, as well as specially organised seminars designed to bring the spouse's knowledge base in the field of his/her profession up-to-date, are some measures to be taken. (Hurn 1999: 227) Furthermore, it is suggested that the company holds special reintegration seminars, where personal and family problems can be discussed and where repatriates' partners come together to socialise and share their experiences. (Kühlmann 2004: 101)

## **9.2 Post-arrival training**

In addition to logistical and emotional support, training sessions should be provided for the returnees immediately after their home re-entry. (Holt and Wigginton 2002: 472) Osman-Gani and Hyder (2008: 458) stress how useful such sessions are in helping the returnees to cope with unusual problems regarding the general and work environment and how much satisfaction, an investment of this kind gives the repatriate. There is no standard re-entry

training proposal in secondary literature on the topic. Rather, there are many different opinions regarding the content of such reorientation programs. All researchers do however agree that, it is necessary to involve the family members in this process, too.

In their empirical study<sup>46</sup>, Osman-Gani and Hyder (2008: 463-472) asked repatriates what kind of training programs they preferred. Based on the responses, the authors concluded, that a proper repatriation training program should be a mixture between cross-cultural training to help the repatriates to develop coping strategies for dealing with reverse culture shock, training for issues related to living circumstances, area study and reorientation for the family. A balanced training program like this would in their opinion, make the returnees' life easier in the home setting and would improve their ability to master the new requirements in the changed cultural environment.

In contrast, Howard (1974:25) thinks that more emphasis should be placed on the job aspect. He maintains the importance of familiarising the repatriate with the present situation of the home company, which would mean presenting the repatriate and his/her spouse to future working colleagues, bringing the repatriate up-to-date with new company procedures, with structural changes, new management staff, product lines and/or services and providing social networking programs. Dörzenbach (2008:281-282) gives the example of a reintegration seminar as a socialising method, in order to ease the reintegration in the home company. This seminar should involve a feedback session, during which repatriates would discuss their experiences, different cultural aspects, appropriate behaviour habits and techniques for dealing with conflicts arising from cultural differences. Vidal et al. (2007: 323) and Feldman (1991: 174) argue that a training which focuses on the repatriate's new work situation will foster his/her workplace satisfaction and his/her ability to efficiently deal with the new job requirements.

In their theoretical framework of repatriation adjustment, Black et al. (1992b:750-751) suggested that the mere existence of a post-arrival training is not enough. The content of the training program is very important, as training following repatriation which focuses on all three aspects: general environment, work and communication with home nationals, is the most likely to enhance the repatriation adjustment in all these areas.

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<sup>46</sup> Osman-Gani and Hyder (2008: 460-463) investigated the repatriation training practices among 162 repatriates who recently returned to Singapore from their overseas assignments in the Asia-Pacific Region with the aim to find out what training and career development practices would enhance effective readjustment.

Re-entry training not only prevents severe reverse culture shock, but also enhances commitment to the company, as the repatriates feel supported and "*...that the firm is aware of and pays attention to the challenges of coming home.*" (Stroh et al. 2005:228) This view was also conveyed in Lazarova and Caligiuri (2001: 393)'s research. They found that training provided immediately after arrival, was perceived as a support by the returnees and that it had a positive effect on the intention of the respondents to stay with the company. Unfortunately, there is little empirical evidence provided by studies demonstrating the influence of post-arrival training on company commitment as "*so few firms provide it.*" (Stroh et al. 2005:225)

According to literature on the topic, there is mounting evidence that companies neglect to provide repatriates and their family members with post-arrival training. The results of the empirical studies by Osman-Gani and Hyder (2008: 463) and by Harvey<sup>47</sup> (1989:139) reveal that 71% respectively 69% of the companies did not provide the returnees with repatriation training. The reasons for such an approach were: (1) there was no experience in establishing such a training program, (2) the costs of training were considered to be high (3) top management believed that training upon return would not be necessary. Neither the GMAC Global Relocation Services survey regarding the global relocation trends 2003/2004, nor the KPMG Global Assignment Policies and Practices Survey 2008 make any reference to post-arrival training.

### **9.3 Career development of the repatriate**

The job position the repatriate returns to, cannot be ignored either. After a long and demanding overseas assignment, repatriates return home with an increased confidence in their knowledge base and plenty of skills that they have accumulated during their placement. They are also aware of their value on the global labour market. Therefore the management of the corporation must be aware of the repatriates' potential, of how this can contribute to the organisational performance and as a consequence to make sure they remain with the company. (Bender and Fish 2000: 133; Lee and Liu 2007: 126) The role of the human resource management is thus to ensure a position, where the all-encompassing expertise and cross-cultural skills can be utilised and where the returnees will feel they have moved forwards in their career and perceive overall satisfaction. (Blakeney et al. 2006: 190-193)

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<sup>47</sup> Harvey (1989: 135) made a survey on a number of 175 members of the American Society for Personnel Administration International with the aim to find out what kind of repatriation programs were provided repatriates and their family members.

Usually when they return, repatriates have certain expectations related to the job position and status within the home company. (Yan et al. 2002: 378) Black's study (1991: 97-98) found that job expectations have an enormous impact on repatriation satisfaction, and that when these are met or exceeded, adjustment and job performance are successful. Researchers consider that the prerequisites of meeting job expectations are (1) the nature of the new work assignment after the re-entry - the position should be interesting, demanding with extended responsibilities and decision opportunities, (2) utilisation of the acquired knowledge, (3) promotion chances and (4) adequate compensation. (Hyder and Lövblad 2007: 274; Yan et al. 2002: 378) These will be outlined in the followings, with special emphasis on their positive impact on readjustment, job performance and company loyalty.

Suutari and Valimaa (2002: 632) uphold the assumptions of Black and his colleagues made within the theoretical model of repatriation adjustment from section 5.5.4, regarding the nature of the new home position. In their empirical study, Suutari and Valimaa (2002: 632) found that, a position where the employee had a clear job description, where he/she could decide independently how to organise his/her tasks, strongly influenced his/her positive job attitude. The importance of having decision-making power with respect to work flow, staff supervision and time management in the new work role back home was marked out by Feldman (1991: 167-169) as facilitator factors for readjustment ease and increased job efficiency, too. Another aspect worth to be mentioned is the importance of structuring the home job role in a similar way to that performed during the assignment, because *"the greater the dissimilarity between the new domestic job assignment and the expatriate assignment (in terms of skills required, performance evaluation standards, and cultures), the lower the repatriate's initial work effectiveness."* (Feldman 1991:169)

Another variable affecting readjustment, job performance and commitment to the company is the extent to which the company values and utilises the knowledge, skills and international experience the expatriate has gained during the international assignment. (Stroh et. al. 2005:202; Dörzenbach 2008: 292-293; Kraimer et al. 2009: 27) Suutari and Valimaa (2002: 632)'s study confirms Stroh et al. (2005:202)'s statements, that a position where the employee had the chance to apply his recently acquired knowledge, accelerated his/her readjustment. Such an approach demonstrates the company's appreciation of the value of the employee's value and in turn the employee will perceive it as a personal and professional development



and will consequently carry out his/her job tasks more efficiently and will be more loyal to the organisation. (Dörzenbach 2008: 293; Stroh et al. 2005: 225-226) Bender and Fish (2000: 134) propose a so called "*knowledge management culture*", that would be a corporate culture to aid knowledge sharing, the transfer of expertise and would also open information and communication channels throughout the organisation. For example, in such companies, the repatriate would be allowed to share his/her knowledge with his/her working colleagues within special organised workshops or as part of a mentoring team advising other expatriates during their overseas assignment. (Bender and Fish 2000: 134; Crocitto 2005: 529)

Job promotion and compensation packages are further gestures of appreciation towards the employee, which would enhance the repatriate's readjustment ease, performance and loyalty to the company. (Stroh et al. 2005: 225; Dörzenbach 2008: 289-293) This is due to the fact that motivation to perform and acculturation are affected by the course of the repatriates' future career path. (Vidal et.al. 2007:322)

A survey<sup>48</sup> made by Kraimer et al. (2009:41) examined the influence of promotion on the repatriate's commitment to the company. Those repatriates who were promoted after their return, reported a high willingness to stay with the company. In contrast, those who were not advanced felt that their jobs required fewer qualifications and that their competencies had been underestimated. This made them unsatisfied and thus looked for a new role elsewhere. These results confirmed earlier findings that "*repatriate turnover is likely to occur when repatriates fail to get ahead and feel underemployed in their current jobs*". (Kraimer et al. 2009:41) Putting global experience as criteria for promotion is a way of showing how appreciated repatriates are. For example, in companies such as 3M and Colgate, 75% of the managers have been assigned to overseas assignments more than once. (Stroh et al. 2005: 228)

Compensation packages are another way to show appreciation of the repatriates' values. As shown in point 5.3.2, the repatriate is often under-paid back home and the financial support he/she receives is less than that from the overseas assignment. Often savings have lost value and the repatriate suffers a loss of social status and has to do with lower living standards back home. Vidal et al. (2007:323-328)'s research results found support for the hypothesis

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<sup>48</sup> Kraimer et al. (2009:32-33) conducted a survey on a number of 84 U.S. repatriates working at five U.S. based multinational companies who recently returned from their overseas assignments. They developed a model which reveal the positive influence of expatriate and repatriate experiences on career development and repatriate retention.

that a decreased social status back home affects negatively readjustment and vice versa. Scholars found that when repatriates feel that their payment is fair, their repatriation is smoother, they work more efficiently and have stronger bonds to the company. (Dörzenbach 2008: 290-291; Feldman 1991: 175; Stroh et al. 2005:225) That is why, the importance of taking the equity principle into consideration when designing compensation packages during the whole assignment process, is underlined. (Stroh et al. 2005:228) This is especially important in this phase to avoid unwanted losses of the workforce. As each employee has different expectations when it comes to the compensation package, an individualised package would be desirable. For example, the design of an individual basket of benefits would be proper to enhance fairness, transparency and flexibility. (Dörzenbach 2008: 290-291)

Unfortunately, there are in practice deficiencies in repatriation policies. (Lazarova and Caligiuri 2001: 395) Black et al. (1992a: 235) reported that the majority of surveyed American, Japanese and Finnish international assignees – between 60%-70% were not informed about the position they were to be given. Upon their return, almost half of the returnees 46% of American, 50% of Japanese and 33% of Finnish received a job position with ambiguous responsibilities, less role discretion and decision-making power. As one repatriate complained: *"When I came home, I was assigned to a newly created, undefined staff job, where I had no friends, no contacts, and no access to management..."* (Black et al. 1992a: 236) Moreover, the majority: (77%) of the American, (43%) of the Japanese and (54%) of the Finnish repatriates, received lower level positions than they held during the overseas assignment. Almost half did not get the opportunity to use the skills they have acquired and the majority felt that they had a lower living standard upon their return. (Black et al. 1992a: 237-240) Baruch et al. (2002: 668)'s study shows similar results. The majority of the repatriates were unsatisfied with their home situation saying: *"Getting back I felt like a 'cog in a machine'. I missed the freedom, power level, and the strategic position I had had while on secondment."* Often they felt that their leadership skills had been disregarded and the majority, (73%) were not promoted in their home company. The results of Linehan and Scullion (2002b: 654) are even more dramatic: 31 of the 32 repatriated employees were unsatisfied with the company's repatriation policy. They reported that their experience was not appreciated, as they experienced loss of status, low role discretion, lack of friends and contacts and lack of mentoring support upon repatriation. For this reason, they suffered an extreme severe reverse culture shock. Finally, a more recent report by GMAC Global Relocation Services survey (2004:53) regarding the global relocation trends 2003/2004

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confirms earlier findings. Here, while 68% of the repatriates stated, that they had received no guarantee of a position on return, the rest of them were promised employment within the company or a similar job level they held before the assignment. Unfortunately no one reported to have been promoted upon re-entry.

#### **9.4 Concluding summary**

The measures to be taken after the assignment are linked to the factors that have a positive influence on the post-return adjustment, as pointed out in the theoretical model of cross-cultural re-adjustment in section 5.5.4.

It has been revealed that logistical and emotional assistance provided for the returnees immediately after their return home is beneficial, because it reduces ambiguities and anxieties about the unknown and the general and working environment. It is a modality to avoid a severe reverse culture shock and thus aids the employee to fully concentrate on his/her job tasks. Being perceived as the company's appreciation towards the repatriate, his/her satisfaction and identification with the corporation will be ensured.

Although in practice this issue is rather neglected, it has been shown that post-arrival repatriation training with focus on all three aspects: general environment, home working conditions and communication with home nationals is likely to lead to the fulfilment of job- and general expectations and increase the interaction ease with individuals from the home location. This will not only enhance the repatriation adjustment, but also strengthen the repatriate's commitment to the company and his/her job performance back home.

Furthermore, it has been argued that an interesting job position with extended responsibilities and decision opportunities, the possibility to utilise the acquired knowledge back home, career advancement and adequate compensation are prerequisites for a smooth readjustment especially to the job, enhanced performance at the workplace and company commitment.

For a detailed review, table 8 illustrates the results of chapter 9.

**Table 8: The impact of activities done after the international assignment**

Activity in repatriation stage	Foreign-Country impacts			Home-Country impacts		
	Expatriate's adjustment in the foreign-country	Expatriate's job performance in the overseas company	Intent to stay	Repatriate's re-adjustment in the home country	Repatriate's job performance in the parent company	Intent to stay
Logistical and emotional assistance (For repatriate and family members)	-	-	-	All three facets	Yes	Yes
Post-arrival training (For repatriate and family members)	-	-	-	All three facets	Yes	Yes
Career development (Nature of job, utilization of new acquired skills, Job promotion and compensation packages)	-	-	-	Yes (especially the job facet)	Yes	Yes

Source: Own. Figure is based on the results from chapter 9

## 10. Conclusion and suggestions

The prevailing trend of companies towards internationalisation increases the overseas mobility of the labour force. Nowadays, more and more highly qualified employees, accompanied by their spouse and children are deployed by their companies above all on long term overseas assignments throughout their worldwide locations, in order to implement the firm's global strategies effectively. During their job mission abroad, these employees have to achieve well-defined goals, the successful fulfilment of which, will lead to positive outcomes for the corporation. Such an international experience is hugely valuable both personally and professionally for the individual as well, providing him/her with precious knowledge, skills and competencies. Thus, the companies can benefit from the repatriates' extensive understanding of the local markets, cultural patterns, business climate and internal processes etc. upon their repatriation, because they represent a unique vehicle of knowledge transfer and a liaison between the units of the corporation. Hence, this valuable workforce with global leadership skills, innovative ideas and extensive know-how, must be regarded as a valuable asset for the company, as their all-encompassing expertise is a key driver in the overall business performance of the corporation. That is why the employees' job performance and retention in the corporation become a priority for the company.

However, this paper revealed that a large proportion of international secondments fail during and/or after the completion of the assignment. After a thorough analysis, expatriate failure has

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been defined in the light of two components: the inability of the expatriate or repatriate to perform according to the expectations of the organisation and/or the employee choosing to leave the company either during or after the assignment. The analysis of the literature on the subject in this paper, illustrated that adjustment and readjustment difficulties experienced by the expatriates, repatriates and their accompanying family members are the most important reasons for the problems mentioned above.

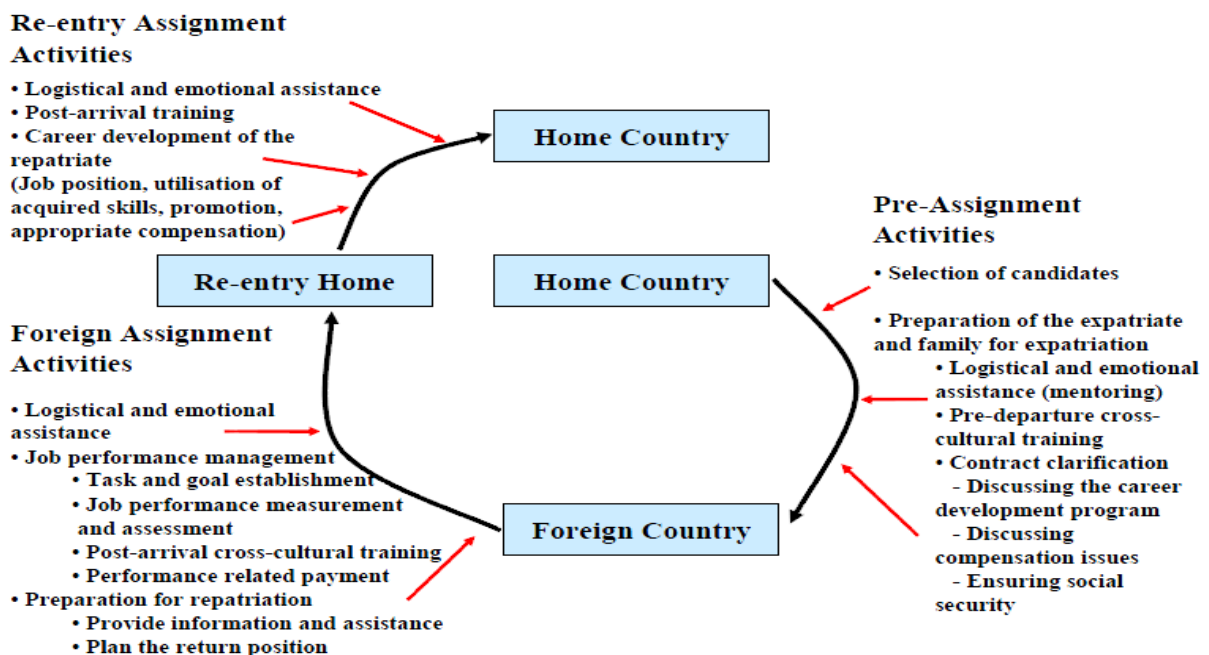
This paper has discussed how engaging on a long term international assignment can be a difficult adventure for the expatriates and repatriates, because switching from a well known to an unknown environment both during and after the sojourn, is a complex venture with many highs and lows. Because they are confronted with the new and/or changed cultural environments, unfamiliar living and working settings and changed communicational patterns, expatriates and repatriates go through two painful processes: 'culture shock' on entering the host country and 're-entry culture shock' on their return home. Severe and long lasting crisis periods are usually caused by incorrect mental images of the new situation, by the many uncertainties connected with living and working in an unknown setting and by the lack of appropriate skills. Furthermore, lack of preparation and support from the company, lack of careers advice, an out-of-sight out-of-mind attitude from the company and lack of appreciation towards the employee, may make this scenario worse. All these cause psychological and physical disturbances, which cause the individual to become dissatisfied and thus cause him/her to be unable to cope with the challenges presented by the general environment, work tasks and interaction with host and/or home nationals. In addition, research has suggested that the problems with adjustment and readjustment faced by the expatriate's/repatriate's family, may magnify the employee's ones. All these were found to have a negative impact on the employee's job performance and commitment to the company.

This paper addressed the question of how a company can increase the benefits arising from international assignments. It was argued, that expatriate failure can be prevented by trying to avoid severe and long-lasting low points during the whole period of the expatriate's cycle, that is by smoothing the cross-cultural adjustment curve. The examination of the results of a number of empirical studies found, that cross-cultural adjustment during and after the assignment is indeed a predictor of whether assignments will turn out to be successful. The uniqueness of this paper consists in a thorough analysis of the connection between adjustment

and job performance and adjustment and company commitment. It was found that only by enhancing the expatriate's/repatriate's and his/her family members' adjustment and readjustment to the general environment, to the work conditions and to interaction with host/home nationals, the company can ensure that the expatriate/repatriate accomplish the job tasks according to its expectations and thereby achieve its business objectives and ensure their willingness to remain with the company.

It was argued that this can be only achieved, if the expatriate career cycle is treated as an entire process, and if expatriation and repatriation is managed systematically, by certain measures taken in the pre-departure stage, during the foreign assignment and on re-entry home. Figure 13 illustrates the measures that a comprehensive expatriation and repatriation program for the expatriate/repatriate and family members should entail. Furthermore, it has been argued, that expatriation and repatriation can not be separated from each other. One reason, as stated in this paper is, that the company can only benefit fully from international assignments, if the international assignee successfully completes the assignment and continues his/her activity in the parent company. The second argument relies on the interconnection of the assignment stages.

**Figure 13: Proposal for activities to be implemented within the expatriation and repatriation program**



Source: Own. Figure is based on the results from section 7; 8 and 9

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Based on these findings, a number of recommendations can be made to multinational companies.

Firstly, all measures shown in figure 13 were found to facilitate the adjustment/readjustment ease, the job performance and the individual's commitment to the company and are thus recommended steps for ensuring the success of international assignments. (See also table 5; 7 and 8)

Secondly, it has been suggested that some activities must be taken at the right moment. Only in this way will adjustment/readjustment, job performance and commitment to the company be enhanced in advance of leaving and re-entering the country. (See table 5; 7 and 8)

For example, a proactive expatriation and repatriation management should start with an effort to manage the employee's and his/her family members' expectations before they embark for their assignment. In fact, many activities that ensure job performance and retention of the staff should be taken before, rather than during or after the expatriate assignment. For instance, the contract should be concluded before the employee leaves the home country, so that foreseen uncertainties can be cleared up in advance and so that both the employee's and company's expectations on expatriation and repatriation issues can be clarified. The integration of an international assignment into the upward career path of the individual enhances not only his/her willingness to accept the assignment, but also makes his/her reintegration back home easier. The establishment of a clear job description right before departure, regarding the employee's responsibilities for the period during and after the assignment also has a positive effect.

Another example is that, preparing the international assignees before expatriation and before repatriation, by providing them with precise anticipatory expectations regarding the host/home living and working circumstances, is likely to enhance their adjustment ease during and after the assignment.

So, companies have to pay attention to this issue, because skipping these activities in the early stages can increase the risk of expatriate failure.

Thirdly, it was suggested that the content of these measures should be designed with careful attention, so as to obtain the maximum benefits. Although the purpose of this paper was not to propose certain methods, it was suggested that a number of variables have to be considered when designing such activities. For example, the mere existence of training is not enough:

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cross-cultural training programs should be tailored to the trainee's individual needs and correlated with the particularities of the culture and the job requirements, focusing on the cognitive, affective and emotional levels of adjustment.

Unfortunately, there is little evidence that companies view overseas assignments as an entire process: they do not implement systematic expatriation and repatriation programs. Moreover, repatriation activities are often ignored, because the notion of reverse culture shock is disregarded. Additionally, the involvement of the spouse and children in these programs is often a neglected area, as companies are not aware of the importance of their need for adjustment. Multinational corporations should be aware of the necessity of implementing such an extensive program, with the active participation of the employee and his/her family members. Even though the costs of such programs are immense, the employee's successful achievement of the organisation's goals and the retention of valuable staff within the company will surely guarantee a return on the company's investment.

This paper pointed out that little empirical research has been conducted with regard to the connection between adjustment and job performance and adjustment and company commitment. This is because the measurement of adjustment and performance is difficult and has been handled differently, by various authors who discuss them. Often there is no detail given of how these are assessed. Moreover, the positive influence of certain activities on adjustment has only a theoretical base. One suggestion would be to continue research in this domain and to try to find standardised methods in order to measure adjustment and performance levels. This would help companies to tailor the type and intensity of expatriation and repatriation programs better to the individual. This paper hopes to trigger more research interest in these aspects of expatriation and repatriation.



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