



Lokaverkefni til BS-prófs

í viðskiptafræði

## Challenges of Expatriation

How to achieve a successful expatriate mission and what to look out for

**Hansína Þorkelsdóttir**



**HÁSKÓLI ÍSLANDS**  
FÉLAGSVÍSINDASVIÐ

---

VIÐSKIPTAFRÆÐIDEILD

# **Challenges of Expatriation**

How to achieve a successful expatriate mission and what to look out for

Hansína Þorkelsdóttir

Lokaverkefni til BS-prófs í viðskiptafræði

Leiðbeinandi: Þóra Christiansen, aðjunkt

Viðskiptafræðideild

Félagsvísindasvið Háskóla Íslands

Október 2016

Challenges of Expatriation.

Ritgerð þessi er 6 eininga lokaverkefni til BS-prófs við  
Viðskiptafræðideild, Félagsvísindasviði Háskóla Íslands.

© 2016 Hansína Þorkelsdóttir

Ritgerðina má ekki afrita nema með leyfi höfundar.

Prentun: Háskólaprent

Reykjavík, 2016

## **Preface**

This thesis was written in the field of International Business and Marketing in the summer of 2016. It is my final completion of a 180 ECTS credit bachelor degree in Business Administration at the University of Iceland. The thesis is evaluated to 6 ECTS credits.

Special thanks go to my thesis advisor, Þóra Christiansen, for much treasured guidance, encouragement and patience through my studies. I also want to express my deepest appreciation to Védís Hervör Árnadóttir, for standing by my side during the whole writing process, sharing her skills by proofreading and giving invaluable insights, endless encouragement and support.

The thesis provides an academic discussion on the challenges multinational companies face in the process of expatriating their employees. I became introduced to this subject in a course called International Human Resource Management, during my exchange year at the Vienna University of Economics and Business. I decided then and there to make expatriation the subject of my final thesis. I have enjoyed the readings and findings on how many facets of the expatriation process must be considered and I hope my discussion here will give the reader a fair insight into the field and perhaps inspiration on further research.

## **Executive Summary**

Due to constant increase in globalization in business, companies now need to manage more in the global context. Especially when expanding across borders with their operations. Human resource strategies must be internationalized and the need for sending executives abroad on short or long term missions will become more evident.

This thesis provides an analysis and summary of the documented findings of research on expatriation, and some of the most common factors that multinational companies need to address in order to achieve successful expatriate missions and what to look out for. A holistic view is sought from the beginning of selecting and training expatriates (expats) to the end of the expatriate cycle, which is homecoming and recoupment, i.e. repatriation.

The term expatriate is defined and other solutions companies might want to consider rather than sending a parent-country national or a third-country national to international assignments. The fundamentals of selecting and training the candidates for expatriate missions are discussed, as well as the importance of appraising them in an orderly way. Issues of failed expatriate missions are examined and suggested measures to prevent such failures. Finally an argument is made on the importance of planning the return of the expat and including repatriation with the whole expatriation planning process.

## Table of Contents

<b>Preface .....</b>	<b>4</b>
<b>Executive Summary .....</b>	<b>5</b>
<b>Table of Contents .....</b>	<b>6</b>
<b>Table of Figures .....</b>	<b>7</b>
<b>1. Introduction .....</b>	<b>8</b>
<b>2. IHRM .....</b>	<b>10</b>
2.1 Think globally and act locally .....	11
<b>3. Expatriation .....</b>	<b>12</b>
3.1 Why do MNCs use expats? .....	12
3.2 Locals and other solutions .....	13
3.3 The expatriate cycle .....	14
<b>4. Selection and Training.....</b>	<b>17</b>
4.1 Starting with company values.....	18
4.2 Expatriate selection criteria .....	19
4.3 Selection testing.....	21
4.4 Assessing global competency .....	22
4.5 Training and maintaining expats abroad .....	25
<b>5. Appraisal and Compensation .....</b>	<b>27</b>
<b>6. Cultural Issues .....</b>	<b>30</b>
<b>7. Failure .....</b>	<b>32</b>
<b>8. Repatriation .....</b>	<b>34</b>
<b>9. Conclusion .....</b>	<b>36</b>
<b>Bibliography .....</b>	<b>39</b>

## **Table of Figures**

Figure 1. Cycle of adaption .....	15
Figure 2. Five Factors Important in International Assignee Success and Their Components. ....	22

## 1. Introduction

Human resource management (HRM) is not what it used to be as the developments of the past few decades have changed the face and practice of business in general. These changes have confronted managers with many opportunities and challenges more noticeable than in the area of HRM. All the themes and issues of HRM are not mutually exclusive but interact and overlap (Kramar & Syed, 2012). One of the most diverse and challenging of these has been international human resource management (IHRM) where cultures cross and adaptation of expatriates (expats) is key to success. The globalization of business has also globalized HRM.

An expatriate, by one definition, is a highly skilled employee with unique expertise who is sent to work in a separate unit of the same company located in a foreign country, generally on a temporary basis (Pucik & Saba, 1998). Some researchers further define an expat as someone who is connected to a single foreign country and is able to hold a leadership role in their expat assignment (Pucik & Saba, 1998) has high technical skill levels relative to personnel in the host location (Howard, 1992) and has a limited role or time for his or her assignment in the overseas location (Adler & Bartholomew, 1992).

With the rise of globalization, the number of expats within the international labor force is constantly increasing. The importance of using expats has long been established. Main reasons being; technical incompetency of local employers, a required step in developing top managers, control over subsidiaries and a common assumption that “native” managers already have in-depth knowledge of company’s culture and policies and thus are more likely to apply their way of doing things (Dessler, 2013). Also, highlighted by Schneider, Barsoux and Stahl (2014), as companies devise more sophisticated global strategies, they increasingly search for managers who can vault borders in a single step to do the sought after implementing. This has induced the call for a multifaceted executive who is operational across borders (Schneider, Barsoux, & Stahl, 2014).



In this thesis, a holistic view is sought from the beginning of selecting and training expats to the end of the expatriate cycle, which is homecoming and recoupment i.e. repatriation. The question posed is twofold:

How do multinational companies (MNCs) achieve a successful expatriate mission and what should they look out for?

In chapter 2 we define IHRM as the process of employing, developing and rewarding people in global organizations. We address the phrase and mindset “think globally – act locally” where an international balancing act is required leading to the rudimentary assumption that balancing the needs of control, co-ordination and autonomy are critical to the success of the MNC. Chapter 3 defines the need for expats furthermore and reviews the known adaptation cycle as well as looking at alternatives to expats. Chapter 4 provides insight into the selection process when selecting an expatriate and three especially defined practices of different corporations, which determine their selection process. The required skills of candidates are examined and the linkage between adaptation skills and a successful expatriation. Furthermore we see the importance of the selection process and its construction. Appraisal and compensation are the highlights of chapter 5 bringing in a more direct approach to methods of experienced MNCs. The appropriate base salary and incentives are discussed further. In chapter 6 we go through the challenges expats might face in different cultures and the known “culture shock”. This then leads us to chapter 7 on failure where the consequences of selecting expats unwisely are looked at. The finalization of every human resource cycle in the expat process is the repatriation process introduced in chapter 8. There, we see different scholars make the argument that valuing the expat’s international experience highly will improve repatriates’ retention rates and thus giving the maximum return on the expat investment.

## 2. IHRM

HRM is defined as a “strategic and coherent approach to the management of an organization's most valued assets - the people working there who individually and collectively contribute to the achievement of its objectives” (Armstrong, 2006, p. 3). Consequently, IHRM is “the process of employing, developing and rewarding people in international or global organizations. It involves the world-wide management of people, not just the management of expatriates” (Armstrong, 2006, p. 99). Fombrun, Tichy & Devanna (1984, cited in Armstrong, 2006) argue that HR systems and the structure of an organization should be managed in a way that is compatible with the organization's strategy. They further described that there is a human resource cycle, which is expressed by four universal operations that are carried out in all organizations:

1. Selection - matching available human resources to jobs;
2. Appraisal - performance management;
3. Rewards – the reward system;
4. Development - developing high quality employees.

(Armstrong, 2006, pp. 4-6)

This human resource cycle will be a focus point onwards as we explore the challenges of IHRM and the expatriate process.

Ulrich as cited in Armstrong (2006) proposes that environmental and contextual changes present many challenges to organizations in such a way that HR has to build new capacities. Among the most imminent being globalization, involving organizations to move information, products, ideas and people around the world to meet the local requirements. “Different but relevant elements must be considered when planning actions: political situations, global trade issues, exchange rates and foreign cultures” (Armstrong, 2006, p. 26).

Many schools of thought have defined IHRM. For the past two decades it has been evolving and expanding into new territories as the global community becomes smaller and smaller. “Much of what we know about managing cultural differences and

developing intercultural competencies at an individual level comes from the experience of expats (managers and professionals sent out by companies on long-term international assignments)” (Schneider, Barsoux, & Stahl, 2014, p. 181). IHRM is undoubtedly a specific type of decentralization and amplification of the HR function. As stated in *Human Resource Management* (2005), when organizations expand their international operations, they must raise the extent of decentralization. Yet internationalization “is not only a form of decentralization, it is the most complicated way of decentralizing operations and it involves differences such as; language, culture, economic and political systems, legislative frameworks, management styles and conventions - that are not found in organizational growth and diversification that stay within national boundaries” (Torrington, Hall, & Taylor, 2005, p. 695).

## **2.1 Think globally and act locally**

Armstrong (2006) affirms that cultural and environmental diversity is a key issue in IHRM (Armstrong, 2006, p. 102). These cultural differences have brought forth the phrase “think globally and act locally” which means that an international balancing act is required (Armstrong, 2006, p. 104). This requirement then leads to the assumption made by Bartlett and Ghoshal (1991) that: “Balancing the needs of co-ordination, control and autonomy and maintaining the appropriate balance are critical to the success of the MNC” (Bartlett & Ghoshal (1991) as cited in Armstrong, 2006, p. 104).

As mentioned before, the challenges of IHRM are extensive. IHRM involves many affairs, which are non-existent when the operations of the organization are restricted to only one country. These affairs consist of multiple international organizational models that are present, the degree of which HRM policy and practice should differ in various countries, the complications of managing in different cultures and environments, and the methods used to select, assign, develop and reward expats (Armstrong, 2006).

### **3. Expatriation**

As Dessler (2013) notes, companies doing business internationally employ different types of international employees. Locals being citizens of the countries they work in. Expats are vice-versa non-citizens of the countries in which they are working. Parent-country nationals are then citizens of the country of which the MNC has its headquarters. Third country nationals are citizens of a country other than the parent or the host-country (Dessler, 2013). Furthermore according to Dessler (2013) expats still represent a minority of multinational managers while locals still fill most positions. This comes as no surprise since parent-country specialists are brought in to implement and maintain as expats but the locals keep the motor running under the fairly temporary guidance of an expat.

#### **3.1 Why do MNCs use expats?**

Minding all the above, there are very valid inclinations towards expats. Dessler (2013) lists the main reasons further:

- Employers can't find local candidates with the required technical qualifications.
- Multinationals have also viewed a successful stint abroad as a required step in developing top managers.
- Control is another reason for using expats
- The assumption is that parent-country managers are already steeped in the firm policies and culture and thus more likely to apply head quarters way of doing things.

The need for expats in the international labor force is real. However the past decade or so the trend has, according to Dessler (2013) been using locals or other non-expat solutions. Seen as assigning expats abroad is expensive and the recent global recession has made posting employees abroad less appealing. In addition the returning expats often leave for another employer within two years of returning. A result to this, new expatriate assignments have not only dropped in the last decade but many MNC's are bringing expats home early (Dessler, 2013).

Conversely with the advent of globalization, the need for some form of expatriation within the international workforce is growing. Adams and van de Vijver (2015) state that in the years to come, globalization will continue and more companies will get into the international market. The demand for expatriate insertions is therefore expected to rise. MNC's will probably expose their most talented employees to various international assignments" (Adams & van de Vijver, 2015). Here we see the conflict of a rising need for expats but also the known problems in the execution of an expat posting.

### **3.2 Locals and other solutions**

There are other solutions in the form of short term or commuter solutions that MNC's can adapt. It is not just a choice between expats vs. locals. These solutions would mean more international travel without the formal relocation of the employee. A survey, made by Timothy Dwyer for HR Magazine (2004), named *Localizations hidden costs*, confirms that around 78% of surveyed employers had some form of a policy for localization. That is a policy of moving parent-country nationals to a foreign subsidiary as a "permanent transferee". In that case the MNC does not treat the employee as an expat but instead as local hire (Dwyer, 2004).

As mentioned before, the cost of using expats is usually much higher than using locals. A survey made by BNA Bulletin (2006) to Management MNCs reported a 21% attrition rate for expats, compared with an average of 10% for their general employees. Also expats were much more likely to leave the MNC's than the home based workers. Local inhabitants may see the MNC as more preferable if it uses local management talent. Even some governments urge MNC's to use local management.

Expats know they are not on a permanent posting at the foreign subsidiary, which may encourage short term results. Many companies are taken by surprise at the costs of posting talent abroad. Agilent Technologies, an American company, does checks routinely and notes that it costs about three times the expats annual salary to keep the person abroad for one year (BNA Bulletin to Management, 2006). More recent literature still supports these findings of three times the expats annual salary for a year abroad, such as Shepell (2016), Business Wire (2015) and Adams et al. (2015).

The challenge is staffing international operations with talent of the right competence. As Perkins points out, it is vital for businesses to "remain competitive with

their employment offering in the marketplace, to attract and retain high quality staff with worldwide capabilities” (Perkins as cited in Armstrong, 2006 p. 105).

When deciding between staffing expats or locals for longer or shorter assignments, policies are needed. The benefits of using locals are that they:

- *Are familiar with local markets, the local communities, the cultural setting and the local economy;*
- *Speak the local language and are culturally assimilated;*
- *Can take a long-term view and contribute for a long period (as distinct from expats who are likely to take a short-term perspective);*
- *Do not take the patronizing (neo-colonial) attitude that expats sometimes adopt.*

(Armstrong, 2006, p. 105)

On the other hand, expats might provide the expertise and experience lacking in locals, at least for a short time period (Armstrong, 2006).

### **3.3 The expatriate cycle**

The expatriate cycle consists of phases each expat goes through from selection and preparation to managing the expat lifestyle to eventually returning home and recouping. Adaptation is, of course, key to implementing a new lifestyle in a new country. Shepell (2016) draws up the emotion and energy level on a psychological scale called the “Cycle of Adaptation” (Figure 1).

## Cycle of adaptation

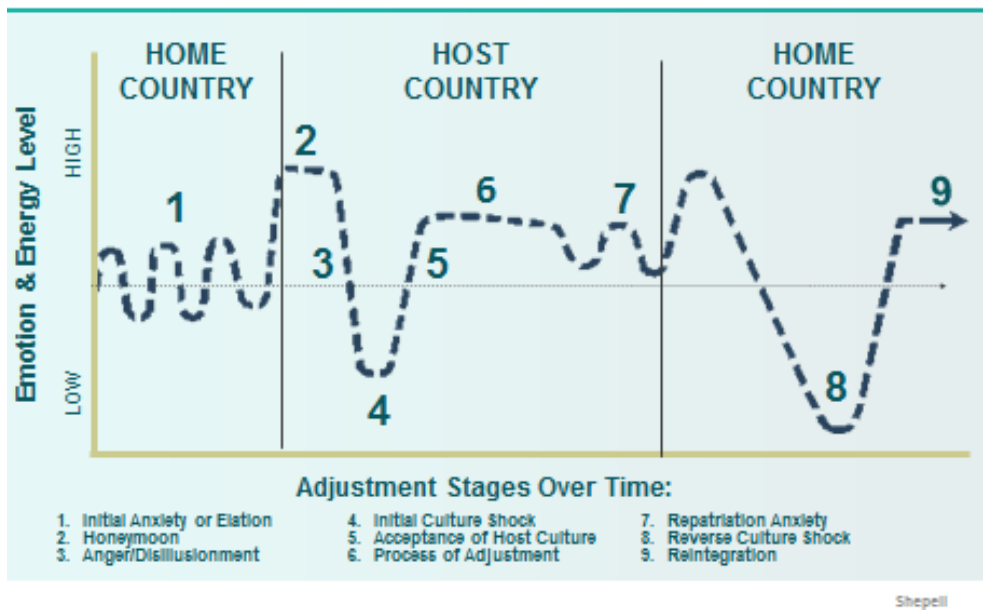


Figure 1. Cycle of adaptation (Shepell, 2016, p. 1)

In this cycle we see the stages mentioned with a rollercoaster ride of emotions. This leaves one to see the importance of the right psychological fit for the job. One may employ someone who is technically the best in the MNCs parent-country but when push comes to shove, in a completely different cultural environment, you could have a very different outcome. The best fit must apply to the destination and importantly, a very synced operation has to be in place between parent-country and subsidiary when selecting the best expatriate. This importance is emphasized by Schneider et al. (2014) as follows. They state that, in general, “the international manager was identical with the expatriate manager”. But as MNCs aim for:

More advanced international policies, they increasingly search for employees who can leap borders in a single bound to do the assignment at hand. This has prompted the call for a new type of cosmopolitan, multilingual, multifaceted executive who is operational across national borders (somewhat like James Bond) - the so called “global manager” (Schneider, Barsoux, & Stahl, 2014, p. 175).

Building on this same notion, according to Schneider et al. (2014) - in the BRIC countries<sup>1</sup>, the shortage of global leadership talent is critical, and demand also comes

<sup>1</sup> Of Brazil, Russia, India and China

from local firms. For example, lack of exposure to international business, “poor English-language skills and cultural clashes are cited as the main reasons why Chinese best candidates are often not up to the challenges imposed by globalization and the aforementioned requirement of the ability to adapt. The task of developing globally acumen managers has therefore become main priority for companies around the world” (Schneider, Barsoux, & Stahl, 2014, p. 175).

MNCs do indeed expect their employees to operate across borders, perhaps for short periods or as part of multicultural teams. Additionally and importantly, thanks to advances in communication and information technology, contact by email, Skype and teleconferencing has become so mundane. Thus, even those who rarely leave their home base now find themselves interacting with foreigners (Schneider, Barsoux, & Stahl, 2014).



## 4. Selection and Training

Identifying, selecting and developing expats is a big challenge many MNC's struggle with. Making sure the expats have the right abilities and mentality to work in an ever-changing and competitive environment is a challenge many MNCs are facing.

MNC's determine certain roles, goals and tasks which expats are expected to carry out for the employment to be considered as effective. These roles, which have been identified, among others, are:

- A controller – the expat must protect the parent company's operational directions in the subsidiary
- A coordinator – the expat must cooperate with local employees to guarantee the goals of both the parent company and the subsidiary will be met
- A developer/transferor – the expat must cultivate the local employees' skills through knowledge transfer.

Furthermore, the expat must adapt the appointed role to local personnel's traits and is considered to be effective in, this role when committed to the needs of both the parent company and the subsidiary. This often requires reconciling conflicts between the two (Rozkwitalska, 2012).

Various factors need to be considered when selecting employees for expatriate assignments; still many MNCs accentuate emphasis on technical skills of the employee in the selection process (Pucik & Saba, 1998).

Tung (1981) identified a few selection factors that generate expat success: family situation, technical skills, personality traits, and environmental characteristics. She also points out the importance of recognizing the expert role types the expat will take on (e.g. CEO or technical) and the effect they have on these selection factors. Stone (1991) found from surveying various MNCs that the adaptation skills, spouse and family adaptability and technical traits were the top three selection factors. Furthermore, (Oddou, 1991) argued that MNCs should look for expats who are open-minded, highly social, self-confident, and effective at dealing with stress and finally (Mendenhall & Oddou, 1985) illustrated that motivation, language skills, family situation, job factors and relational abilities were the key selection factors. The literature supports the

assumption that emphasizing mostly on technical traits does not give enough information to make an effective selection decision. Thus, other selection criteria, not directly related to job tasks such as the ones described above, should be considered (Romero, 2002). Focusing on this criteria will help the MNC, to apply the best practices in expat selection, according to Dessler (2013). Expats who possess these personal traits are more likely to be successful in their international missions (Schneider et al., 2014).

While the discoveries stated above appear to suggest that efficient selection procedures might lead to selecting worthy candidates, according to Romero (2002) training is vital to recognize their full capabilities.

#### **4.1 Starting with company values**

As stated before there are various factors that determine whether MNCs use locals or expats in subsidiaries abroad. But in any case it is not just hard facts that impact these decisions. Other variables play a role. As Dessler (2013) puts it, some individuals are simply more “expat-oriented” than others. One can classify their values as ethnocentric, polycentric, or geocentric.

Ethnocentrically oriented company has the dominant attitudes of the parent-country and they are always superior to the host-country's values. For example, an ethnocentric oriented company will always occupy key management positions with parent-country nationals. Reasons for using this type of staffing policy would be that the MNC wants to quickly transfer the core skills from the parent-country to the host-country.

On the other hand, the attitudes of a polycentric oriented company is dominated with the beliefs that only host-country nationals can relate to and manage in the host-country's culture and markets. Thus, the management in the foreign subsidiaries should be in the hands of a local (Dessler, 2013).

However, geocentric oriented company assumes the best manager for a particular posting will fit anywhere the MNC operates:

A geocentric staffing policy “seek the best people for key jobs throughout the organization, regardless of nationality.” This can let the global firm use its human resources more fully by transferring the best person to the open job, wherever he or she may be. Such cross-pollination can also help build a stronger and more consistent culture and set a values among the entire global management team (Dessler, 2013, p. 612).

## **4.2 Expatriate selection criteria**

The importance of a tried and trusted selection process is immense because it results more often in a successful expatriation. Some people adapt better than others. So how do MNCs select their expats?

Recent analysis of expatriate practices across countries suggests several things. According to Dessler (2013) most expat selection seems to be solely based on job performances in the parent-country. However, providing a screening to potential international assignees and promoting self-initiation will help employees to decide on their own if international assignments are the right fit for them. Traditional selection procedures, which focus on personal traits such as open-mindedness, are now taken into account as the best practices in expat selection (Dessler, 2013).

Schneider et al. (2014) suggest that technical skills and/or professional experience alone are not assurance for a successful expatriate assignment. Expatriate success requires a range of personality traits, demographic characteristics as well as interpersonal and intercultural skills. Nevertheless, most MNC's are using professional and technical competence or previous performances in the parent-country as their main selection criteria without emphasizing the importance of the adaptation to the foreign culture and work environment. Managers who are highly skilled in interpersonal relations are more able to adjust and perform in the foreign country. Easily establishing relationships and building trust will help the expat integrate socially in the host culture. Surprisingly, research as recent as 2014 shows that intercultural skills are rarely considered by MNC's as an important criterion for expatriate selection (Schneider et al., 2014).

Local staff sometimes feel as they are forced to achieve the goals of the MNC's headquarters and not their own, which may increase resentment and mistrust. Expatriate managers with high relational skills, cultural sensitivity and ability to build trust with the local staff and encourage teamwork, are more likely to reach the objectives of the international assignment (Schneider et al., 2014). Also, foreign language ability and previous international experience can be important for the expatriate manager to establish contact. However, pure language command may not be that practical and could be less important than other communication skills like reading

into expressions, interests and information. Speaking the local language shows willingness to communicate and connecting with locals, which may be the critical factor here, not linguistic abilities. As Schneider et al. (2014) assert cross-cultural adjustment occurs when expats show interest in connecting with host nationals and have sufficient cultural empathy and openness to accept their host cultures (Schneider et al., 2014). Expats who are not completely fluent in the foreign language might be forgiven, more so than those whose language skill is impeccable, for their cultural mistakes. Thus, the belief that foreign language skills are critical for expatriate success is an oversimplification.

Furthermore, the belief that prior international experience is crucial for expatriate success is also an oversimplification. According to Schneider et al. (2004) majority of studies indicate that international experience does not necessarily positively affect expatriate adjustment and effectiveness on a new assignment. Previous experience, whether from another country or even within the host-country of the assignment, may have the opposite of the desired effect if it leads to over generalizations. This implies that it is not easy to transfer international experiences to a new assignment, and that expats must go through the process of “learning the ropes” all over again (Schneider et al., 2014).

Furthermore Schneider et al (2014) and Rozkwitalska (2012) agree on that many different forces can push individuals to accept international assignments or pull them towards considering the opportunity. For example, employees who are unhappy with their current native situation and want to get away from it are usually not likely to be successful expats. Similarly, if managers primarily look for international assignments for financial reasons or to boost their career possibilities they may not always achieve their objective. “Situational readiness” is also a factor that is likely to have effect on expatriate success. Having a family that is willing, able and even excited for the assignment may be considered to be favorable factors. Expats should be selected based on their, and their families’, genuine interest in foreign cultures and new experiences.

People with good interpersonal and communicational skills in their parent-country sometimes fail in their international assignments because they are unable to adjust in another culture. Those who flourish socially among their local peers, usually have the

greatest difficulty making sense of, and then being accepted by, cultural strangers. To the contrary, people who are kind of isolated from their own culture can adopt different ways of communicating and interacting more easily, and they are able to adjust better to a new culture because they are used to being observers and making a conscious effort to fit in (Schneider et al., 2014).

According to Chris Early (cited in Schneider et al, 2014) cultural intelligence<sup>2</sup> is a better predictor of expatriate success than interpersonal skills exhibited in relationships with members of one's own culture:

An individual with a high level of cultural intelligence has:

- The cognitive skills that allow him/her to function effectively in a new culture;
- The motivational drive to adapt to a different cultural environment; and
- The ability to engage in adaptive behaviors

Cultural intelligence can thus be seen as a key determinant of cross-cultural competence.

(Schneider, Barsoux, & Stahl, 2014, p. 193)

### **4.3 Selection testing**

This aforementioned cultural intelligence relies on research in selection testing, where MNCs are testing their candidates for traits that predict success in international assignments. 338 international assignees from various countries were asked in a study, to identify which traits were essential for a success in an international assignment. They accounted for 1. Job knowledge and motivation 2. Relational skills 3. Adaptability 4. Extra-cultural openness and again 5. Family situation. Figure 2 borrowed from Dessler (2013, pp. 612-613) illustrates some of the specific matters that comprise the five factors. Family situation was the most important.

---

<sup>2</sup> Defined as "a person's capability to adapt as s/he interacts with others from different cultural regions"



**Figure 2. Five Factors Important in International Assignee Success and Their Components** (source: Based on Arthur Winfred Jr. and Winston Bennett Jr., "The International Assignee: The Relative Importance of Factors Perceived to Contribute to Success," *Personnel Psychology* 18 (1995), pp. 106-107.) (Dessler, 2013, p. 613).

Along with knowing which factors and traits were important many MNCs use tests to clarify this. One of them (mentioned further in chapter 4.6) is the Overseas Assignment Inventory (OAI), which sheds light on the attitudes, and characteristics international expat candidates should have. Local norms are established and ongoing validation studies are conducted. Expected problems are covered such as extensive travel, cultural benefits, idiosyncrasies and problems of the host-country. "The rule should always be to "spell it all out" ahead of time" (Dessler, 2013, p. 614).

#### 4.4 Assessing global competency

In many international MBA programs there are tools to reflect on managers' global competency. The Kozai Group (2013) has become increasingly more popular as they have provided very thorough and diverse personal tests made from extensive research on the subject. With their vast psychological background and PHD's they have managed to make a clever survey for managers to find out where they stand on a global scale, called the Global Competencies Inventory, or a GCI report. This report can be done

individually or for a group as a whole. To emphasize the global appeal the GCI is available in Arabic, Chinese (Mandarin), English, French, German, Japanese and Spanish. As stated on their website:

The Global Competency Inventory (GCI) (Group, 2013) is a wide-ranging self-valuation developed by the Kozai Group. It calculates management skills of global managers and leaders which are critical to working effectively with people from different cultures. Various personnel in international corporations, have used the GCI in the following ways:

- Executive training for personal and or professional growth.
- As a selection and promotion criteria for international assignments.
- Measurements for variations in intercultural abilities.
- Cross-cultural and diversity courses to increase consciousness and self-analysis for development.

Furthermore the GCI measures sixteen different global skills that are categorized into three major groupings: perception management, relationship management and self-management. Perception Management takes account of some competencies of the employee that relate to their ability to learn what they need to know to be successful in a foreign environment, for example, non-judgementalness, tolerance of ambiguity, inquisitiveness, cosmopolitanism, and interest flexibility (Group, 2013).

Relationship management measures the employee's interest and probability to develop and build positive relationships with people who share different perspectives, beliefs and values. Self-management relates to the employees ability to manage stress, which they experience when living and working in a foreign environment. The three competencies will allow the employee to sustain an emotional balance and enables them to utilize their social and mental abilities to learn and develop relationships needed to be effective (Group, 2013).

Another tried and trusted method comes from the aforementioned Overseas Assignment Inventory (OAI). Prudential Relocation's Intercultural Group assists in assessing the critical skills needed for international assignments. They assess cultural adaptability for employees and spouses going on international assignments. The OAI can be used to:

- “Assess potential candidates for international assignments
- Integrate a cultural adaptability assessment tool into a candidate selection process
- Further develop expats through inclusion in intercultural training programs or coaching” (Prudential, 2012, p. 1).

As Armstrong (2006) emphasizes, the main challenge at hand is recruiting international operations with people of the right caliber. It is necessary for businesses to “remain competitive with their employment offering in the marketplace, to attract and retain high quality staff with worldwide capabilities” (Armstrong, 2006). The assessment of candidates is truly important, yet there are always other dimensions to address.

Schneider et al (2014) explain that people, worldwide, must learn to work with each other and willfully manage their cultural differences. Therefore, MNCs need to pay less attention on *who* is an international manager, and pay more attention on *what* international tasks and responsibilities the managers do have and what opportunities can be made available to provide them with international exposure and help them develop cross-cultural competencies” (Schneider, Barsoux, & Stahl, 2014, p. 177).

Selection policies should deal with identifying the requirements, offering realistic previews and preparation for international assignments. Leblanc (cited in Gillespie, 2012) suggested that international employees should be able to:

- Recognize the diversity of overseas countries;
- Accept differences between countries as a fact and adjust to these differences effectively;
- Tolerate and adjust to local conditions;
- Cope in the long term with a large variety of foreign contexts;
- Manage local operations and personnel abroad effectively;
- Gain acceptance as a representative of one’s company abroad;
- Obtain and interpret information about foreign national contexts (institutions, legislations, practices, market specifics, etc.)
- Inform and communicate effectively with a foreign environment about the home company’s policies;



- Take into account the foreign environment when negotiating contracts and partnerships;
- Identify and accept adjustments to basic product specifications in order to meet the needs of the foreign market;
- Develop elements of a common framework for company strategies, policies and operations;
- Accept that the practices that will operate best in an overseas environment will not necessarily be the same as the company's "home" practices (Gillespie, 2012, p. 10).

Given all the above there certainly is a specific outline to follow in the qualities of expat candidates. When the selection process has been thoroughly followed through the next phase is preparation and training as follows in chapter 4.5.

#### **4.5 Training and maintaining expats abroad**

MNCs may avoid failed expatriate assignments by using training to prepare expats for their assignments (Tung, 1987). Cross-cultural training has positively increased expat's cross-cultural and job performance (Black & Mendenhall, 1990; Deshpande & Viswesvaran, 1992). In their study, Deshpande and Viswesvaran (1992) discovered a positive relationship between cross-cultural training and psychological prosperity, social skills with inhabitants of the host-country, adjustment ability, and the development of accurate insights of the new culture and the people.

Managers agree that expats perform best when they receive the special training required. Most MNCs, on the other hand, do not provide the required orientation and training for their expats. However, there are some vendors who do offer packaged cross-cultural pre-departure training programs where they use lectures, simulations, videos, and readings to prepare trainees. One program aims to provide the trainee with:

- (1) The fundamentals of the new country's history, politics, business norms, education system, and demographics;
- (2) The basics of how cultural principles affect perceptions, standards, and communications; and
- (3) Illustrations of how to manage the challenges associated with moving to a new country.

Another program aims to increase self-awareness and cross-cultural understanding, for preparation of possible anxieties and to minimize stress and providing coping strategies. A third program prepares the expat and their families for daily life interactions and business situations in the foreign country, gives them an understanding of the impact that various factors have on cultural behaviors, and to increase the mindfulness of the challenges of moving to a foreign country, including culture shock (Dessler, 2013).

Some MNCs use the returning expats (e.g. repatriates) as resources to nurture the global perspective of the expats departing (Dessler, 2013).

Tarique and Calligiri (cited in Armstrong, 2006) propose the following steps to design a training program for expats:

1. Identify the type of global assignment, eg technical, functional, tactical, developmental or strategic/executive.
2. Conduct a cross-cultural training needs analysis covering organizational analysis and requirements, assignment analysis of key tasks and individual analysis of skills.
3. Establish training goals and measures - cognitive (eg understanding the role of cultural values and norms) and affective (modifying perception about culture and increasing confidence in dealing with individual behaviors to form adaptive behaviors such as interpersonal skills).
4. Develop the programme - the content should cover both general and specific cultural orientation; a variety of methods should be used.
5. Evaluate training given (Armstrong, 2006, p. 107).

The training programs can cover subjects such as “language, cultural awareness, country specific information, cultural assimilation, flexibility, and local business norms” (Armstrong, 2006, p. 106).

## 5. Appraisal and Compensation

In chapter 2 we looked at the human resource cycle consisting of four generic processes, one of them being the reward system. The reward system is “one of the most under-utilized and mishandled managerial tools for driving organizational performance; it must reward short as well as long-term achievements, bearing in mind that “business must perform in the present to succeed in the future”” (Armstrong, 2006, pp. 4-6)

MNC's must acknowledge a few concerns when appraising managers abroad. Given the cultural diversities and firm-specific differences it is crucial to consider carefully who actually appraises managers abroad. Appraisals made by the host-country management might be misinterpreted due to cultural differences and the home-country management may be too remote to give credible appraisals.

Dessler (2013) suggests the following levels for improving expat appraisals:

- Stipulating the assignment's level of difficulty and adapting the performance criteria straight to the situation.
- Weigh the evaluation more in favor of on-site manager's appraisal than toward the home-site manager's appraisal.
- In the case of the home-office manager doing the actual written appraisal, have them use a former expat from the same foreign location for advice.

Keeping a company-wide pay scales and policies so managers throughout the world get paid within the same range can reduce perceived inequities and will simplify keeping track of country-by-country wage rates. At the same time, adapting pay scales to local markets is important for the reason that difference in living expenses between countries can be significant. If this adaption is not made it may be difficult to get managers to take on “high-cost” assignments. This can be handled with adding on various allowances according to individual market conditions to the company-wide base salary. The most common approach to develop expatriate pay is equalizing purchasing power across countries, known as the balance sheet approach.

The balance sheet approach is designed so that expats enjoy the same standard of living they would have had at home. This approach addresses four groups of expenses – income taxes, housing, goods and services, and discretionary expenses, such as; child support, car payments, etc. The employer estimates the differences in these expenses between the parent-country and the host-country and then pays the differences. Normally this will be carried out by paying the base salary the expatriate would get in the parent-country, with an overseas or foreign service salary premium to compensate for the cultural and physical adjustments they will have to make. MNCs also pay the expats and local managers abroad various performance incentives, primarily to inspire the manager to take the assignment abroad (Dessler, 2013). Steps to follow in creating a global pay system include these:

- **Step 1: Set strategy.** First, formulate strategic goals for the next five years, for instance, in terms of improving productivity or boosting market share.
- **Step 2: Identify crucial executive behaviors.** Next, identify the actionable behaviors you expect your executives to exhibit in order to pursue these strategic goals.
- **Step 3: Global philosophy framework.** Next, step back and ask how you want each pay component to contribute to prompting those executive actions and achieving the company's strategic goals.
- **Step 4: Identify gaps.** Next, review your existing rewards programs around the world. The question is, "To what extent do our pay plans around the world support our strategic aims?"
- **Step 5: Systematize pay systems.** Next, create more consistent performance assessment practices, and establish consistent job requirements and performance expectations for similar jobs worldwide.
- **Step 6: Adapt pay policies.** Finally, review your global pay policies (for setting salary levels, incentives, and so forth). Conduct surveys and analyses to assess local pay practices. Then, fine-tune the firm's global pay policies so they make sense for each location." (Dessler, 2013, p. 619).

Bradley et al (1999, p. 138) point out "studies of cultural differences suggest that reward system design and management needs to be tailored to local values to enhance the performance of overseas operations". Also as Sparrow (1999b.) asserts,

“Differences in international reward are not just a consequence of cultural differences, but also of differences in international influences, national business systems and the role and competence of managers in the sphere of HRM” (Sparrow, 1999b. p. 191)

Most MNCs want to ensure that expats are not worse off for being sent to a foreign assignment. Various pay premiums and incentives make the expatriate better off financially than if they would have stayed at home. MNCs’ basic choice is between adopting home-based or host-based policy for expats.

Using a home-based pay approach ensures that the expats salary is equivalent to the salary they would get paid for a job of equivalent level in the parent company, also known as the aforementioned balance sheet approach.

Using a host-based pay approach ensures equity between the expatriate and the host-country nationals. With this approach the expats pay matches the market levels of pay in the host-country where salary and benefits are in line with those given to the host-country nationals in similar jobs. MNCs often pay extra allowances like school fees, housing, medical insurance, social security, life insurance and pensions. The host-based pay approach can be cheaper than home-based approach but may be less appealing for expats to take on international assignments in unpleasant locations (Armstrong, 2006).

## 6. Cultural Issues

Today, organizations demand cultural sensitivity at all levels. Even from front-line employees, for example, receptionists or security guards who are usually the first to greet foreign customers. Of course, the international content of each role within the operation varies, but being capable of handling cultural differences is increasingly coming to be incorporated in everyone's job (Schneider, Barsoux, & Stahl, 2014).

Goulet & Schweiger (2006) defined culture as the norms, values, beliefs, and attitudes ascribed to a specific group (Goulet & Schweiger, 2006), essentially amounting to "the way we do things around here" (Martin, 2006, p. 1). It summarizes the practices and behaviors particular to a society (Adams & van de Vijver, 2015).

Adjusting to a foreign culture is said to follow a U-curve, as similarly projected in Figure 1, which contains three main stages: an initial stage of elation and optimism (the honeymoon), followed by a phase of irritability, frustration and confusion (the morning after), and finally a continuing adjustment to the new environment (happily ever after). The intensity of these stages are often contingent with the expat's and their family's incentive and prior expectations to move abroad, the cultural distance between the home and the host countries and the degree of job uncertainty. The culture shock stage, which follows the honeymoon stage, is when the cultural differences are not considered as exciting any longer but rather frustrating. Here the biggest risk of failure in international assignments is developed. When the expat, surprisingly, especially in a neighboring country, comes to realize that there are disturbing dissimilarities in interpersonal and work behavior.

In all respects, expats seem to have it tough. They must work on various premises, which arise from their parent-country culture, host-country culture and the culture of the MNC. But with the continuous global internationalization in, it is believed that worldwide cultures will be common, which would make things much simpler for expats (Trompenaars & Hampden-Turner, 1997).

According to Schneider et al. (2014) the most generic reason for failed expatriate assignment is the inability of expats to find the right balance between dominance and

accommodation, i.e. adapting sufficiently to the local culture to enjoy life in the host-country and successfully complete the goals of the assignment, but not emphasizing to go native. Therefore, it is essential to identify the processes of adjustment and to recognize the warning signs of cultural unease (Schneider, Barsoux, & Stahl, 2014).

A typical story is told in Dressler's book *Human Resource Management* (2013) where a German expat was sent to Britain. He forbade his staff to go to the pub for lunch, which was very common in Britain, especially on Friday's. The MNC's policy was no alcohol during working hours. The expat manager did this to induce productivity but staff was extremely unhappy with this. Nancy Adler (2008) calls this way of dealing with cultural differences "Cultural Dominance" – when expats continue using the same approaches they use at home instead of adjusting to the new culture. An important step for expats is when they come to understand that the cultural difference also exists within themselves as well as the MNC. In most circumstances the expats must balance between continuously working in their own way and adapting to the ways of the new culture (Adler N. , 2008). Therefore, expats are exposed to constant and unpredicted challenges to their ways of perceiving, acting and valuing things which leads to them committing cultural mistakes, leaving them feeling baffled and awkward. Finding it hard to understand other people's behavior and understanding that their own behavior is not influencing others as expected and realizing that techniques they used back home fail to get same results in the host-country. All this can generate distrust and disbelief within the host-country subsidiary (Schneider, Barsoux, & Stahl, 2014).

In this chapter we have gone through the challenges expats might face in different cultures. Now the consequences of selecting expats unwisely will be examined in the next chapter on failure.

## 7. Failure

As stated earlier, it is extremely expensive and difficult to manage expats. This is mostly due to complications related to the adaption to living and working in the host-country, apprehensions about the expats career development and compensation, and lastly problems with the repatriation (the expats return to the home offices after completing their international assignment) (Armstrong, 2006).

Expatriate failure has been defined as a premature return from a foreign assignment (Martinko & Douglas, 1999; Oddou, 1991; Shay & Tracey, 1997) or poor performance while the expatriate is on assignment (Oddou, 1991). Several scholars estimate that the rate of expatriate failure is 10 to 40% (Black, 1988; Tung, 1981; Tung, 1987). Above literature, also cited in Romero (2002), say a major reason for expatriate failure is the expat's, or their family's, inability to adapt to the culture of the foreign country. Other reasons include the expat's lack of emotional maturity, inadequacy in technical skills, and insufficiency in motivation for being in a foreign country (Romero, 2002).

Dessler (2013) states, another reason for expatriate failure is the premature, unplanned return of the expatriate. He further explains that systemizing the expatriate management process would be the first step to avoid the early return. For instance, understanding where the main potential problem lies before selecting someone to send abroad. Dessler (2013) also notes that having the right traits will improve the odds the expat will succeed. For example, the intentions of the expat are important seen as self-initiated expats try harder to adjust. Furthermore, expats who are more content with their jobs, or those who are culturally comfortable, will adapt more easily. Non-work factors should also be considered regarding expatriate failures, such as family pressures. In this concern Dessler (2013) cites a study where U.S. managers listed in descending order of importance possible reasons for a premature return. They are: spouse's inability to adjust, expats inability to adjust, other family issues, expats' personal or emotional immaturity, and inability to cope with larger overseas responsibility. This will underline clichés about expatriate selection, or as Dessler (2013) put it: "The problem is usually not incompetence, but family and personal problems. Yet, as noted, employers



still often select expatriates mostly based on technical competence” (Dessler, 2013, p. 615).

Rozkwitalska (2012) has a similar take on this matter. She states that understanding the reasons for expatriate failures on international assignments is necessary for effective utilization of the expats. This problem is discussed in abundant literature where it is emphasized that expats premature return can be motivated, for example, by expat’s and/or spouse’s adjustment problems in the host-country, lack of personal and emotional maturity of the expat, incompetence to meet the increased responsibilities, lack of enthusiasm to work in a given location, and the expat’s insufficient skills (Rozkwitalska, 2012).

Dessler (2013) gives a few points for MNCs to increase the chances for international assignments not to fail. MNCs should provide realistic previews of what to expect by carefully screening the expat and their spouses, improve the orientation, and improve the benefit packages. Helping spouses to get jobs abroad and providing more support to the expat and their families is important. He additionally points out the option to simply shorten the length of the assignments (Dessler, 2013).

International assignments are the most memorable career experience for most expats. There is the opportunity for greater challenge and responsibility, and for personal as well as professional development. Much of what we know about international management comes from the experience of expats. Unfortunately, MNCs have not been focused on listening to feedback from expats and learning from their experiences (Schneider, Barsoux, & Stahl, 2014).

## 8. Repatriation

As with the culture shock mentioned in chapter 8 the same emotions may be experienced for the return journey. Indeed, the shock of returning home can be more severe because it is less expected. The returning manager is more often treated like the “prodigal son than the conquering hero” (Schneider et al., 2014, p. 183).

One of the most unpredicted aspects of repatriation is this severe reverse culture shock, and sometimes the returning expats will need a crash course in readjusting to living in their homeland again (Andors, 2010). In reaction to this, MNCs should consider implementing policies regarding the repatriation of expats. These policies should be designed to minimize complications that can occur upon the expat’s return to their parent company from an international assignment. They will be concerned about their careers, questioning whether their international experience will be valued and they want to be guaranteed a position within the company, which is appropriate to their qualifications. These policies should aim at giving the expat time to readjust and the MNC should preferably provide mentors or counselors to help the expat with this (Armstrong, 2006).

In an attempt to quantify the consequences of a failed expat mission, Dessler (2013) proclaims that:

One of the most worrisome facts about sending employees abroad is that 40% to 60% of them will probably quit within 3 years of returning home. Given the investment the employer makes in training and sending these high-potential people abroad, it makes sense to try to make sure they stay with the firm. For this, formal repatriation programs can be useful. One study found that about 5% of returning employees resigned if their firms had formal repatriation programs, while about 22% of those left if their firms had no such programs (Dessler, 2013, p. 620).

The easiest way for the MNC to improve repatriates’ retention rates is valuing the expats’ international experience more highly. One returnee felt the MNC was rather unconcerned to their experience in China, which was shown by a lack of monetary reward and positive developments on their careers in any way. This impression left the repatriate ever so willing to look elsewhere for career opportunities (Dessler, 2013).

To deal with this MNCs can prepare the returning expat in a way that they do not feel adrift with a repatriation program. For example, AT&T's three-part program, which starts before the expat moves abroad. Beginning with matching the expat, and their families, with a repatriation trained psychologist, who discusses the challenges they will be facing abroad, assesses how they will adapt to the new culture, and keeps contact with them during their assignment. Second part of their three part program is to make sure the expat always feels they are up to date with what is going on at the home office, by assigning the expat with a mentor or occasionally bringing the expat back home to meet and socializing with colleagues. Third part starts around six months upon the actual return of the expat. At that time the expat, and their family, meet with the psychologist and an HR representative who start preparing them for the return. For example by planning their next career move and other logistics of the move. Then around a month after the return, the expat, and family, attend a "welcome home" seminar, where they review various concerns like the stress of the repatriation (Dessler, 2013 & Cuevas et al., 2011).

Some MNCs provide the expat with a written repatriation agreements, stating the time length of the assignment, such as three years, and that on return they will be placed in a equally acceptable job (Dessler, 2013). Still, repatriation programs do not have to be formal to be useful. Career management support is the key issue for returning expats, they often return to a company that has undergone substantial change. But helping the expats to feel connected to the parent-country offices while they are away will build loyalty, reduce stress and make the repatriation process smoother (Andors, 2010).

In the recent years, some studies have been made on expats experiences and trends. These studies will help HR managers to improve their return on the investment made with using expats for their international assignments (Adler, 2008; Andors, 2010; Cuevas et al., 2011; Gillespie, 2012).

## 9. Conclusion

In this thesis we have established that the challenges of IHRM are extensive, with the complications of managing in different countries and cultures.

Armstrong (2006) makes a strong argument for the international balancing act where cultural differences have brought forth the phrase 'think globally and act locally'. Dessler (2003) elaborates on how assigning expats is an expensive and complicated method to recruit managers in foreign subsidiaries. Furthermore, he states that MNCs tend to use locals or other non-expat solutions but with continuous globalization and internationalization the need for expats is ever so real. Adams and van de Vijver (2015) assert that in the years to come, globalization will continue and more companies will enter the international market. The demand for expatriate insertions is therefore expected to rise. They further state that MNCs will probably expose their most talented employees to various international assignments (Adams & van de Vijver, 2015).

The challenge MNCs are facing is staffing their international operations with the right talent, remaining competitive in the marketplace and attracting high quality staff. When recruiting these positions MNCs need policies. As Perkins (1997) and Armstrong (2006) emphasize, MNCs need to decide whether to use expats, locals or other solutions. Expats may provide the expertise and experience not found in others, at least for a short time period.

The expatriate cycle introduced in Figure 1. is another intriguing tried concept consisting of phases each expat goes through from selection and preparation to managing the expat lifestyle, to eventually returning home and recouping.

When identifying, selecting and developing expats, MNCs must make sure they have the right abilities and mentality to work abroad. The expat must be able to adapt to the role they are given and commit to the needs of both parent company needs as well as the needs of the host countries. This naturally requires reconciling conflicts between the two (Rozkwitalska, 2012).

Another current, yet less recent consideration put forth by Pucik and Saba (1998) is the selection factor. When selecting expats MCNs need to consider various personal

factors of the individual, not just their technical skills. Identifying personality traits, family situation and environmental characteristics are equally important (Tung, 1987). Last but not least there is training to realize the expat's full potential (Romero, 2002). Tried and trusted selection programs more often result in successful expatriation. Focusing on personal traits are the best practices in expat selection (Dessler, 2013). Most importantly, as Schneider et al (2014) highlight, the expat managers with high relational skills, cultural sensitivity and ability to build trust with the local staff and encourage teamwork, are more likely to reach the objectives of the international assignment (Schneider et al., 2014).

Cultural intelligence is a good predictor of expatriate success states Early (as cited in Schneider et al, 2014) and can be seen as the best element of cross-cultural skills. It relies on research in selection testing where candidates are tested for traits that predict success in international missions.

A way for determining these traits is by using the Overseas Assignment Inventory (OAI) or the tools the Kozai group (Group, 2013) has provided, where diverse personal test are made from extensive research on the subject. Critical skills, such as cultural adaptability, which are needed for international assignments are measured.

Remaining competitive in the marketplace and attracting high quality staff with international abilities is important for MNCs, thus recruiting international operations with people of the right caliber is the main challenge at hand (Armstrong, 2006).

By using training, such as Cross-cultural training, to prepare expats for their assignment MNCs may avoid expatriate failure. Expats prove to perform best when they receive appropriate training. The training might involve lectures, simulations, videos and readings to prepare trainees. Returning expats can also be used as resource to nurture the global perspective of the future expats (Dessler, 2013 & Black and Mendenhall, 1990; Deshpande & Viswesvaran, 1992).

As for appraisals, a few concerns must be taken into account when appraising expats. MNCs must consider carefully who actually does the appraisal. MNCs need to make sure that the expat is not worse off, financially, for being sent on an international assignment. It was also established that using a home-based pay approach ensures that the expats salary is equivalent to the salary they would get paid for a job of equivalent

level in the parent company, also known as the balance sheet approach. When determining expat's pay MNCs most commonly use the balance sheet approach that will equalize purchasing power across countries and the expat enjoys the same standard of living they would have had at home.

Expats must be flexible when working on various premises. They need to balance between their parent-country culture, the host-country culture and the corporate culture of the MNC. They also must acknowledge the cultural differences existing within themselves (Trompenaars & Hampden-Turner, 1997 & Adler, 2008).

Dessler (2013) and Rozkwitalska (2012) have similar takes on how MNCs must understand the reasons for expatriate failures and systemizing the expatriate management process. It is a vital step for avoiding premature return of expats. MNCs should provide the expat with realistic previews of the assignment, carefully screening the expat and their families; improve the orientation and benefit packages. Expats face great challenges and responsibility on international assignments. They have the opportunity for personal and professional development.

Finally, Dessler (2013) and Andors (2010) bring us to the implementation of policies of repatriation. These policies should be designed to minimize complications that can occur upon the repatriation. Expats will be mostly concerned about their career development within the company and questioning whether their expatriate experience will be appropriately valued. Valuing the expat's international experience highly will improve repatriates' retention rates.

The expat life and its challenges is an ever-expanding research subject and many aspects of it have been fairly untouched in this thesis. The repatriation process is certainly a final chapter to address within all MNCs, which aim to achieve something valuable with their return on investment as well as their global appeal. Also, with the new age of social media and the technical aspects of managing different foreign places through centralizing in another country, comes the opportunity to build on this knowledge and research and expand it to the advantage of the company's goals. Successful repatriation practices as well as the social media aspect would be a very interesting research subject for another thesis.

## Bibliography

- Adams, B. G., & van de Vijver, J. F. (2015). The many faces of expatriate identity. *International Journal of Intercultural Relations* , 49, 322 - 331.
- Adler, N. (2008). *International dimensions of organizational behaviour*. West Eagan: McGill University.
- Adler, N. J., & Bartholomew, S. (1992). Managing globally competent people. *Academy of Management* , 6 (3).
- Andors, A. (2010). Happy Returns. *HRMagazine* , 55 (3), 61-63.
- Armstrong, M. (2006). *A Handbook of Human Resource Management Practices*. London: Kogan Page Limited.
- Bartlett, C. A., & Ghoshal, S. (1991). Global strategic management: Impact on the new frontiers of strategy research. *Strategic Management Journal* , 12, 5-16.
- Black, J. (1988). Work Role Transitions: A Study of American Expatriate Managers in Japan. *Journal of International Business Studies* , 19 (2), 277-294.
- BNA Bulletin to Management. (2006, May 9). BNA Bulletin. *BNA Bulletin to Management* , 147.
- Bradley, P., Hendry, C., & Perkins, P. (1999). Global or multi-local? The significance of international values in reward strategy. In C. B. Harris, *International HRM: Contemporary issues in Europe* (pp. 120-139). London: Routledge.
- Business Wire. (2015). *Cigna and National Foreign Trade Council Global Mobility Trends Survey Results*. New York: Cigna.
- Cuevas, P., Beda-Andourou, A., Bernal, M., Bolivar, M., & Mujtaba, B. .. (2011). Lessons from Fred Bailey's Expatriate Experience in Japan: Proactively Preparing Employees for International Assignments. *Journal of Business Studies Quarterly* , 2 (4), 40 - 52.
- Deshpande, S. P., & Viswesvaran, C. (1992). Is cross-cultural training of expatriate managers effective: A meta analysis. *International Journal of Intercultural Relations* , 16 (3), 295-310.
- Dessler, G. (2013). *Human Resource Management*. Harlow: Pearson .
- Dwyer, T. (2004, June). Localisations hidden costs. *HRMagazine* , 135 - 144.
- Fombrun, C. J., Tichy, N. M., & Devanna, M. A. (1984). *Strategic Human Resource Management*. New York: Wiley.

- Gillespie, L. V. (2012). EXPAT SUPPORT: Stranger in a strange land: Expats are vulnerable to substance abuse, mental health disorders; supports are essential for successful assignments. *Employee Benefit News* , 26 (8), 10.
- Goulet, P. K., & Schweiger, D. M. (2006). Managing culture and human resources in mergers and acquisitions. In G. K. Börkman, *Handbook of research in international human resource management* (pp. 405-429). Cheltenham: Edward Elgar Publishing.
- Group, K. (2013, August 1). *kozaigroup.com*. Retrieved August 1, 2016, from kozaigroup.com: <http://www.kozaigroup.com/global-competencies-inventory-gci/>
- Howard, C. G. (1992, June). Profile of the 21st century expatriate manager. *HR Magazine* , 96.
- Kramar, R., & Syed, J. (2012). *Human Resource Management in a Global Context - a critical approach*. Hamsphire; New York: Palgrave Macmillan.
- Martin, M. J. (2006). *"That's the Way We Do Things Around Here": An Overview of Organizational Culture*. Retrieved August 4, 2016, from <http://southernlibrarianship.icaap.org/>: [http://southernlibrarianship.icaap.org/content/v07n01/martin\\_m01.htm](http://southernlibrarianship.icaap.org/content/v07n01/martin_m01.htm)
- Martinko, M., & Douglas, S. (1999). Culture and expatriate failure: AN ATTRIBUTIONAL EXPLICATION. *The International Journal of Organizational Analysis* , 7 (3), 265-293.
- Mendenhall, M., & Oddou, G. (1985). The Dimensions of Expatriate Acculturation: A Review. *The Academy of Management Review* , 10 (1), 39-47.
- Oddou, G. (1991). Toward a Comprehensive Model of International Adjustment: An Integration of Multiple Theoretical Perspectives. *Academy of Management* , 16 (2), 291-317.
- Prudential. (2012, August 1). *prudential.com*. Retrieved August 1, 2016, from prudential.com: <http://www.prudential.com/view/page/public/14394>
- Pucik, V., & Saba, T. (1998). Selecting and developing the global versus the expatriate manager: A review of the state-of-the-art. *Human Resource Planning* , 21 (4), 44-54.
- Romero, E. J. (2002). The effect of expatriate training on expatriate effectiveness. *Journal of Management Research* , 2 (2), 73 - 78.
- Rozkwitalska, M. (2012). Staffing top management positions in multinational subsidiaries - a local perspective on expatriate management. *GSTF Business Review (GBR)* , 2 (2), 50 - 56.
- Schneider, S., Barsoux, J., & Stahl, G. (2014). *Managing Across Cultures*. Harlow: Pearson Education Limited.



- Shaffer, M., Kraimer, M., Chen, Y., & Bolino, M. (2012). Choices, challenges, and career consequences of global work experiences: A review and future agenda. *Journal of Management* , 38, 1282- 1327.
- Shay, J., & Tracey, J. B. (1997). Expatriate Managers: Reasons for Failure and Implications for Training. *Cornell Hotel and Restaurant Administration Quarterly* , 38 (1), pp. 30-35.
- Shepell. (2016, August 1). *Shepell - Why expats need unique support*. Retrieved August 1, 2016, from Shepell: <https://blog.shepell.com/why-expats-need-unique-support-part-1/>
- Sparrow, P. R. (1999b). *International reward system: to converge or not to converge*. London: Routledge.
- Stone, R. J. (1991). Expatriate Selection and Failure. *Human Resource Planning* , 14 (1), 9.
- Torrington, D., Hall, L., & Taylor, S. (2005). *Human Resource Management*. Harlow: Pearson Education Limited.
- Trompenaars, F., & Hampden-Turner, C. (1997). *Riding the Waves of Culture*. London: Nicholas Brealy Publishing.
- Tung, R. L. (1987). Expatriate assignments: Enhancing success and minimising failure. *Academy of Management Executive* , 1 (2), 117-126.
- Tung, R. (1981). Selection and training of personnel for overseas assignment. *Columbia Journal of World Business* , 16 (1), 21-25.

