GUIDELINES FOR THE MANAGEMENT OF THE EMPLOYEE REPATRIATION PROCESS IN SOUTH AFRICAN MULTINATIONAL ENTERPRISES

by

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ABSTRACT

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Expatriation has been extensively covered from a literature perspective, both international and locally. However, repatriation (as the final phase of expatriation) has received less attention, especially from the perspective of South African multinational enterprises (MNEs) that send expatriates abroad and have to manage their return to the home country upon completion of an assignment. The purpose of this study was to determine the status of repatriation from an enterprise perspective, with the objective of compiling and categorising guidelines for repatriation management. When the repatriation process is planned in advance and executed properly, the enterprise can expect the associated return on investment and establish a competitive advantage. Knowledge transfer of international skills and experience can take place, and the enterprise is able to build a cadre of international managers, allowing international mobility.

A thorough literature review was carried out with the focus on international human resource management, expatriate management and repatriation and retention. The literature study was followed by the empirical study that employed an electronic survey method of data collection, distributed to 101 respondents. Results of 41 SA MNEs contributed to further data analysis. Based on the literature and the findings, the dissertation suggests that a phased approach to repatriation provides a well-defined and structured process to assist and guide the enterprise to manage repatriation. If executed properly, this should result in a reduction in costly repatriation turnover. This dissertation

adds to existing knowledge about the employee repatriation process by contributing new insight and focus areas to aid SA MNEs to implement best practices for future international assignments.

Keywords: repatriation, expatriation, SA MNEs, turnover, HR, foreign policy, mentors, orientation programme, repatriation support.

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CHAPTER 1: INTRODUCTION AND PROBLEM STATEMENT

1.1 INTRODUCTION AND PROBLEM STATEMENT

With the opening up of the South African (SA) economy in the 1990s, South African enterprises faced new opportunities to export goods and services to markets previously closed, while at the same time their local markets were under threat from new global competitors (Boninelli & Meyer, 2004:244; Van Aswegen, 2009:1). The advent of communications and transportation technologies continues to widen the imagination and reach of business beyond their traditional geographically constrained scope (Ozbilgin, 2005:1). In response, South African enterprises have had to expand internationally (Boninelli & Meyer, 2004:244), operating as multinational enterprises (MNEs).

According to Griffin and Pustay (2005:11), an MNE can be defined as a firm that engages in foreign direct investment and owns or controls value-adding activities in more than one country. MNEs operate in more than one country through various investment approaches such as greenfield investments, acquiring or merging through a minority stake (10–49 percent), a majority stake (50–99 percent) or an outright stake (foreign interest of 100 percent) (Hill, 2013:248).

The globalisation of economies is promoting the internationalisation of enterprises and placing new pressure on human resource (HR) management and enterprises to deal with the challenges of international operations and match the enterprise's HR strategy with the associated international strategy (Boninelli & Meyer, 2004:244; Edwards & Rees, 2006:4-5; Scullion & Lihehan, 2005:5). Academics and human resource practitioners are aware that the internationalisation of enterprises is creating several managerial challenges and has brought remarkable developments in the diversity and complexity of MNEs (Morley, Heraty & Collings, 2006:1-2; Stahl & Bjorkman, 2006:15; Suutari & Valimaa, 2002:617).

One of the most significant challenges of international human resource management (IHRM) is to establish suitable personnel practices for expatriates, that is to say, workers who are transferred to other countries to fulfil an international mission (Suutari & Valimaa, 2002:617). Expatriates are employees working outside their home country in another

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country on an international assignment for a period as determined by the employer (Hill, 2013:616; Mondy, Noe & Premeaux, 1999:624).

Rugman and Hodgetts (2003:329) define IHRM as the process of selecting, training, developing and compensating personnel in international positions. To choose people that will succeed in the expatriation process is a significant challenge for enterprises. The focus in the past was predominantly on selection, training, adjustment and management while expatriates were abroad (Suutari & Valimaa, 2002:617).

The reasons why employees will opt for expatriation can vary, starting with the will to be exposed to different experiences, enriched lifestyle or to gain higher external marketability (Baruch, Steele, & Quantrill, 2002:660; Marquardt & Schuman, 1988:26). In addition, the importance of international experience and career development is highlighted by Baruch, Budhwar and Khatri (2007:99), and De Valk (2004:41).

There are three basic sources of personnel talent that MNEs can recruit from to obtain employees for placement (Rugman & Hodgetts 2003:329; Scullion & Lihehan, 2005:5; Torbiorn, 1997:42). One is parent-country nationals (PCNs), who reside abroad but are citizens of the parent country of the multinational. These are typically called expatriates. An example is a United States (US) manager leading the marketing department in Tokyo for IBM Japan. A second is host-country nationals (HCNs), who are local people hired by the MNE. An example is a British manager working for the Ford Motor Enterprise in London. The last is third-country nationals (TCNs), who are citizens of countries other than the one in which the MNE is headquartered or the one in which they are assigned to work by the multinational. An example is a French manager working for Sony in the US.

When an enterprise moves from being a domestic player to a multinational that has operations in other countries, it will begin to use a higher number of expatriates if a PCN staffing policy is followed (Goss & Hynes, 2005:97; Van Aswegen, 2009:2). These expatriates are vital in managing the interest of the enterprise and transferring the necessary competencies, systems and even aspects of the enterprise's organisational culture to the subsidiaries (Boninelli & Meyer, 2004:244; Lazarova & Cerdin, 2007:405).

Staffing patterns may vary depending on the length and time that the MNE has been operating and the staffing strategy (Boninelli & Meyer, 2004:249-251; Rugman & Hodgetts, 2003:329). Many MNEs will initially rely on parent-country managers to staff international units, gradually putting more host-country nationals into management positions as the enterprise gains experience. Another approach is to use parent-country nationals in less developed countries and employ host-country nationals in more developed regions. This pattern has been fairly prevalent among US and European MNEs. A third pattern is to place parent-country managers in charge of a new operation but, once the unit is up and running, turn it over to the host-country manager.

Torbiorn (1997:42) notes that the use of PCNs mainly reflects operational needs for control and co-ordination or the need to transfer know-how. Where such needs are great, enterprises are inclined to staff key positions with PCNs, as local conditions do not promote the use of HCNs. Operational needs tend not to advocate the use of TCNs in particular, although most MNEs use them on the grounds of professional qualifications.

Enterprises send expatriates to fulfil different organisational objectives (Paik, Segaud & Malinowski, 2002:635; Hill, 2013:416). The main reasons for using expatriates are to:

- Start up an operation in a foreign country

- Transmit the national image and competencies to subsidiaries

- Coordinate and control foreign activities

- Develop the professional career of executives

- Develop their global mentality and their acquisition of international experience and knowledge

- Make up for the lack of local talent

In addition to the above organisational objectives, global expansion allows enterprises to increase their profitability, compared with those with domestic operations only (Boninelli & Meyer, 2004:245). Also, recent studies have directed attention to the importance of expatriates and repatriates as vehicles for knowledge transfer and organisational learning – the processes that constitute the foundation of organisational competiveness in a global economy (Lazarova & Cerdin, 2007:405). In many cases expatriates are required to help

create infrastructure and teach business processes for a company in certain geographies, especially in emerging markets (De Valk, 2004:41).

Most human resources professionals agree that not all employees sent on a global assignment will succeed (Frazee, 1998:28; Greenberg, 2009:18). Some will flourish, while others will fail. Turnover refers to employees resigning from an enterprise due to various reasons (Mondy *et al.*, 1999:599) or when an employee ceases to be a member of an enterprise. The turnover rate refers to the rate of employee separation in an enterprise (Gomez-Mejia, Balkin & Cardy, 2004:195).

Research conducted among South African MNEs has focused on premature returns plus the number of employees working at a low level of productivity divided by the total number of expatriates sent on assignments over the past ten years. The outcome of the research findings showed a 1.8 percent average failure rate, compared with an expatriate failure rate by the rest of the world (10 percent to 80 percent, depending on the study performed). This dramatic (about ten times better!) performance difference cannot be solely explained by policies, procedures and practices applied by SA expatriate managers. There are a number of situational factors that could result in South African expatriates being more tolerant than US, Japanese and European expatriates (Muller, 2003:235).

According to Muller (2003:235) the low failure rate of SA expatriated managers can be explained by:

- The relatively good policies and procedures that enterprises using SA expatriates apply

- The diverse exposure to cross-cultural management that SA managers are subject to in day-to-day management

- The apparent perception that an overseas assignment permits the expatriate manager and his family to "escape" the social economics.

Tinder (n.d.:1) indicates that a company that sends a manager abroad for a three-year assignment spends in excess of 1 million dollars, including the cost of potentially losing a valuable resource and all the knowledge base and investment in training, learning and

development. These findings are supported by Hill (2013:622), indicating that a failed expatriate assignment can carry a price tag of $1 million.

As indicated, expatriation is covered extensively from a research perspective, especially the challenges associated with foreign assignments and expatriate management (Hill, 2013:628-629; Muller, 2003:1; Stahl, Chua, Caligiuri, Cerdin & Taniguchi, 2009:91; Sanchez Vidal, Sanz Valle & Barba Aragon, 2008:1683; Van Aswegen, 2009:2).

However, MNEs also experience problems in retaining employees after their returning from international assignments (Goss & Hynes, 2005:97; Lazarova & Cerdin, 2007:404). Retention can be described as actions by the employer to retain the services of an employee (Gomez-Mejia *et al.*, 2004:400-401).

It is estimated that 15 percent of expatriates leave their enterprise within one year and an additional 13 percent in the following year (Hill, 2013:628). Higher turnover ratios are also indicated by MacDonald and Arthur (2003:3), indicating that 25 percent of employees leave their enterprise within one year to work for a competitor. The scenario deteriorates even further after three years, with approximately 40 percent leaving the employment of enterprises. These percentages are supported by the 2005 Global Trends Survey, issued by the enterprise GMAC Global Relocation Services, indicating that 23 percent of repatriates leave their enterprise in the first year (Tinder, n.d.:2). After three years, the total is 40 percent, though some consider it closer to 50 percent.

Academic research indicates that the value of a proper repatriation process is disregarded by a large number of enterprises (Suutari & Valimaa, 2002:617). Less than 15 percent of North American repatriates receive any form of repatriation training on returning to their home country (MacDonald & Arthur, 2003:3). If the cost of international assignments is considered, these findings are alarming and require further exploration to determine the current status and importance of a successful repatriation process to counter turnover and ensure retention of repatriates (Hill, 2013:628; Kraimer, Shaffer & Bolino, 2009:28).

It seems that less time and effort is dedicated to the repatriation process and the difficulties on returning to the home country (Kraimer *et al.*, 2009:28; Sanchez Vidal *et al.*,

2008:1684; Janush, 2003:52). Yet repatriation into the domestic enterprise and social environment simultaneously has a profound impact on the individual and family members (Linehan & Scullion, 2003:649). In line with this, repatriation is the least considered phase of the phased approach, staring with pre-departure, followed by the actions during expatriation, prior to repatriation and concluding with repatriation as the final phase (MacDonald & Arthur, 2003:3; Tinder, n.d.:1).

As mentioned, repatriation is the final phase in the expatriation process and is one of the most difficult phases in the process (Sanchez Vidal *et al.*, 2008:1684; Suutari & Valimaa, 2002:617). Managing the employee repatriation process is usually a difficult process for both individuals and enterprises (Goss & Hynes, 2005:98; Sanchez Vidal *et al.*, 2008:1685). One of the main problems is the reintegration of international workers into the home enterprise and country. These difficulties are the result of various factors but can consist of reverse cultural shock, re-entry adjustment and unrealistic expectations (Martin & Anthony, 2006; Suutari & Valimaa, 2002:618). The turnover of repatriates is usually related to how well an enterprise has managed the repatriation process and how satisfied employees are with the process on return (Sanchez Vidal *et al.*, 2008:1684).

As a consequence, retaining repatriates is important to reduce costs and increase competitiveness of enterprises (Goss & Hynes, 2005:97; Sanchez Vidal *et al.*, 2008:1684). A poor repatriation process makes it difficult to attract the best employees for international assignments and can create problems throughout the expatriation-repatriation phase (MacDonald & Arthur, 2003:3; Paik *et al.*, 2002:635).

Both enterprises and employees experience problems with repatriation. If the underlying reasons for poor repatriation are known, more can be done to address these problems through proper policies and HR practices to improve repatriation (Goss & Hynes 2005:100; Sanchez Vidal *et al.*, 2008:1683). The problem arises due to poor execution from a HR perspective of the repatriation process to reintegrate repatriates back into work-life in the home country (Goss & Hynes, 2005:97; Sanchez Vidal *et al.*, 2008:1684). The integration of repatriates is important, as the trend to expand business internationally will continue to grow (Derr & Oddou, 1991:227; MacDonald & Arthur, 2003:9). The pressure will be on

management to realise a proper return on investment (ROI) on the cost of expatriate assignments (Goss & Hynes, 2005:97).

The ROI tends to increase if an enterprise can retain the services of repatriates and utilise their knowledge and experience. Costs escalate when turnover rates are high (Goss & Hynes, 2005:98, De Valk, 2004:41). High turnover rates impact negatively on enterprises' effectiveness and efficiency, as an employee with international experience is lost to the enterprise (Goss, n.d.:6). The loss of these experienced employees results in high training costs, as a replacement needs to be trained to fulfil the requirements of a specific position (Goss & Hynes, 2005:98).

To date, the full extent of repatriation and failure rates has not been widely researched from a South African perspective. Although lower expatriate SA failure rates are reported by Muller (2003:232) (1.8 percent compared with the international norm of 10 to 80 percent over a three-year time span), Hawley (1999) found that between 16 percent and 40 percent of SA expatriates on international assignments did not complete their assignments. Van Heerden and Wentzel (2002) agree with Hawley, indicating an expatriate failure rate of 23 percent. The last mentioned figures correlate with international statistics of between 10 and 80 percent, depending on the scope of the research.

As repatriation turnover was not addressed in the various SA research findings, the effectiveness and support of the repatriation process in South African MNEs is not known. There is a substantial difference between a well-defined repatriation process and individual repatriation actions. To ensure a well-defined programme, a four-phased repatriation process (i.e., pre-expatriation, during expatriation, prior to repatriation and repatriation) will be investigated for South African MNEs, covering the majority of important aspects related to the repatriation process as a whole, and each phase individually.

Against the background of the above discussions, it is evident that there is a need to investigate the repatriation process as an important IHRM function for SA enterprises expanding, or operating internationally, to ensure the successful management and/or improvement of their international operations.

1.2 RESEARCH OBJECTIVES AND LITERATURE REVIEW

The objective of this study is to gain insight into the status of repatriation as experienced by SA MNEs. Based on the research findings and past results, guidelines can be provided to improve the repatriation process for SA MNEs by following a phased approach. The phased approach includes actions prior to expatriation, during expatriation, prior to repatriation and during repatriation as the final phase (Martin & Anthony, 2006:620). Four hypotheses have been identified, linked to each phase of the employee repatriation process, to indicate whether a correlation exists or not.

Enterprises that are successful in repatriation remove the obstacle of global expansion, as high-calibre employees with international experience are available to be deployed to other international assignments on their return (MacDonald & Arthur, 2003:3). They establish a cadre of international managers available to manage MNEs and create an informal network whereby information can be transmitted within the enterprise (Hill, 2013:618).

From an employee perspective, the difficulty is normally an accumulation of events, namely a lack of commitment from the home country, support on return, disconnection with operations at home and a long adjustment period (Goss & Hynes, 2005:100). If the repatriation process is not executed properly, uncertainty is created, dissatisfaction is experienced with the repatriation process and the original international assignment can be seen as a career limitation by a repatriated employee on return, and ultimately result in resignation (MacDonald & Arthur, 2003:3). Herman and Tetrick (2009:71) support this view and define the process as career derailment. Furthermore, negative repatriates can influence the rest of the workforce considering international assignments, as top performers will not be interested in international career opportunities (Herman & Tetrick, 2009:72; Sanchez Vidal *et al.*, 2008:1685).

Goss (n.d.:5) has classified the following factors why repatriates leave:

- Financial shock

- Psychological shock

- Lack of repatriation training

- Lack of career development

- Lack of positive corporate values

- Perceived impact of corporate downsizing

Financial shock refers to forfeiting allowances received on international assignments and a higher quality of life in the host country, compared with that in the home country (Goss, n.d.:5). According to MacDonald and Arthur (2003:6), further reasons why expatriates leave are lower domestic pay compared with international compensation, higher tax implications in home country (e.g. no tax rebates) and the costs of returning home not being covered by the enterprise in some instances.

Psychological shock is characterised by the fact that the expatriates had greater autonomy and authority in the host country than they have in the parent country on return, and the impact of reverse cultural shock (Goss, n.d.:6). Job autonomy and role ambiguity in the host country are further reasons why expatriates leave (Herman & Tetrick, 2009:72).

Lack of repatriation training is classified by the poor handling of the repatriation process prior to return and follow-up session on return (Goss, n.d.:6). According to Herman and Tetrick (2009:69), the support of the enterprise on return is an important component of repatriation training.

Lack of career development consists of lack of proper career planning pre-expatriation and on return to the home country (Goss, n.d.:6). Clear communication about job responsibilities on return is crucial for a seamless integration, and ultimately to identify future opportunities to apply and transfer international knowledge and expertise (Paik *et al.*, 2002:635).

Lack of positively related corporate values refers to lack of recognition by the enterprise of the value of the assignment, the location of the new job and lower competitive status on career track (Goss, n.d.:7). The inability of the enterprise to value international skills on the expatriate's return is an additional reason why expatriates leave (Stahl *et al.*, 2009:91).

Perceived impact of corporate downsizing is summarised by actions by the enterprise that place repatriates in a downsizing phase (Goss, n.d.:8). Researchers have identified several aspects as critical to successful repatriation. The following variables can be regarded as significant to an employee's willingness to stay with a specific enterprise (Stahl *et al.*, 2009:95):

- The perceived enterprise support during the assignment

- The perceived effectiveness of the repatriation process

- The perceived long-term career advancement and growth opportunities

The perceived enterprise support during the assignment is characterised by utilising international assignments to attract, develop and retain talent (Stahl *et al.*, 2009:90), providing support programmes on return (Herman & Tetrick, 2009:69), developing policies and procedures to strengthen the relationship between the employee and the enterprise (Benson & Pattie, 2009:64), and providing organisational career support by allowing repatriates to focus on their jobs prior to repatriation and after repatriation (Kraimer *et al.*, 2009:31).

The perceived effectiveness of the repatriation process consists of proper repatriation programmes, mentorship involvement and regular contact with key people in the organisation, preventing the out-of-sight, out-of-mind syndrome (Stahl *et al.*, 2009:95). In addition, effectiveness is increased by ensuring individual engagement, frequent communication, and face-to-face interaction with the home supervisor through travel visits (Benson & Pattie, 2009:64). Repatriation effectiveness extends to valuing and rewarding international skills of repatriates, creating an employee value proposition to attract, retain and develop talent (Stahl *et al.*, 2009:105).

The perceived long-term career advancements and growth opportunities focus on integrating long-term assignments into career development and succession planning, and offering an exciting re-entry job with international responsibilities (Stahl *et al.*, 2009:93). Placement in a position that matches international skills prevents underemployment. In addition, enterprises that plan for job positions and provide career support should be able

to place repatriates in positions that match their newly acquired skills, and repatriates should be more likely to perceive such jobs as a promotion (Kraimer *et al.*, 2009:31).

Through a proper repatriation process, enterprises can obtain the following benefits. Enterprises can capitalise on the newly developed skills of repatriated employees as a competitive advantage and build a global workforce (Herman & Tetrick, 2009:71; Kraimer *et al.*, 2009:27). Furthermore, addressing the repatriation process in advance can possibly reduce turnover (Sanchez Vidal *et al.*, 2009:1686; Stahl *et al.*, 2009:95). Supportive organisational structures can lead to an increase in commitment and willingness to stay with the enterprise upon returning from a foreign assignment (Kraimer *et al.*, 2009:31; Stahl *et al.*, 2009:93).

Working across international barriers creates career opportunities for employees and improves their broader decision-making skills; therefore international experience can be very valuable and hard to imitate for competitors (Kraimer *et al.*, 2009:30; Caliggiuri & Lazarova in Stahl *et al.*, 2009:104). This is in line with the competitive advantage as highlighted above.

According to Herman and Tetrick (2009:71) and Tinder (n.d.:6), the following can happen if the employee repatriation process is not properly executed:

- Undesirable turnover can occur.

- Critical networks created by employees can be lost.

- Future employees may be discouraged from joining international assignments, thereby narrowing the pool of future candidates.

These areas of concern are in line with Stahl *et al.* (2009:105), who indicate that turnover is expected in some cases, no matter how sophisticated the career development and repatriation management processes are. Repatriation remains a costly expense in terms of time, money and human capital (Kraimer *et al.*, 2009:30; Stahl *et al.,* 2009:103), but in the case of turnover the opportunity of reverse knowledge transfer is also forfeited. According to Baruch *et al.* (2002:660), poor performance and departure after repatriation cause both a heavy expense burden and business risks for an enterprise.

Turnover upon repatriation is not only detrimental to the enterprise's leadership and development, but also affects global career plans in terms of the loss of a cadre of international employees available for future placement (Sanchez Vidal *et al.*, 2009:1684; Stahl *et al.*, 2009:104).

To examine the repatriation process, researchers divide the process into phases. These include the phases of pre-expatriation, during expatriation, prior to repatriation and finally during repatriation (Martin & Anthony, 2006:620). Tinder (n.d.:7) suggests a three-phased approach to repatriation by excluding the prior to expatriation phase. However, some of the elements of this phase are covered in the other three phases and will be highlighted. Janush (2003:52) identifies three clear phases in the overall assignment process, namely selection, work and repatriation. Martin and Anthony (2006:620) offer a four-phased approach as indicated in Figure 1.1 below. Based on the above literature, the following model is proposed and will be tested in this study.

Figure 1.1:   Phased approach to repatriation

Prior to expatriation	During expatriation	Prior to repatriation	During repatriation
Phase 1	Phase 2	Phase 3	Phase 4
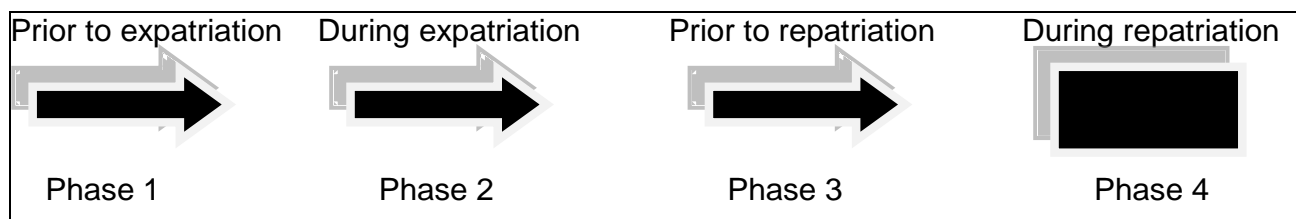
Source: Martin & Anthony (2006:621)

1.2.1   Phase 1: Prior to expatriation

The focus during this phase is creating and building support for the programme and selecting the right candidates for international assignments, career planning and orientation prior to departure. A major component of this phase is the creation of a formal repatriation programme (Martin & Anthony, 2006:621). Enterprises that participated in the 2006 Worldwide ERC Global Benchmarking reflect the following: 51 percent of the enterprises had a formal repatriation programme; in Asia, 87 percent of enterprises had sponsored repatriation programmes, compared with 45 percent in the US (Tinder, n.d.:2). Findings from De Valk (2004:42) indicate that without the enterprise's support for expatriates, pre-expatriation, during expatriation and after, the assignment can result in

some assignments ending abruptly. Multiple training days or individual coaching, coupled with a well-developed selection process, can help decrease possible assignment failures. The repatriation programme must start prior to the departure of the expatriate (Tinder, n.d.:7). Career development is planned and goals for the assignment are communicated. During this stage, mentors are assigned to monitor and work with the expatriates. Initially, the focus should be on adjustment, but thereafter should move to career development. Mentors should keep expatriates informed of future assignments. The corporate HR office should manage succession planning. The development of a repatriation education programme (i.e., exploring the issues, concerns, challenges and rewards of living abroad) is also normally part of this phase, including pre-departure psychological counselling and testing (Martin & Anthony, 2006:622; De Valk, 2004:42).

The support and participation of senior management during this phase is critical for the success of the programme, ensuring greater planning for the return of expatriates. Selection of candidates to fill expatriates' positions is also very important, as poor selection can contribute to turnover (Martin & Anthony, 2006:622). Effective selection of global assignees is critical, to ensure that candidates can live up to the challenges (Frazee, 1998:28). By carefully screening expatriates' positions, turnover can be reduced. This is supported by a study of Sun Microsystems, where turnover had reached 62 percent but through proper expatriation screening and selection was reduced to 29 percent (Martin & Anthony, 2006:622; De Valk, 2004:42).

A preview trip before the final acceptance of the move is recommended by Greenberg (2009:19), allowing the employee and his or her family to assess the new community. The employee should feel comfortable with the new environment.

Prior to departure, career expectations should be defined in terms of how the international assignment fits into the employee's career path and possible domestic job opportunities on return. At Case, where 90 percent of expatriates are retained, proper career planning and development is an essential part of the process. Conversations about the employee's post-assignment job placement should commence before the international assignment and continue throughout the expatriate period (Martin & Anthony, 2006:623). An important briefing during this phase is to emphasis that expatriates must be realistic about their post

assignment back in the home country. These sessions should be mandatory for all employees and family members (Tinder, n.d.:7).

Partner orientation is also part of this phase and has a substantial influence on the relationship of the expatriate with the enterprise. Ensuring that the partner is properly trained to relocate can increase the possibility of the expatriate's completing assignments and staying with the enterprise on return. An example of an enterprise that values partner contribution is Du Pont (Martin & Anthony, 2006:623). Du Pont has a policy of reimbursing partners for expenses incurred in order to obtain employment in the host country. The same applies for educational expenses if the partner is not interested in employment at that stage (Martin & Anthony, 2006:623). According to Greenberg (2009:19), a spouse may need assistance in restarting a career or finding a social network on the host country.

Furthermore, Greenberg (2009:19) indicates that relocation information can be provided in an employee information kit that contains details on the immediate settlement, insurance numbers, enrolling at a school or clearing customs. The mentioned information should be accessible at a dedicated employee site that can be updated as policies are amended and new information added, with links for any other additional information.

Assignments fail for a variety of reasons, the most common being: the enterprise's not having an expatriate policy in place, a lack of support for the assignee, and personal or family issues, including worries about career disruption (Beargie, 2005:27; Gale, 2005:53). The enterprise's foreign policy should be a set of guidelines, not rigid rules, for relocating persons around the world while maintaining the corporate culture, meaning the basic assumptions and beliefs shared by the employees of an enterprise (Greenberg, 2009:18; Beargie, 2005:27). The policy should be developed with inputs from various role-players, including global operations managers, tax specialist, accountants, relocation and payroll professionals and HR consultants, and should provide as much information as possible (Schoeff, 2006:36).

According to Martin and Anthony (2006:622), a recent study suggests that in those instances where senior management is involved in formulating, and not only merely approving, expatriate policy, there is a higher occurrence of best-practice activities. In

those cases, it is more likely that there are career discussions with expatriates, that expatriates are given special attention in succession planning, mentorship programmes exist, and perhaps more importantly, there is much greater planning for expatriates' return. Jassawalla, Connelly and Slojkowski (2004:41) are of the opinion that the presence and quality of policy guidelines seems strongly linked to repatriation effectiveness and the importance of providing written confirmation. In addition to lessening managerial anxiety, formal statements that specify the enterprise's objectives and resource deployment choices for managing repatriates seem to contribute to the confidence with which they leave for and return from foreign assignments; hence the first hypothesis:

H_{10}: There is no difference between enterprises that have implemented a foreign policy and those that have not with regard to their repatriation turnover rate.

H_{1A}: There is a difference between enterprises that have implemented a foreign policy and those that have not with regard to their repatriation turnover rate.

1.2.2   Phase 2: During expatriation

The major components of this phase include: adjusting to the overseas environment, keeping up with organisational priorities and not being out of sight, out of mind. The importance of communication is paramount in this phase (Martin & Anthony, 2006:623; Greenberg, 2009:18-19).

During the first period of the international assignment, the expatriate is preoccupied with cross-cultural issues and adjusting to the new environment (Martin & Anthony, 2006:624). Settling-in services provided by the enterprise in the host country may include escorted assistance with local registrations, educational systems and medical facilities, along with the introduction of available leisure activities, which will help a family with the transition (Greenberg, 2009:19). Employees Assistance Programmes (EAPs) lend the emotional support that employees and their families need to adjust to the new environment (De Valk, 2004:42).

The focus of this phase is to keep up with organisational changes. Dissemination of information is normally performed through correspondence (e.g. updates on policies and

other developments at the home country), but it is not in a personal form of communication. Communication throughout the duration of the process will contribute to re-entry adjustment (Tinder, n.d.:7).

Mentors can perform a critical role in updating expatriates on structural changes, revised policies and procedures and strategy updates (Martin & Anthony, 2006:624). The supporting role of mentors is supported by Tinder (n.d.:7) and indicated as a pre-departure phase (compared with this Phase 2 in Martin and Anthony (2006)). Mentorship prior to departure can form a basis of future interaction and to determine the frequency of communication (Tinder, n.d.:7). An example supporting the above initiative is AT & T, which emphasises the importance of mentors to keep expatriates informed, ensuring face-to-face contact with mentors through meetings at the home country on a regular basis (Martin & Anthony, 2006;624).

The out-of-sight, out-of-mind syndrome is due to the separation from the home country; not being involved can have disadvantages when important HR decisions are tabled and the expatriate is excluded from career-enhancing jobs. Mentorships can bridge the gap, but when mentors are reassigned, the loop of information is interrupted (Martin & Anthony, 2006:624). The responsibility for keeping in contact is not only the responsibility of the enterprise; the expatriate should also play a proactive role (Tinder, n.d.:7).

This leads to the following hypothesis:

H_{20}: There is no correlation between the importance of assigning a mentor to an expatriate and the repatriation turnover rate.

H_{2A}: There is a correlation between the importance of assigning a mentor to an expatriate and the repatriation turnover rate.

1.2.3   Phase 3: Prior to repatriation

Key activities during this phase are that realistic expectations are created, counselling is started, career planning is conducted and issues that could lead to resignation are addressed (Martin & Anthony, 2006:624). Tinder (n.d.:9) includes the aspects of job prospects and partners who want to work on return to the home country, as part of phase

2. However, Tinder (n.d.:8) clearly indicates these as actions six months prior to expatriation, in line with the prior-to-repatriation phase as stated by Martin and Anthony (2006:624). De Valk (2004:42) claims that repatriation needs to begin several months prior to the expatriate's return to his or her pre-assignment workplace. In terms of creating expectations, the intentions of the enterprise should be communicated to the expatriate and it is essential to address family support as soon as possible during this phase. Enterprises can help to create realistic expectations about the work and non-work lives before repatriation. AT & T, for example, assists expatriates and their families with such difficulties when returning home (Martin & Anthony, 2006:624-625).

Counselling and re-orientation during this phase should be managed and requires careful attention. Repatriates can feel alienated or display a sense of proactiveness (Martin & Anthony, 2006:625; O'Sullivan, 2002:598). Programmes as employed by AT & T, where expatriates and their families are invited to a two-day seminar six months prior to repatriation, can address issues like return adjustments, clarifying career objectives, expenses to be incurred on return, the elimination of allowances and lifestyle adjustment on return (Martin & Anthony, 2006:625; O'Sullivan, 2002:598).

Expatriates, on their return, expect enterprises to value their international experience and to place them in positions where they can apply their knowledge. Proper planning can assist expatriates, six months prior to return, to know exactly what position they will be returning to (Lazarova & Cerdin, 2007:411-412; O'Sullivan, 2002:598). If positions are not available, the enterprise can create holding patterns to ensure that repatriates are not lost to the enterprise (Suutari & Valimaa, 2002:617). Enterprises can utilise repatriates as trainers for future expatriates, job sharing, educational leave or lending the employee to a non-competing enterprise (Martin & Anthony, 2006:626).

The following hypothesis is thus stated:

$H3_0$: There is no correlation between conducting orientation programmes for expatriates prior to their return to their home country and the repatriation turnover rate.

$H3_A$: There is a correlation between conducting orientation programmes for expatriates prior to their return to their home country and the repatriation turnover rate.

1.2.4   Phase 4: During repatriation

During this phase, the focus is on reverse cultural shock, repatriation adjustments, managing expectations, welcome-home orientation, and the role of the mentor during the repatriation phase. Furthermore, using the newly acquired skills and valuing the international experience of the repatriate to the benefit of the enterprise is critical during this phase (Martin & Anthony, 2006:626; Janush, 2003:52). It is in the enterprise's best interest to proactively address the repatriation phase of the assignment through training, mentoring and career planning (De Valk, 2004:42).

Challenges associated with reverse cultural shock are: re-entry adjustment, stress management and work performance. Re-entry adapting back to the home country is more complex and often more difficult than cultural adjustment when embarking on an international assignment. The duration of a foreign assignment affects re-entry adjustment. The longer the period of an international assignment, the greater the adjustment back in the home country (Martin & Anthony, 2006:626). The stress factor associated with re-entry into the home environment originates from children adapting to new schools, different learning curriculums, a new social environment (i.e., making new friends) and new working environments for both the repatriate and partner (O'Sullivan, 2002:598). Work performance is affected by new job responsibilities, a new supervisor, peers, subordinates and goals to achieve in the new working environment (Martin & Anthony, 2006:626).

The time it takes for the repatriate to adjust back into the home country and new position can vary from one month to three years and should be managed by the enterprise as part of the re-entry adjustment (Martin & Anthony, 2006:627; Janush, 2003:52).

Managing expectations is critical. Other factors associated with managing expectations include expectancies of expatriates to be placed in high-profile positions, applying their new skills and receiving the support and interest of colleagues (Martin & Anthony, 2006:627). Expatriates should schedule a meeting with their home-country supervisor about newly acquired skills and how these skills can be utilised on the job (De Valk, 2004:42).

Expectations also include an acceptable living environment and manageable cost of living. Proactive initiatives as part of welcome-home orientation can include a re-entry seminar one month after repatriation (Tinder, n.d.:9), counselling (preferably with an external consultant to encourage open and honest communication), assistance to partners seeking employment, customised sessions with children, and another follow-up six months later. These initiatives, as employed by AT & T, received positive reviews from recently returned expatriates and their families (Martin & Anthony, 2006:627).

The role of the mentor during this phase continues to be important in keeping the expatriates informed prior to repatriation, liaising with HR to finalise re-entry and conducting re-entry discussions (Conference Board Report in Martin & Anthony, 2006:627; O'Sullivan, 2002:598). To conclude this section, using the newly acquired skills of expatriates is important, as it indicates that the skills of the expatriate can be utilised and are valued by the enterprise, which will make the expatriate feel appreciated. This is one of the great concerns of expatriates, that their knowledge should be put to use (Tindler, 2000:9). Ford places expatriates in positions where their experience can be utilised. These can include task forces, work teams, projects and ad-hoc assignments where international experience is required (Martin & Anthony, 2006:627).

Based on the aforementioned discussion, it is hypothesised that:

H_{40}:   There is no correlation between the importance of repatriation support on return from an international assignment and the repatriation turnover rate.

H_{4A}:   There is a correlation between the importance of repatriation support on return from an international assignment and the repatriation turnover rate.

1.3   RESEARCH DESIGN

The research design is the blueprint for fulfilling objectives and answering questions. Selecting a design may be complicated by the availability of a large variety of methods, techniques, procedures and protocols and sampling plans (Cooper & Schindler, 2014:125). Knowing how to select the most appropriate research design develops with experience (Zikmund, Babin, Carr & Griffin, 2010:64-66).

Cooper and Schindler (2014:121) define research design as the plan and structure of an investigation so conceived as to obtain answers to research questions. The plan is the overall scheme or programme of the research. It includes an outline of what the investigator will do, from writing hypotheses and their operational implications to the final analysis of data. A structure is the framework, organisation or configuration of the relationships between variables of a study. A research design expresses both the structure of the research problem and the plan of investigation used to obtain empirical evidence on relations of the problem. According to Zikmund *et al.* (2010:65), the research design is the master plan specifying the methods and procedures for collecting and analysing the needed information. Design is largely concerned with controlling potential sources of error in the study. There are major sources of error, namely random sampling error and systematic bias (Zikmund *et al.*, 2010:188).

The following research design was used for this study.

1.3.1   Degree of research question crystallisation

A study may be viewed as exploratory or formal (Zikmund *et al.*, 2010:52-53). The essential distinctions between these two options are the degree of structure and the immediate objective of the study. Exploratory studies tend towards loose structures with the objective of discovering future research tasks. The immediate purpose of exploration is usually to develop hypotheses or questions for further research. The formal study begins where the exploration leaves off – it begins with a hypothesis or research question and involves precise procedures and data source specifications. The goal of a formal research design is to test the hypotheses or answer the research questions posed (Cooper & Schindler, 2014:428).

As the primary research objective and hypotheses have been stated after a thorough literature review, this study is classified as a formal study. This study is further classified as a survey study, as it used primary data collected by means of a survey.

1.3.2   Method of data collection

This classification distinguishes between monitoring and interrogation/communication processes (Cooper & Schindler, 2014:127; Zikmund *et al.*, 2010:113). The former includes studies in which the researcher inspects the activities of the subject or the nature of some material without attempting to elicit responses from anyone. In the interrogation/communication study, the researcher questions the subjects and collects their responses by personal or impersonal means. The collected data may result from: interviews or telephone conversations; self-administered or self-reported instruments sent through the mail, left in convenient locations, or transmitted electronically or by other means; or instruments presented before and/or after a treatment or stimulus condition in an experiment.

This study constitutes an interrogation study, as information was gathered through a self-administered questionnaire, posted on a website for the respondents to provide answers to questions electronically at their own time and convenience. The method of data collection consisted of exploratory factor analysis, descriptive statistics, the Man-Whitney U-test, Pearson Chi-square test and Spearman rho test to assist with data analysis.

1.3.3   Control of variables

In terms of the researcher's ability to manipulate variables, one can differentiate between experimental and ex post facto designs (Cooper & Schindler, 2014:127). In an experiment, the researcher attempts to control and/or manipulate the variables in the study. With an ex post facto design, investigators have no control over the variables in the sense of being able to manipulate them. They can only report what has happened or what is happening.

This study is an ex post facto design, as no attempt was made to control and/or manipulate any variables.

1.3.4 The purpose of the study

The essential difference between descriptive and causal studies lies in their objective (Cooper & Schindler, 2014:134-136; Zikmund *et al*., 2010:53-54; Babbie & Mouton, 2001:80). If the research is concerned with finding out who, what, where, when or how much, then the study is descriptive; if it is concerned with learning why – that is, how one variable produces change in another – it is causal. This study is descriptive, as the research findings reflect the status of employee repatriation in South African MNEs.

1.3.5 Time dimension

Cross-sectional studies are carried out once and represent a snapshot of one point in time (Cooper & Schindler, 2014:128). In such a study, various segments of the population are sampled so that the relationship between variables may be investigated by cross-tabulation (Zikmund *et al*., 2010:486-491). Most surveys will fall into this category. Longitudinal studies are repeated over an extended period (Cooper & Schindler, 2014:128) or respondents are questioned at different times (Zikmund, 2010:487).

This study is cross-sectional, as it reflects the current status of employee repatriation in South African MNEs at the time the study was carried out.

1.3.6 Topical scope

Statistical studies are designed for breadth rather than depth (Cooper & Schindler, 2014:128). They attempt to capture a population's characteristics by drawing inferences from a sample's characteristics. Hypotheses are tested quantitatively. Generalisations about findings are presented based on the representativeness of the sample and the validity of the design. Case studies place more emphasis on a full contextual analysis of fewer events or conditions and their interrelationship. Although hypotheses are often used, the reliance on qualitative data makes support or rejection more difficult. Quantitative research aims to test theory using statistical analysis, whereas qualitative research builds theory and rarely tests it. With quantitative research, data numbers are used to represent the characteristics of something, while qualitative data is represented in a textual form

(Blumberg *et al.*, 2008:192; Bryman & Bell, 2007:402; Hair *et al.*, 2007:151; Lee & Lings, 2008:233; Saunders *et al.*, 2009:151).

This was a statistical study, as the research tested the four hypotheses identified under the research objectives, using quantitative techniques to test existing theory.

1.3.7   Research environment

Designs also differ as to whether they occur under actual environmental conditions (field conditions) or under staged or manipulated conditions (laboratory conditions) (Cooper & Schindler, 2014:128-129; Gay & Airasian, 2000:418).

This study was carried out under conditions of the actual environment, as the researcher did not attempt to manipulate or stage environmental conditions.

1.4   CHAPTER OUTLINE

The study consists of seven chapters, each of which will be briefly discussed below:

1.4.1   Chapter 1: Introduction and problem statement

Chapter one covers the justification of the study; the statement of the problem and objectives of the study related to employee repatriation in South African MNEs. This is followed by a brief explanation of the methodology used, concluding with an outline of the dissertation structure.

1.4.2   Chapter 2: International human resource management

This chapter discusses the HR challenges for enterprises in selecting, training, developing and compensating personnel in international positions, while also looking at the differences between international and domestic HR management.

1.4.3   Chapter 3: Expatriation management

Chapter three elaborates on how MNEs should establish suitable personnel practices for expatriates. The chapter also highlights the factors that influence expatriate failure and the importance of understanding the reasons for failed assignments.

1.4.4   Chapter 4: Repatriation and retention

This chapter focuses on the theoretical discussion on employee repatriation and retention which forms the basis of this research study. It further elaborates on the challenges linked to repatriation and highlights the key elements during each phase of the repatriation process, to ensure an effective and efficient repatriation process.

1.4.5   Chapter 5: Research methodology

Chapter five provides a discussion and overview of the methodology used in collecting and analysing the data for this study.

1.4.6   Chapter 6: Empirical analysis and Interpretation of results

This chapter covers the analysis and interpretation of the results of the research findings.

1.4.7   Chapter 7: Recommendation and conclusion

Chapter seven details observations and remarks related to employee repatriation for SA MNEs based on the research findings. Furthermore, the chapter provides recommendations on the content, quality and implementation of the enterprise's foreign policy to improve repatriation effectiveness. Areas of future research are also noted.

1.5   ABBREVIATIONS

The following abbreviations were used in the text as described below.

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Table 1.1: Abbreviations used in this document

Abbreviation	Meaning
EAP/EAPs	Employee Assisted Programme(s)
EU	European Union
HR	Human Resources
HCN/NCNs	Host-Country National(s)
HRM	Human Resource Management
IHRM	International Human Resource Management
HQ	Headquarters
ILO	International Labour Organisation
IMD	International Management Development
IMF	International Monetary Fund
IPA	International Performance Appraisal
MNE/MNEs	Multinational Enterprise(s)
L&D	Learning and Development
NAFTA	North American Free Trade Association
NS	Not Significant
OECD	Organization for Economic Cooperation and Development
PCN/PCNs	Parent-Country National(s)
SA	South Africa
SAS	Statistical Analysis Software
SIHRM	Strategic International Human Resource Management
SHRM	Strategic Human Resource Management
ROI	Return on Investment
TCN/TCNs	Third-Country National(s)
UN	United Nations
US	United States
USA	United States of America

1.6   REFERENCE TECHNIQUE

The Harvard referencing technique was used in this study.

CHAPTER 2: INTERNATIONAL HUMAN RESOURCE MANAGEMENT

2.1 INTRODUCTION

The history of human resource management is elusive because of the changes in name, scope, strategic direction and time span (Ozbilgin, 2005:3; Stahl & Bjorkman, 2006:1). This has encouraged academic debate on what constitutes human resource management (HRM) and if and how this 'new' concept differs from its predecessors, such as personnel management, manpower management and welfare management (Ozbilgin, 2005:3).

The change from personnel management to human resource management in particular is considered as the most significant turning point in the historical development of people-management discourses. Boninelli and Meyer (2004:48) argue that human capital needs to be at the centre of business, as enterprises are facing an increase in competition and the only competitive advantage is the skilful management of human resources to ensure long-term competitive advantages for the enterprise (Janush, 2003:50; Schiuma, Bourne & Harris, 2006:60).

The ever-increasing complexity and the uncertainty in which MNEs operate creates an unique set of organisational, co-ordinational and managerial issues for the managers of MNEs (Molnar & Loewe, 1997:11; Morley & Collings, 2004:488; Stahl & Bjorkman, 2006:15). Not least of these is the management of employees on a global scale as a key IHR issue, taking up a large percentage of IHRM time (Beargie, 2004:27; Greenberg 2009:18). Key issues related to the management of employees on a global scale include selecting the right employees for foreign assignments (Briscoe & Schuler, 2004:236; Frazee, 1998:28; Hurn, 2007:33); training and development of these employees, which include a broad spectrum of activities (Harris, 2006:20; Forster, 2000:68; De Valk, 2004:42); effective performance management (O'Sullivan *et al.*, 2002:81; Scullion & Linehan, 2005:106); compensation challenges and tracking of expatriate expenses (Stahl & Bjorkman, 2005:159; Rosenzwaig, 2005:25; Baker & Roberts, 2006:37); and, finally, executing the repatriation process successfully to extract value for the enterprise (De Valk, 2004:42; Shumsky, 1999:42; Vermond, 2001:33; Janush, 2003:52).

2.2 DIFFERENCES BETWEEN HRM AND IHRM

The definition of human resource management has evolved over time, gaining a number of competing meanings. According to Ozbilgin (2005:2), HRM can be defined as a range of management activities which aim to achieve organisational objectives through effective use of employees. This view is supported by Jones, George and Hill (2000:348-349), who indicate that HRM includes all the activities that managers engage in to attract and retain employees, ensuring that these employees function at an optimal level and contribute to the enterprise's goals and effectiveness. Furthermore, these activities include determining the firm's HRM strategy, staffing, performance evaluation, management development, compensation and labour relations (Hill, 2013:622-636).

Not one of these activities is performed in a vacuum and is unrelated to the enterprise's strategy (Hill, 2013:618; Boninelli & Meyer, 2004:48). The recognition of human resources as one of the main organisational resources, on a par with or even more significant than financial, technological and physical resources, marks a radical departure from earlier approaches and definitions of people management, which considered it as a secondary business concern to management of other resources of organisations (Ozbilgin, 2005:2; Morley *et al.*, 2006:3).

Based on the fast-moving forces of globalisation and the challenges in the international economy, international human resource management (IHRM) emerged as a new discipline, following the crossing of national borders by MNCs to expand their business operations globally (Boninelli & Meyer, 2004:48; Ozbilgin, 2005:7; Edwards & Rees, 2006:3; Liu, 2004:500).

Ozbilgin (2005:7) argues that although the studies of IHRM provide insight into the various techniques, approaches, themes and principles of HRM in an international context, researchers have hardly attempted to provide a stand-alone definition of IHRM. Findings from Scullion and Linehan (2005:4) provide the same evidence, indicating that there is no consensus on what the term IHRM covers, although the majority of studies have traditionally focused on the area of expatriation.

Much of the early research focused on staffing decisions in MNEs and how to manage the expatriate manager from the enterprise's home country (Stahl & Bjorkman, 2006:2; Scullion & Linehan, 2005:4). More recent definitions emphasise the strategic approach and the role and organisation of IHRM functions, the relationship between the headquarters and the local units, and the actual policies and procedures adopted (Scullion & Linehan, 2005:4; Stahl & Bjorkman, 2006:4). The strategic approach is very dominant in the recent definitions (Schiuma *et al.*, 2006:60; Edwards & Rees, 2006:66).

According to Ozbilgin (2005:7), IHRM can be defined as a range of people management functions, processes and activities which involve consideration of more than one national context. Scullion and Linehan (2005:4) declare that IHRM has been defined as "the issues and problems arising from the internationalisation of business, and the HRM strategies, policies and practises which enterprises pursue in response to the internationalisation of business".

The involvement of more than one national context, as highlighted by Ozbilgin (2005:7–8), implies three levels of practice and study of IHRM:

- Single-country human resource activities often involve considerations of international human resource issues (Ozbilgin, 2005:7). For example, skills shortages in a country may encourage recruitment of migrant labour, and this practice requires national enterprises to take into account the international aspects of HRM, such as growing competition for international labour (Liu, 2004:500; Hurn 2006:279). Similarly, there are studies of HRM issues in a single-country context that provide insights into national systems, structures and approaches of people management, allowing cross-national comparisons and contributing to our understanding of convergence and divergence of employment systems, management approaches and other human resource issues (Ozbilgin, 2005:7; Liu, 2004:500).

- Enterprises operating in more than one country may carry out IHRM activities at another level (Ozbilgin, 2005:8; Bauer & Taylor, 2001:135). For example, management of international assignments, expatriates and the process of repatriation require such considerations (Beargie, 2005:27; Fisher & Hartel, 2003:4). Other studies explore the strategic role of the corporate human resource function in MNEs

(Schiuma *et al.*, 2006:61; Fisher & Hartel, 2003:5). The corporate function performs personnel roles such as the management of succession, career development, strategic staffing, international management mobility and training, and repatriation of international workers.

- International enterprises need to address national differences between their home-country and host-country operations, and there are studies exploring the management of people in international, multinational and transnational enterprises, with particular reference to the home-country and host-country divide in their evaluations (Ozbilgin 2005:8; Forster, 2000:63; Fisher & Hartel, 2003:4). These studies seek to explain and bridge the national differences in management of human resources, providing descriptive and prescriptive analysis and critical evaluation of the current trends.

Enterprises operating in a variety of national environments are faced with a variety of cultural and institutional specifications that complicate managing in a multinational context (Greenberg, 2009:18; Morley & Collings, 2004:489; Reinhart, 2005:14). Firstly, there is simply more HR work to be done when working in an international environment, because the HR function must engage with a number of activities that would not be necessary in a domestic environment, including international taxation, international relocation and socialisation, host government relations and language translation services. However, understanding the enterprise's global business plan can make it easier to determine how the existing HR policies can be adapted to meet the planned objectives and the layout of the appropriate system (Molnar & Loewe, 1997:11, Scullion & Linehan, 2005:3, Janush, 2003:50).

The international context also requires a broader perspective, with international HR managers being forced to consider a wide range of variables in decision-making and to demonstrate a greater involvement in employees' personal lives (Morley & Collings, 2004:489). To manage an international HR function successfully, HR executives must have knowledge of the ongoing international operations of the enterprise, the business and economic situation the enterprise operates in, and the type of skill required by employees if they are to be deployed for international assignments (Reinhart, 2005:14). According to

Greenberg (2009:18-19), the greater HR involvement in the employees' personal lives is significant in relation to the success of the global assignment, as HR may have to play a role in the preview trip, relocation arrangements, health-care arrangements, education consulting, spouse and family assistance and settling-in service.

As pointed out by Treven (2001:180) and Beargie (2005:27), domestic HRM is involved with employees within only one national boundary. IHRM, on the other hand, deals with three national or country categories: the parent country, where the firm is usually headquartered; the host country, where a subsidiary may be located; and other countries which may be the source of labour, finance or research and development. In addition, there are three types of employees of an international firm; parent-country nationals (PCNs); host-country nationals (HCNs), and third-country nationals (TCNs). For example, Shell might employ some Australian managers to work in Japan as third-country nationals.

The dynamics of the subsidiaries' labour market in terms of the workforce mix of parent-country nationals, third-country nationals and host-country nationals will vary, depending on the maturity of the MNE (Morley & Collings, 2004:489; Torbiorn, 1997:45-46). As multinationals mature, the reliance on expatriate employees as position fillers in subsidiaries reduces, with the consequence that the HR emphasis for the subsidiary must shift from narrow issues concerned with the management of expatriates to broader incorporating issues concerning host-country or third-country nationals, who will require a different HR focus (Runnion, 2005:21; Treven, 2001:180).

Managing human resources in an international context also brings greater risk exposure, which concerns not only the increased cost attached to the expatriate assignment, but also the increased cost of failure in an international environment (Greenberg, 2009:18; Beargie, 2005:27; Baker & Roberts, 2006:37). However, Scullion and Linehan (2005:5) point out that in broad terms IHRM involves the same activities as domestic HRM (for example HR planning and staffing, recruitment and selection, appraisal and development, rewards and so on) (O'Sullivan, Appelbaum & Abikhzer, 2002:80-81).

There are thus two major factors that differentiate domestic HRM from IHRM. First, the complexities of operating in different countries (and therefore in different cultures), and

secondly the employment of different categories of workers as regards nationality (Treven, 2001:180-181; Beargie, 2005:27; Fisher & Hartel, 2003:4).

This suggests that it is the knowledge of conditions in a variety of countries and how to manage them within and across borders that is the essence of IHRM (Beargie, 2005:27; Fisher & Hartel, 2003:4). Research suggests that many firms continue to underestimate the complexities of managing human resources across borders, and this often results in poor performance in international operations. It has been argued by Scullion and Linehan (2005:6) that the complexity of IHRM can be attributed to six factors that differentiate international from domestic HRM.

These factors are:

1.   A wider range of HR activities
2.   The need for a broader perspective
3.   More involvement in employees' personal lives
4.   Responsiveness to change in staffing requirements as international strategy changes
5.   Higher risk exposure
6.   More external influences

2.3   REASON FOR THE EMERGENCE OF IHRM

Having examined the broad descriptions of IHRM above, it is important to understand the main reasons for the rapid growth of interest in the field over the last decade and a half, as outlined by Scullion and Linehan (2005:8-10):

- The rapid growth of internationalisation and global competition has increased the number and significance of MNEs in recent years, resulting in the increased mobility of human resources (Liu, 2004:500; Scullion & Linehan, 2005:8; Stahl & Bjorkman, 2006:265; Suutari & Valimaa, 2002:617).

- The effective management of human resources is increasingly being recognised as a major determinant of success or failure in international business and the ability to

navigate MNEs through the turbulent international environments (O'Sullivan, 2002:597; Scullion & Linehan, 2005:8).

- The performance of expatriates continues to be problematic, and expatriate failure or underperformance is often costly both in human and financial terms (Scullion & Linehan, 2005:8; Shaffer & Harrison, 1998:87; Baker & Roberts, 2006:37; Runnion, 2005:21). The evidence of these authors suggests that the indirect costs of poor performance in international assignments, such as loss of market share and damage to foreign customer relations, may be particularly costly.

- Shortages of international managers are increasingly becoming a problem for international firms (Scullion & Linehan, 2005:8). Fewer younger people are willing to accept international assignments, for fear that their experience will not be valued or recognised on return (Hurn, 2007:33; Martin & Anthony, 2006:28). The implementation of global strategies is increasingly constrained by shortages of international management talent, which hamper corporate efforts to expand abroad. Moreover, the rapid growth of emerging markets implies an increasing need for managers with the desire to manage in these culturally and economically different countries, and greater competition between MNEs for managers with the competencies and context-specific knowledge of how to do business successfully in such countries (Hurn, 2007:33; Schiuma *et al.*, 2006:66).

- IHRM issues are becoming increasingly important in a far wider range of organisations, partly because of the rapid internationalisation of small and medium-sized enterprises and the emergence of "micro multinationals" in recent years (Scullion & Linehan, 2005:9; Fitzgerald-Tuner, 1997:70; Scullion, 1994:89; De Valk, 2004:42). Recent research highlights the importance of learning and the management team's international experience on the international performance of SMEs, and suggests that performance problems in these organisations are often linked to the poor management of human resources (Craig, 2009:18; Beargie, 2005:27).

- There is a movement away from more traditional hierarchical organisational structures towards the network MNE. In a network MNE, a subsidiary can be viewed

as a node of a complex system of multiple linkages between the subsidiary and headquarters and between subsidiaries (Stahl & Bjorkman, 2006:331). Network MNE organisations have been facilitated by the development of networks of personal relationships and horizontal communication channels, and it has been argued that HR plays a more significant role in a network organisation (Belanger, Edwards & Wright, 1999:54; Scullion & Linehan, 2005:9).

- There is also growing evidence that HR strategy plays a more significant role in implementation and control in the international firm (Scullion & Linehan, 2005:9; Schiuma *et al.*, 2006:66; Beargie, 2005:27). It has been suggested that in a rapidly globalising environment, many MNCs have less difficulty determining which strategies to pursue than how to implement them, and it has been argued that the success of any global or transnational strategy has less to do with structural innovations than developing very different organisational cultures.

- Recent research suggests that growing awareness of implementation problems in the rapidly increasing number of strategic alliances and cross-border mergers and acquisitions has further increased the strategic importance of IHRM (Scullion & Linehan, 2005:9; Schiuma *et al.*, 2006:60), particularly as the context of strategic alliances and global business is increasingly shifting from formal, developed and mature markets to informal, emerging and culturally distant markets.

- It has been argued that the transformation of the HR system to support the process of organisational learning is the key strategic task facing the HR function in international firms, and that global organisational learning is driven by teamwork across borders and a willingness to tap into the potential of local managers (Scullion & Linehan, 2005:9, Liu, 2004:500).

- There is growing recognition that the source of advantage for multinational enterprises is increasingly the enterprise's ability to create, transfer and integrate knowledge across borders (Scullion & Linehan, 2005:10, Stahl & Bjorkman, 2006:347). Knowledge of subsidiaries and the organisational context is a strategic area for MNEs, with HRM playing a central role in the challenges of knowledge management in the international firm. Schiuma *et al.* (2006:60) refer to the value

drivers of international assignments as professional development, knowledge transfer, fulfilment of valuable skills, control and coordination.

- Recent research shows the growing importance of inpatriation; that is, the practice of developing host-country managers or third-country managers through developmental transfers to corporate headquarters (Briscoe & Schuler, 2004:252; Hodgetts & Luthans, 2003:449; Scullion & Linehan, 2005:10). Scullion & Linehan (2005:10) believe that developmental assignments for local managers provide the means for them to develop the skills and knowledge they will need to manage a global business, and reflect the growing recognition that the best and most creative ideas and practices may come from outside the parent enterprise. Furthermore, inpatriation will become increasingly important as the need for increased diversity and multiculturalism in the global workforce is heightened; developing a multicultural international workforce is considered to be one of the primary prerequisites for competing effectively in the global marketplace. The growing use of inpatriates is helping MNEs to develop their global core competencies, as highlighted by Hodgetts and Luthans (2003:449).

- Finally, the problem of how to internationalise the HRM function itself has been identified as a major issue facing international organisations, and it is recognised that the same HR policies will not produce the same effects in different country contexts (Scullion & Linehan, 2005:10; Schoeff, 2006:36). Schell and Solomon (1997:85) support these findings and the flexibility of HR polices, although it is difficult and time consuming to prepare such policies.

2.4 A FRAMEWORK OF KEY ASPECTS OF IHRM

Although there is lack of consensus on demarcations of the professional scope and academic study of IHRM, Ozbilgin (2005:15) identifies and focuses on eight areas of research and practice as distinct and fundamental. These aspects are: the global workforce; the international context; the national context; strategic issues; operational aspects of IHRM; careers; professional competencies; and future issues. These eight key aspects of IHRM are illustrated as an eight-point star in Figure 2.1.

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Figure 2.1:   Eight-point star of IHRM: a framework of key aspects

Source: Ozbilgin (2005:15)

2.4.1   The global workforce

The global workforce refers to human capital available in the international arena and across national borders, and its study is important for understanding the supply and demand for labour (Ozbilgin, 2005:16; Boninelli & Meyer, 2004:103). This knowledge is crucial when formulating HRM strategies, both locally and internationally.

According to O'Sullivan *et al.* (2002:81), the following steps may be regarded as essential elements of a systematic international HR planning process:

1.   Establishing organisational goals and objectives
2.   Forecasting future human resource needs
3.   Forecasting future human resource supply
4.   Planning human resource programmes
5.   Implementing programmes
6.   Monitoring and evaluating human resource planning results

Several sources of information, such as the periodic reports from the United Nations (UN), the International Labour Organisation (ILO), the Organisation of Economic Cooperation and Development (OECD) and other regional and international institutions provide global

and collective figures on levels of employment, unemployment, education and training, costs and standards of life and work, cultural and social life (Ozbilgin, 2005:16; Edwards & Rees, 2006:9).

This aspect of IHRM is also concerned with the attributes of the global workforce and trends in its employment experience in the context of globalisation in the 2000s (Ozbilgin, 2005:16). As the impact of globalisation is unevenly felt across regions of the world, management of human resources requires distinctly different approaches and competencies in different national contexts in order to match the demands of national and international labour markets (Edwards & Rees, 2006:9; Liu, 2004:5).

The global workforce is also influenced by issues of labour migration (Bhagat & London, 1999:349) and institutions of labour mobility, regulation and management, such as social and economic alliances and blocs like the European Union (EU) and the North American Free Trade Association (NAFTA); international agencies of labour, such as the ILO; financial organisations, for example the World Bank and the International Monetary Fund (IMF); and multinational corporations as international employers of labour (Ozbilgin, 2005:15; Stahl & Bjorkman, 2006:79).

2.4.2   The international context

The international context is concerned with global patterns of change, continuation, unification and diversification in the management of people (Ozbilgin, 2005:16; Morely *et al.*, 2006:24). Mainstream texts have focused on industrialised countries and blocs such as the US, the European Union (EU), Canada, Japan and Australia. However, there is a growing body of research on employment and management systems not only in industrialised countries, but also in developing and less-developed countries. Drawing on the diverse literature, this aspect of IHRM requires an examination of international patterns of convergence and divergence in human resource management, to provide an understanding of how and why some attributes of HRM systems are becoming similar (convergence), while others sustain their differences (divergence) across national borders (Ozbilgin, 2005:17; Morely *et al.*, 2006:47). The conceptual framework of convergence and divergence is often examined in the context of European HRM. However, there is a

growing body of research that investigate convergence and divergence in a broader international scope (Ozbilgin, 2005:17, Morely *et al*., 2006:47).

2.4.3   The national context

This aspect of IHRM covers the common components of HRM at the national level, including employment law, employment systems, trade unions, employers' unions, society, culture and professionalisation (Ozbilgin, 2005:17; Beargie, 2005:27). Furthermore, there are linkages between HRM effectiveness and the social context, including aspects of culture, climate and the political environment of an organisation. Similarly, structure, regulation and the functioning of the labour market at the national level have implications for international human resource managers (Liu, 2004:500; O'Keeffe, 2003:233).

Given these components of the national context, this aspect partly accounts for why international firms need HRM approaches and strategies which are differentiated across national borders (Lee, 2005:273; Andreason, 2008:382).

2.4.4   Strategic issues

Strategic HRM improves the way human resources are strategically managed in the enterprise, with the ultimate aim of improving the enterprise's performance (Stahl & Bjorkman, 2006:69; Fisher & Hartel, 2003:5). SHRM is a well-documented and developed area of academic study (Morley et al., 2006:37; Boninelli & Meyer, 2004:78-79). Although McMahan, Bell and Virick (1998) offer a distinction between strategic human resource management (SHRM) and strategic international human resource management (SIHRM), research on the latter is relatively sparse.

SIHRM broadly refers to the strategies for identifying the supply and demand of labour, the location, managing of transfers, standardising of differentiated management systems, and managing international mergers and acquisitions, in a way which provides linkages between both internal and external environments of international firms (Stahl & Bjorkman, 2006:17, Ozbilgin, 2005:17).

2.4.5 Operational issues

Acceptable and formal methods of HRM display diversity across national borders (Ozbilgin, 2005:18; Stahl & Bjorkman, 2006:71). The operational aspects of IHRM include recruitment and selection, education and training, expatriation and repatriation, participation and involvement, pay and working conditions, promotion, reward, career development, retirement and downsizing of an internal workforce (O'Sullivan, 2002:80-81; Schiuma *et al.*, 2006:64-65).

2.4.6 IHRM as a career

There are some distinctive attributes of a career in IHRM (Ozbilgin, 2005:19). Research data from international human resource recruitment agencies and employers of international human resource managers set the context for identifying the nature of the labour market and availability of career opportunities in this field. This aspect is also concerned with the education, training and development of international human resource managers, their career development and patterns of employment (Marquardt & Schuman, 1988:29).

2.4.7 Professional competencies

This aspect focuses on the international human resource manager as a professional, identifying his or her competencies (Ozbilgin, 2005:19). International human resource managers interact in more diverse and dynamic environments than their counterparts who are responsible for single-country operations (Lee, 2005:273; Andreason, 2008:382). Using surveys on international management development, this aspect relates to the competencies expected of an international human resource manager, including learning skills transfer and people-management skills (Marquardt & Schuman, 1988:29). As an international human resource manager is required to possess varied skills and competencies depending on the region, sector and nature of the workforce, this aspect also refers to cross-national and sectoral distinctions within such competencies (Andreason, 2008:382; Marquardt & Schuman, 1988:29).

2.4.8 The future

The future aspect of IHRM involves the contemporary challenges that face those operating in this field (Ozbilgin, 2005:20). The complexities brought forth by globalisation, managing values and diversity, are explored here (O'Keeffe, 2003:238). Thus this aspect focuses on the qualitative, value-based and ethical dimensions of IHRM, highlighting the significance and long-term relevance of value-based decision-making in IHRM practice (Schiuma *et al.*, 2006:67).

2.5 INTERNATIONAL STRATEGIES

MNEs use four basic strategies to enter and compete in the international environment: an international strategy, a multidomestic strategy, a global strategy and a transnational strategy (Edwards & Reeds, 2006:71-76; Hill, 2013:435). The appropriateness of each strategy varies according to the extent of pressures for cost reduction and local responsiveness. Figure 2.2 illustrates when each of these strategies is most appropriate (Hill, 2013:435; Edwards & Rees, 2006:71-76).

Figure 2.2:   Four basic strategies
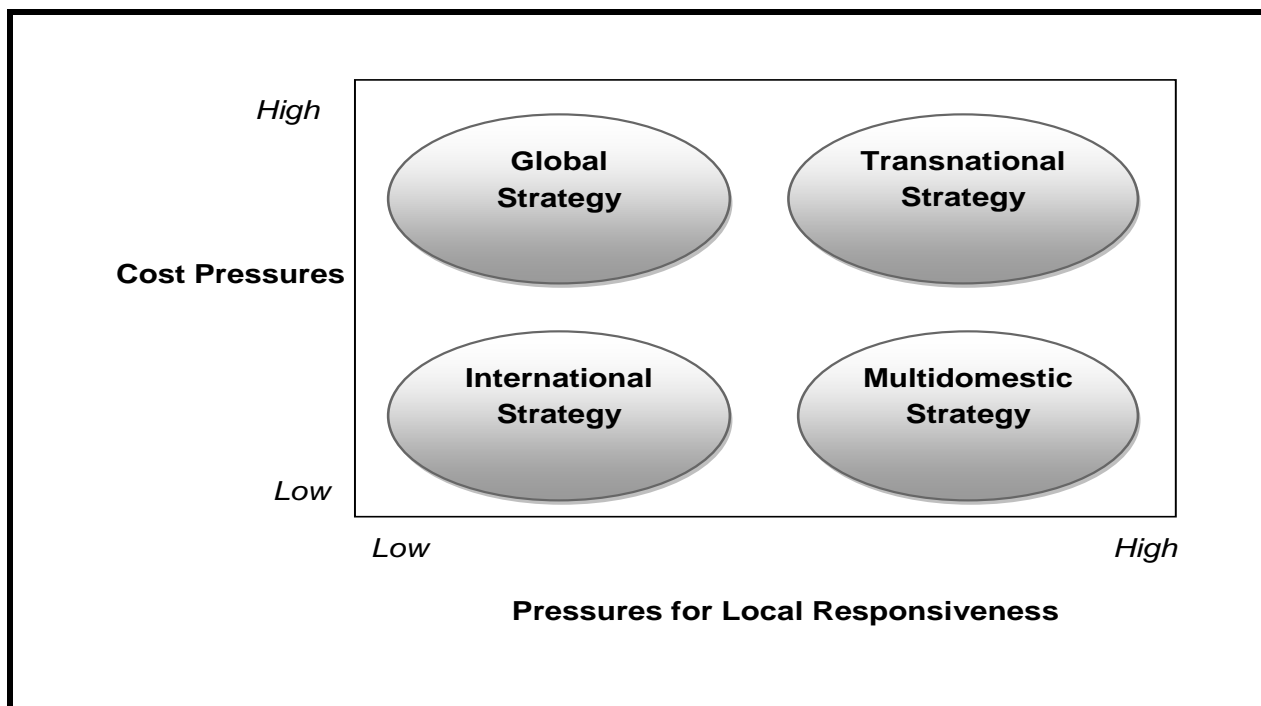
Source: Hill (2013:435; Edwards & Rees, 2006:71-76)

A link can be drawn between the internationalisation strategy and the staffing policy implemented by MNEs (Hill, 2013:436; Deresky, 2002:391-392; Edwards & Rees, 2006:71-74). MNEs following an international strategy will very probably implement an ethnocentric staffing policy; MNEs following a multidomestic strategy will probably implement a polycentric staffing policy, while MNEs following a global or transnational strategy will probably implement a geocentric staffing policy. These strategies will be discussed in detail below.

2.5.1 International strategy

MNEs that pursue an international strategy try to create value by transferring valuable skills and products to foreign markets, where local competitors lack those skills and products. Most international enterprises have created value by transferring differentiated product offerings developed at home to new markets abroad (Hill, 2013:438-439; Edwards & Rees, 2006:73, Boninelli & Meyer, 2004:247). Accordingly, these enterprises tend to centralise product development functions such as research and development at home. Furthermore, these enterprises strive to establish manufacturing and marketing functions in each major country in which they operate. But while they may undertake some local customisation of product offering and marketing strategy, this tends to be limited. In most international enterprises, the head office retains tight control over marketing and product strategy. The international strategy is also referred to the home replication strategy (Griffin & Pustay, 2005:288). Edwards and Rees (2006:73) refer to the international enterprise as a co-ordinated federation.

An international strategy makes sense if an enterprise has valuable core competencies that local competitors in foreign markets lack, and if the enterprise faces relatively weak pressure for local responsiveness and cost reductions. In such circumstances, an international strategy can be very profitable (Hill, 2013:438; Edwards & Rees, 2006:73, Boninelli & Meyer, 2004:247). However, when pressures for local responsiveness are high, enterprises pursuing this strategy lose out to enterprises that focus on customising the product offering and market strategy to local conditions.

2.5.2 Multidomestic strategy

MNEs pursuing a multidomestic strategy orientate themselves to achieving maximum local responsiveness (Hill, 2013:437; Edwards & Rees, 2006:73, Boninelli & Meyer, 2004:247). A key distinguishing feature of multidomestic enterprises is that these enterprises customise both their product offering and marketing strategy to match different national conditions. In keeping with this, these enterprises tend to establish a complete set of value-creation activities, including production, marketing and R&D, in each national market in which they operate. As a consequence, they are unable to realise value from experience curve effect and local economics. Accordingly, many multidomestic enterprises have a high cost structure. These enterprises tend to do a poor job of leveraging core competencies within the enterprise.

A multidomestic strategy makes most sense when there are high pressures for local responsiveness and low pressures for cost reduction. The high cost associated with the duplication of production facilities makes this strategy inappropriate in industries where cost pressures are intense. Another weakness associated with this strategy is that many multidomestic enterprises have developed into decentralised federations, in which each national subsidiary functions in a largely autonomous manner (Hill, 2013:437; Edwards & Rees, 2006:73, Boninelli & Meyer, 2004:247). Edwards & Rees (2006:71) in fact describe the multi-national enterprise as a decentralised federation.

2.5.3 Global strategy

MNEs that pursue a global strategy focus on increasing profitability by reaping the cost reduction that comes from experience, curve effects and location economics (Hill, 2013:436; Edwards & Rees, 2006:73, Boninelli & Meyer, 2004:246-247). Therefore, these enterprises are pursuing a low-cost strategy. The production, marketing and R&D activities of firms pursuing a global strategy are concentrated in a few favourable locations. Global enterprises tend not to customise their product offering and marketing to local conditions, because customisation raises costs (it involves shorter production runs and the duplication of functions). Instead, global enterprises prefer to standardise worldwide to reap the benefits of economies of scale that underlie the experience curve. These enterprises also

use their cost advantages to support aggressive pricing in the world market. Edwards & Rees (2006:72) refer to the global enterprise as a centralised hub.

This strategy makes most sense where there is strong pressure for cost reduction and where demand for local responsiveness is minimal. Increasingly, these conditions prevail in many industrial goods industries. However, these conditions are not found in many consumer goods markets, where demand for local responsiveness remains high (e.g. processed products). This strategy is inappropriate when demand for local responsiveness is high (Hill, 2013:437; Edwards & Rees, 2006:72, Boninelli & Meyer, 2004:247).

2.5.4 Transnational strategy

In today's environment, competitive conditions are very intense (Hill, 2013:437-438; Edwards & Rees, 2006:73-76, Boninelli & Meyer, 2004:247). To survive in a global marketplace, enterprises must exploit experience-based cost economics and location economics, they must transfer core competencies within the enterprise and they must perform all these activities while paying attention to pressure for local responsiveness. In modern MNEs, core competencies do not always reside in the home country. Valuable skills can develop in any of the enterprise's worldwide operations. Thus, the flow of skills and product offering should not be all one way, from enterprise to foreign subsidiary, as in the case of enterprises pursuing an international strategy. Rather, the flow should also be from foreign subsidiary to home country and from foreign subsidiary to foreign subsidiary – a process referred to as global learning. The strategy pursued by enterprises that are trying to simultaneously create value in these different ways is referred to as a transnational one (Hill, 2013:437; Edwards & Rees, 2006:72, Boninelli & Meyer, 2004:247). Edwards & Rees (2006:74) describe the transnational enterprise as an integrated network.

A transnational strategy makes sense when an enterprise faces high pressures for cost reduction, high pressures for local responsiveness and where there are significant opportunities for leveraging valuable skills within a multinational's global network of operations. In some ways, enterprises that pursue a transnational strategy are trying to simultaneously achieve cost and differentiation advantages. As attractive as this may

sound, the strategy is not easy to pursue. Pressures for local responsiveness and cost reductions place conflicting demands on enterprises (Hill, 2013:438; Edwards & Rees, 2006:73-74, Boninelli & Meyer, 2004:247).

Therefore, enterprises pursuing global and transnational strategies have high needs for a strong enterprise culture: this need can be lower for firms pursuing an international strategy or a multidomestic strategy, as indicated in Table 2.1 In firms pursuing a transnational or global strategy, the focus can shift to not only having the skills available to perform the job, but also the right fit with the enterprise's culture. General Electric, which is positioned towards the transnational strategy spectrum, is not only concerned about hiring people with the right skills to perform a job, but also requires individuals whose behavioural styles and value systems are consistent with the enterprise. This approach is applied whether an American, Italian or German is hired for a domestic or foreign operation. The need for integration is lower in domestic enterprises, as there is less performance ambiguity and not the same need for cultural control (Hill, 2005:621). In multidomestic enterprises the general culture can vary from national operation to national operation.

Table 2.1: International strategy, structure and control systems

Description	International strategy			
Structure and Control	**Multidomestic**	**International**	**Global**	**Transnational**
Centralisation of operating decisions	Decentralised	Core competency centralised, rest decentralised	Some centralised	Mixed centralised and decentralised. Informal matrix
Horizontal differentiation	Worldwide area structuring	Worldwide product division	Worldwide product division	Informal matrix
Need for coordination	Low	Moderate	High	Very high
Integrating mechanisms	None	Few	Many	Vary high
Performance ambiguity	Low	Moderate	High	Very high
Need for cultural controls	Low	Moderate	High	Very high

Source: Hill (2005:620)

2.6 STAFFING POLICIES FOR INTERNATIONAL ASSIGNMENTS

Palmer and Varner (2002:8) identify three stages of decisions for determining international staffing. In **stage 1**, the enterprise determines the importance of international operations. The need can vary from low to very high. In **stage 2,** the enterprise determines the nature of international assignments. These assignments can range from short-term- focused responsibility to long-term with broad responsibilities. An enterprise with limited international involvement – where this involvement is not critical to the enterprise's success – may send employees on short-term assignments abroad. These assignments may focus on technical issues or well-defined issues. On the other hand, an enterprise whose international operations are crucial may send numerous expatriates abroad for several months, giving them broad-ranging authority.

In **stage 3**, the enterprise determines what development activities are necessary to prepare personnel for foreign assignments. Since training represents a considerable amount of time and resources, it is important to determine the appropriate level of training. The three stages as outlined should be sequential to be the most effective.

The staffing policy applied by an enterprise is concerned with the selection of employees for particular jobs (Hill, 2013:618-621, Torbiorn, 1997:42). At one level, staffing involves selecting individuals who have the required skills to perform a specific job. At another level, staffing can be a tool for the enterprise to develop and promote the corporate culture, meaning the organisational norms and value systems.

One of the more challenging issues facing MNEs is the correct staffing of foreign operations. According to Treven (2001:177), MNEs typically make use of five different approaches or a combination of these approaches, depending on the internal and external environment the enterprise is operating in:

2.6.1 The Ethnocentric approach

According to Treven (2001:178) and Hill (2013:618), the underlying objective of the ethnocentric staffing approach is for all management positions in the foreign operation to

be filled by parent-country nationals – employees who are relocated from the enterprise's headquarters in the parent country to foreign operations in the host country. MNEs make use of parent-country nationals to maintain and facilitate organisational control and coordination of foreign subsidiaries.

The enterprise would transfer the best available technically competent and managerial employees who are familiar with the head office's strategic objectives, policies and practices. This is done to transfer business and management skills. By making use of parent-country nationals, the enterprise is in a stronger position to exert control over the operations and functioning of the subsidiary (Treven, 2001:178; Hill, 2013:618-619; Scullion & Linehan, 2005:49-50; Morley *et al.*, 2006:40-41).

The ethnocentric approach can be linked to the global strategy (Edward & Rees, 2006:72; Hill, 2003:618-619; Deresky, 2002a:391-392). In terms of HR, the replication of the home-country approach means that there is some implementation of home-country practices in the foreign subsidiaries, particularly in relation to work organisation. Thus there will be a distinctive parent-enterprise approach to human resource management. One way this occurs is through the use of expatriates as 'enforcers' of the HQ policy, and consequently enterprises with a global strategy use a number of people on international assignments.

The advantages of the ethnocentric approach, as summarised by Boninelli and Meyer (2004: 250) and Treven (2001:179), are:

- Organisational control and coordination are maintained and facilitated;

- Promising managers are given international experience;

- Expatriates are often the best people for the job; and

- The subsidiary is more likely to comply with the enterprise's objectives, policies, and so on.

The disadvantages of the ethnocentric approach, as indicated by Boninelli and Meyer (2004: 250) and Treven (2001:179), are:

- The promotional opportunities of the host country nationals (HCNs) are limited;

- Adaption to the host country may take time;

- Expatriates may impose an inappropriate headquarters style; and

- Compensation for expatriates and HCNs may differ.

2.6.2 The Polycentric approach

The polycentric staffing approach is utilised when HCNs are appointed to manage the operations in the foreign country, and parent-country nationals are appointed in the senior management positions at the parent-country enterprise's head office (Treven, 2001:178; Hill, 2013:620).

The MNE may typically employ the polycentric approach of appointing host nationals in order to be perceived as a local enterprise, as part of a local responsiveness strategy. In some cases the enterprise may not have any choice other than to make use of the polycentric policy, due to the fact that the host government may dictate that key managerial positions must be filled by its nationals (Treven, 2001:178; Hill, 2013:620; Scullion & Linehan, 2005:49-50; Morley *et al.*, 2006:40-41).

The polycentric approach can be linked to multinational strategy (Edwards & Rees, 2006:71; Hill, 2013:620). In terms of HR there is likely to be little influence on personnel policy and practice in operating units from the corporate HQ; decision-making on issues to do with employment practices is highly decentralised in this type of enterprise. Accordingly, there is unlikely to be a significant number of expatriate managers, as decisions will be left to local managers. A further implication is that there will be little requirement for knowledge and expertise to be diffused across borders, as all parts of the production or service process are carried out in one location.

The advantages of the polycentric approach, as stated by Boninelli and Meyer (2004:250) and Treven (2001:179), are:

- Language barriers and other barriers are eliminated;

- Hiring cost are reduced, work permits and similar legal issues are avoided;

- Continuity of management improves, as HCNs tend to remain in positions for longer;

- Host government policies may dictate the hiring of HCNs; and

- Morale among the HCNs may improve, as they see career potential.

The disadvantages of the polycentric approach, according to Boninelli and Meyer (2004: 250) and Treven (2001:179), are:

- Control and coordination may be impeded;

- HCNs have limited career opportunities outside the subsidiary;

- Hiring HCNs limits the opportunity for expatriates to gain international experience; and

- Hiring HCNs can create a feeling of national units, rather than a global enterprise.

2.6.3 The Regiocentric approach

A third approach to international staffing is the regiocentric policy, which Treven (2001:178) and Deresky (2002:392-293) define as the functional organisation of business processes on a more-than-one-country basis. An example of the regiocentric staffing would be an enterprise that divides into geographical regions, and employs, develops and transfers staff within each region.

The regioncentric approach cannot be linked directly to one of the international strategies (Edwards & Rees, 2006:73), but can rather be seen as a hybrid of the polycentric and ethnocentric approaches. The implementation of centrally developed innovations has implications for HR in foreign subsidiaries. Managers at local level are responsible for implementing such innovations and, more generally, for ensuring that the expertise and knowledge transfer from the centre is harnessed and deployed. Thus, while they are unlikely to be subject to the same degree of control that subsidiaries of global firms are subject to, there will certainly be requirements from HQ to comply with. As a consequence, the role of managers on international assignments differs from the role in global enterprises. In global enterprises, managers are less likely to be enforcers of corporate

policy, and more likely to be key points of contact between HQ and subsidiaries. A key reason for making use of a regiocentric staffing approach is that this approach facilitates the interaction between local national executives transferred from operations in the region to the regional head office, and executives transferred from the parent country to the regional headquarters (Treven, 2001:178; Deresky, 2002:391-392).

This approach also shows some level of sensitivity towards local conditions in the regional country, as the majority of positions are filled by host country nationals. A further advantage is that the regiocentric policy can be utilised as a transnational step when the multinational enterprise wishes to develop from a purely ethnocentric or polycentric approach to a geocentric approach (Treven, 2001:178; Deresky, 2002:392-293). On the other hand, the disadvantage of the regional approach is that it can lead to identification with regional rather than global objectives and may limit the development of a global approach (Mossler, 2003:7).

2.6.4 The Geocentric approach

With the geocentric approach, the most competent employees are appointed in key positions throughout the organisation, irrespective of their nationality (Treven, 2001:178; Hill, 2013:620-621). There are two main advantages of the geocentric approach: It eliminates the federation restriction associated with the polycentric approach, and it enables a multinational enterprise to develop an executive team with international experience. Creation of such a cadre of international managers may be a critical step towards building a strong, unifying corporate culture and an informal management network, both of which are required for global and transnational strategies.

Enterprises pursuing a geocentric staffing policy may be better able to create value from the pursuit experience curve and location economics and from multidirectional transfer of core competencies, than enterprises pursuing other staffing policies (Hill, 2013:621; Deresky, 2002:391-392). In the geocentric approach, multinational enterprises may at times employee third-country nationals at their foreign operations. Third-country nationals are external individuals appointed at enterprises' foreign operations on the basis of their technical expertise and their experience of managing foreign operations as expatriates.

They are often people who have become professional expatriates and who accept international assignments at different enterprises as positions become available. Third-country nationals may have also worked in the specific foreign country previously and possess a better understanding of local conditions, cultures and practices (Treven, 2001:178; Hill, 2013:620-621; Scullion & Linehan, 2005:49-50; Morley *et al.*, 2006:40-41).

The geocentric approach can be linked to transnational strategy (Edward & Rees, 2006:74; Hill, 2013:620-621). The transnational strategy has a number of implications for HR. The practices in place at plant level will in part reflect innovations in other parts of the network, not just those in the home country, as in global and international enterprises. Moreover, a key part of the facilitation of the network is a cadre of international managers roaming from site to site, holding the enterprise together by bringing the exchange of knowledge and expertise.

The advantages of the geocentric approach, as noted by Boninelli and Meyer (2004:250); Treven (2001:179); and Edwards and Rees (2006:75), are:

- Salaries and benefits may be lower than for expatriates;

- TCNs may be better informed about the host country environment than expatriates;

- Affiliates have the highest organisational learning capability;

- This approach offers a high degree of integration and coordination through a high diffusion of HRM innovations;

- It is highly flexible, because this approach can borrow ideas from three sources – local enterprises, parent company and other affiliates; and

- The geocentric approach tends to reduce cultural myopia and to enhance local responsiveness.

The disadvantages of the geocentric approach, as pointed out by Boninelli and Meyer (2004: 250); Treven (2001:179) and Hill (2013:620-621), are:

- Transfers must consider national animosities;

- The host government may resent the hiring of TCNs;

- TCNs may be reluctant to return to their respective home countries after the completion of an international assignment; and

- The approach is expensive to implement.

2.6.5 The ad-hoc approach

As opposed to systematically selecting the most appropriate staffing approach, a multinational enterprise may merely proceed on an ad-hoc basis when selecting executive staff members for foreign operations (Treven, 2001:178). This option can also be referred to as a policy of default, as no conscious decision is made in selecting the ad-hoc policy.

The major drawback associated with the ad-hoc approach is that multinational enterprises will tend to make inefficient use of human resources available in the enterprise. A further disadvantage is that the enterprise is poorly placed to anticipate either threats or profit opportunities in the enterprise's external environment. With an ad-hoc approach, the responses of a multinational enterprise tend to be reactive rather than proactive, and not an organisational human resource strategy that fits the overall business strategy of the organisation. The advantage of this approach is a trial and error approach to get a workable staffing policy for the enterprise for optimal results and performance (Boninelli & Meyer, 2004:250).

To conclude on staffing policies, Boninelli and Meyer (2004:251) report that the final decision between the five approaches rests on the following considerations:

- how difficult it will be to find a suitable expatriate versus finding local talent;

- how different the language and culture of the host country are;

- what specific competencies are required to operate in the host country; and finally

- the ability of the individual to manage the various types of changes, including relationships with co-workers, own families, host government, home government, local customers and suppliers, and the parent headquarters.

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While the staffing policies described are well known and widely used, some critics have claimed that the typology is too simplistic and that it obscures the internal differentiation of management practices within international business (Hill, 2013:621; Bonache & Cervino, 1997:89-90). The critics claim that within some international businesses, staffing policies vary significantly from national subsidiary to national subsidiary; while some are managed on an ethnocentric basis, others are managed in a polycentric or geocentric manner. Other critics note that the staffing policy adopted by an enterprise is primarily driven by its geographic scope, as opposed to its strategic orientation. Enterprises that have a broad geographical scope are the most likely to have a geocentric mindset. Consequently, it is possible that enterprises with the same type of international corporate strategy, can have different international orientations related to staffing policies.

2.7   SOURCES OF EMPLOYEES FOR FOREIGN ASSIGNMENTS

When developing global staff, managers and other professionals are normally selected first, followed by operative employees. These individuals may be from the home country, host country, the operational region, or from anywhere in the globe (Mondy *et al.*, 1999:625; Torbiorn 1997:42; Bonache & Cervino, 1997:89). Once the leadership for an international assignment is in place, other global employees must be found. As we have seen, global employees can be selected from three different areas: expatriates, host-country nationals and third-country nationals. An **expatriate** is an employee working in an enterprise who is not a citizen of the country in which the enterprise is located, but a citizen of the country in which the enterprise is headquartered. A **host-country national** (HCN) is an employee working in an enterprise who is a citizen of the country in which the enterprise is located, but the enterprise is operated by an organisation headquartered in another country. Normally the bulk of employees in international offices will be host-country nationals. A **third-country national** (TCN) is a citizen of one country, working in another country, and employed by an enterprise headquartered in a third country. Each of these individuals represents a unique human resource management challenge and advantage.

Generally, expatriates are used to ensure that foreign operations are linked effectively with the parent enterprise. However, the use of expatriates must be carefully considered

because the cost is usually two to three times the employee's annual salary (Mondy *et al.*, 1999:625-626; Rosenzwaig, 2005:25). Most global employees are normally host-country nationals because employing local individuals helps to establish that the enterprise is making a commitment to the host country and not just setting up a foreign operation. Compared with outsiders, host-country nationals often know much more thoroughly the culture, the politics, local laws and the way business is done. The use of third-country nationals is common when a truly global approach is followed, and these individuals are used to handle responsibilities throughout a continent or region (Mondy *et al.*, 1999:625-626; Torbiorn 1997:42; Bonache & Cervino, 1997:89). Once the decision is made whether to use an expatriate, host-country national or third-country national, the selection process begins.

2.8   SELECTING GLOBAL ASSIGNEES FOR FOREIGN ASSIGNMENTS

Selection is the process of choosing qualified applicants from available candidates and ensuring that the skills, knowledge, and the abilities of the selected employees match the requirements of the position (Phatak, Bhagat & Kashlak, 2005:476-477; Treven, 2001:180).

According to Janush (2003:50), human resource programmes must be aligned with business strategy plans across geographies. To achieve success in the increasingly global marketplace, enterprises must ensure that the right employees are available in the right place at the right time.

It is therefore, critical for enterprises to recruit and select the right personnel, as the success or failure of the international assignment may rest in the hands of one expatriate employee or his or her family (Briscoe & Schuler, 2004:236; Frazee, 1998:28; Hurn, 2007:33). Hill (2013:624) and O'Sullivan (2002:79) assert that the major problem with selection is that many enterprises tend to equate domestic performance with overseas potential. An executive who performs well in a domestic setting may not be able to adapt to managing in different cultural settings.

2.8.1 Selection process

According to Frazee (1998:28-31), the most effective process for selecting global assignees involves four distinct phases:

- Self-selection

- Creating a candidate pool

- Technical skills assessment

- Making a mutual decision

Phase One: Allow for self-selection. Employees who are on track for a global position should start with the decision-making process a year in advance (the way enterprises identify this group may vary). In this phase employees must perform introspection to determine whether they are right for a global assignment, whether their spouses and children are ready for relocating, whether this is the best time from them professionally, and so on (Frazee, 1998:29).

Given the consequences of being unsuccessful on an international assignment, people will obtain the necessary information to help them predict the likelihood of their success. During the self-selection process, employees and their families can be honest with themselves without fearing negative repercussions from the organisation and/or the pressure to make a quick decision (Frazee, 1998:29).

Following self-selection, HR can intervene to provide additional information and to assist with the decision-making process without evaluating the candidate's potential. Employees should also be encouraged to conduct their own research into the culture of the destination country, and should familiarise themselves with the enterprise's structure, procedures and business strategy abroad (Beargie, 2005:27).

Phase Two: Create a pool of candidates. Following the self-selection process, employees should have the option to be included in the candidate pool (Frazee, 1998:30). This can be organised in an electronic database. MNEs may organise this differently, depending on their staffing needs. Some examples of the employee information database can include: the year the employee is available to go, the languages the employee speaks,

countries of preference, and the jobs the employee is qualified to perform. In this phase HR creates and manages the database. It is imperative that it include all possible candidates who might be considered for global assignments.

Phase Three: Assess the candidates' technical skills. Once the business unit has identified a new position, HR should assess the database for all possible candidates for a global assignment (Frazee, 1998:30; Giovanna, Bourne & Harris, 2006:64). The short list is forwarded to the department requesting the assignment. It is then the responsibility of line management to assess the technical and managerial readiness of the candidates relative to the needs of the assignment. During this phase the job requirements of the global assignment should be the focus. O'Sullivan *et al.* (2002:79) challenge the view that technical skills should be the sole focus and recommend that the adaptability and cultural demands involved in an international assignment should be considered as well.

Phase Four: Make a mutual decision. In the final phase, line management and HR consult on the selected candidates,on the basis of technical and managerial readiness (Frazee, 1998:30). At this point the assignee has been tentatively selected. To offer a realistic preview to these global assignees, enterprises have matched repatriate families with the selected families to share experiences and difficulties (O'Sullivan *et al.*, 2002:79). An honest discussion between the repatriates and future assignees gives the assignees more information to deselect. Employees must find out as much as possible from other expatriate managers who have returned from international assignments. The purpose of these discussions is to start building an accurate picture of what it will be like to work and live abroad (Beargie, 2004:29).

According to Frazee (1998:30), there are three themes in the global assignment process. The first is to plant the seed as early as possible. The enterprise will get the best possible candidates when a large net is cast (Treven, 2001:180). The second theme is to involve the family from the beginning (Bauer & Taylor, 2001:135). A global assignment will disrupt the lives of every family member, and each family member will affect the assignment positively or negatively (Heher, 2006:56).

The third theme is to allow for de-selection at every phase (Frazee, 1998:30; O'Sullivan *et al.*, 2002:80). Traditional selection methods only (through paper and pencil tests and interviews) simply do not work for global assignments – unless a thorough job analysis is conducted for each assignment. The decision needs to be mutual between the employee, the enterprise, and his or her family. Enterprises should convey to their employees that global assignments are not right for everyone.

2.8.2 Selection method

The selection process is often subjective and often lacks depth (Hurn, 2007:33), and this is both critical and frustrating for global HR professionals (Frazee, 1998:28). Therefore, a careful selection process is critical, ensuring that the selected employees live up to the challenges of the international assignment (De Valk, 2004:42).

The overseas assignment inventory is one of the few validated screening methods. This selection method was specifically designed to assess the adjustment capability of an individual being considered for a career mainly overseas (Hurn, 2007:33). According to Hurn (2007:33) and Forster (2000:65), occupational psychologists can provide information on prospective candidates' ability to:

- adapt to life in different cultures;

- adapt to different working practices;

- interact effectively with colleagues abroad; and

- cope with living away from home.

Forster (2000:63) supports personality and psychometric testing as part of the selection procedure for international assignments. The Myers-Briggs Type Indicator (MBTI) is another valuable tool in selection. It classifies managers into four personality types, as pointed out by Hurn (2007:33) and O'Sullivan *et al.* (2002:80):

1. Introverts/extroverts: may be self-motivated, or outgoing and assertive
2. Sensing/intuitive: having the ability to see the big picture
3. Thinking/feeling: making decisions by logic, or according to personal values

4.   Judging/perception: preferring closure, or being more spontaneous

Assigning poles to individuals on these four dimensions helps to establish personality types. In most cases the characteristics that make for an ideal expatriate also apply to a local manager. However, there are personality traits, such as flexibility, self-awareness and tolerance that are needed to operate well in foreign cultures (Gale, 2005:52). When considering who should be sent abroad, enterprises must take cognisance of the entire family (Molnar & Loewe, 1997:11; De Valk, 2004:42). Therefore, it is important to profile both the employee and his or her family members (Forster, 2000:63). While the professional skills and qualifications of the selected employee are important, the ability of both the employee and family members to adapt to a new location and cultural differences can be a greater factor in the overall success of the international assignment.

Mendenhall and Oddou, in Hill (2003:627), suggest using a four-dimensional approach to help predict how successful potential business managers on an international assignment will be:

1.   **Self-orientated dimension**: measures concern or self-preservation and mental resilience. It usually reveals well-balanced individuals.
2.   **Perceptual dimension**: measures the degree of tolerance and understanding of different customs. This requires being non-judgemental and flexible in attitude.
3.   **Other-oriented dimension**: measures the degree of concern about foreign workers and the extent of work and social integration. It indicates willingness to communicate.
4.   **Culture-toughness**: measures the likelihood of coping with cultural shock and achieving adaptation.

The above dimensional approaches focus on cross-cultural skills (Harris, 2006:20; Forster, 2000:63) and therefore complement other technical and management assessments.

2.8.3 Key competencies

Most enterprises take into consideration only the technical competencies and track record of the potential managers in the recruitment process (Forster, 2000:63; Gertsen 1990:341-

342). Research conducted highlights the following core competencies, as indicated by Hurn (2007:34):

- cultural sensitivity;

- ability to manage ethical and cultural differences;

- linguistic ability;

- ability to build and lead national teams;

- adaptability;

- resilience;

- self-motivation; and

- ability to manage work/family balance.

In addition to the above, Forster (2000:63); Gertsen (1990:341-342) and Treven, (2001:182) highlight empathy, sense of mission, good judgement, creativity, responsibility, alertness, initiative, self-confidence and willingness to change, as additional competencies. Previous overseas experience does not seem to be required, nor does it qualify as an indicator for success for future assignments (Hurn, 2007:34). Waxin and Panaccio (2005:55) challenge this view, highlighting the importance of cross-cultural experience or prior exposure as an advantage for individuals interested in a foreign assignment. Two further preconditions must be met for international managers to adapt successfully. Potential candidates must be able to operate effectively in another culture, and must be excited about the challenge ahead (Beargie, 2005:27; Heher, 2006:56).

An attempt to learn a foreign language to a reasonable standard is another favourable indicator. International managers need to be sensitive to foreign cultures, with no sign of prejudice. The ability to cope with ambiguity, particularly when dealing with different cultures and ethical dilemmas, is an essential component (Forster, 2000:63-64; Melles, 2002:11; Beargie, 2004:29).

2.8.4 Assessment centres

Large international enterprises such as Shell, HSBC and BP have assessment centres to select international business managers (Hurn, 2007:35). Other enterprises resort to external agencies (Stahl & Bjorkman, 2006:469; Frazee, 1998:30; Baker & Roberts, 2006:37). The advantage of assessment centres is that specifically designed tests are available to assess qualities and competencies of candidates. Some enterprises send potential candidates and their partners or family on a short visit to the overseas location (Hurn, 2007:35). This approach is supported by Greenberg (2009:19), to enable the employee and the family to assess the new environment and to feel comfortable with the decision made. The risk of this method is that the candidate might turn down the assignment after such a visit.

2.9 TRAINING AND DEVELOPMENT FROM AN ENTERPRISE'S PERSPECTIVE

Global training and development are required, because people, jobs and enterprises often operate quite differently globally from the way they operate domestically (Mondy *et al.*, 1999:625; Scullion & Linehan, 2005:71). With less-skilled workforces, training and development must be emphasised and will often require more time and resources than local operations.

According to Scullion & Linehan (2005:71), the terms training and development tend to be combined to develop an enterprise's competency base. Both have the same objective: to encourage learning among the employees of the organisation, who in turn can enhance the enterprise's competitiveness and effectiveness. While the terms are similar in objective, the specific goals are different.

In general, development has a broader focus, with a future-orientated time frame, than training. Training tends to be individual-focused, with a shorter time frame. Training addresses particular deficiencies in individuals or develops specific competencies. Development, on the other hand, is a broader effort which is linked to fulfilling a strategic need in the future. For example, development would be orientated towards broadening leaders' competencies for future global responsibilities. Training might include a one-day

predeparture cross-cultural awareness programme offered to an employee prior to the global assignment.

2.9.1 Training

The training process aims to prepare the international worker and spouse/family to move into the assignment. It involves both cultural issues and competencies (Schiuma *et al*., 2006:64; Reinhart, 2005:14). Findings from Vögel and Van Vuuren (2008:87), however, suggest that although the preparation, support and training of expatriates are important, South African MNEs do not need to provide specially modified preparation, support and training to their expatriates.

The enterprise should provide overseas employees with language training, cultural training and general orientation to adapt to the everyday living in the host country (Molnar & Loewe, 1997:11; Waxin & Panaccio, 2005:51; Reinhart, 2005:14). Cultural training is supported by Beargie (2005:27), as candidates will have to get used to working and interacting with culturally diverse groups. Organising training well before the start of the assignment will allow assignees to get an understanding of the value systems and beliefs to be considered. The level of psychological comfort of the assignee when living abroad is related to the individual's ability to accept the host country behaviours, norms and roles. The cross-cultural adjustment has a deep influence on the effectiveness of the international assignment, since only a well-adjusted international worker can operate in a completely integrated way within the host country (Schiuma *et al*., 2006:64; O'Keeffe, 2002:9; Waxin & Panaccio, 2005:51). Mondy *et al*. (2005:629) agree with language and culture training prior to departure, and expand this to include history of the destination country, local customs and living conditions abroad.

Information about schools, banks and shops can be included with the dissemination of information to assignees (De Valk, 2004:42). Employees also need to contract with relocation vendors to assist with the logistics surrounding the relocation, such as shipping of household items, securing immigration and visa clearance and ensuring that the family receives adequate insurance and medical care during the assignment (Greenberg, 2009:18; Frazee, 1998:30). Enterprises must also decide whether to pay for private schools for the children and language training for the family members (Frazee, 2009:19).

From an HR perspective it is important to have answers to all relocation queries, to create reassurance for expatriates or repatriates and to reduce stress surrounding the move, allowing the employee to focus on the business at hand and not the relocation issues (De Valk, 2004:42; Reinhart, 2005:14).

During the assignment, continuous development should be the focus, to expand skills and to facilitate career planning and development once home. Near completion, repatriation orientation training should occur, focusing on the home lifestyle, workplace and employees (new subordinates and supervisor), to facilitate the repatriation process. Preparation is particularly necessary if the assignment was in a third-world country. The process is much easier if the ongoing employee development programme is well structured and implemented.

2.9.2 Development

In today's global environment, the strategic management of international workers has become a critical component of effective leadership in organisations (Harris, 2006:20; Scullion & Linehan, 2005:71). This is an area where learning and development (L&D) professionals need to engage with all stakeholders. The methods used to develop global managers have changed drastically since the coordination of expatriates from the enterprise's headquarters with complex, long-term succession planning models and centrally dictated career and development plans. This approach implies a need for greater flexibility and proactiveness to international management development (IMD).

Professionals responsible for L&D need to be more aware of the implications and range of forms of international staffing (Harris, 2006:20; Janush, 2003:50; Giovanni *et al.*, 2006:64). Each of the following forms of staffing has distinctive development needs that should be addressed:

- expatriate assignment: the employee and family move to the host country for a specific period, usually longer than one year;

- short-term assignment: a specific duration, usually less than a year;

- international commuters: employees commute from their home country to a workplace in another country, usually on a weekly or bi-weekly basis, while the family remains at home;

- frequent flyers: the individual undertakes frequent international business trips, but does not relocate;

- repatriates: expatriates returning home after the completion of an international assignment;

- inpatriates: employees assigned to the headquarters country of the enterprise; and

- contracts: for periods depending on the demand, but normally short term in nature.

L&D professionals must work closely with individuals, HR and line managers to determine what type of learning and development are required for each of the staffing scenarios (Harris, 2006:20). This is likely to result in a high level of cross-cultural skills (Janush, 2003:51; Forster, 2000:63; Liu, 2004:500), using international business experience for development and creation of a talent pool. This view is supported by O'Sullivan (2002:81), who indicates that international assignments need to be regarded as a phase in a systematic job rotation process. More specifically, the expatriate's career plan should not use the international assignment only as a trigger for career advancement, but also ensure that the repatriate's subsequent position in the home country is relevant to the cross-cultural knowledge, skills and abilities developed abroad.

Enterprises' international development strategy should include defining global competencies, ensuring diversity in top management positions, career management, identifying high-potential candidates, succession planning, designing and evaluating development interventions, and managing international mobility for IMD purposes (Harris, 2006:20; O'Sullivan *et al.*, 2002:81).

2.10 PERFORMANCE MANAGEMENT

Performance evaluation is challenging for any organisation (Treven, 2001:183; Solomon, 1994:96). At the international level the complexity is greater, because the organisation has to evaluate employees from different countries working in different subsidiaries (Stahl &

Bjorkman, 2006:178). The complexity of performance evaluation is supported by Shen (2005:71), who indicates that there is no obviously correct way to assess the performer operating in another country under totally different circumstances. The need for consistency in performance comparisons across subsidiaries conflicts with the need to consider the cultural background of employees to make the evaluation meaningful. For example, in Mexico an individual's public image is important, and public criticism of an employee might be justification for the employee's leaving the enterprise. Consequently, the delivery of a balanced performance review, including both strengths and weaknesses, requires tact and delicacy. Furthermore, environmental factors such as social, legal, economic, technical and physical demands and variables make it difficult to apply uniformity within international operations.

There are four best-practice variables associated with this critical HR function (O'Sullivan *et al.*, 2002:81). **First,** in the domestic context, the use of a behavioural observation type of instrument is deemed to contribute to the most reliable and valid performance appraisals. **Secondly**, managers must appreciate the amount of time expatriates need to develop specific skills for success abroad. Accordingly, international performance appraisals are conducted only after at least six months have elapsed, compared with annual assessments in Western MNEs (Treven, 2001:183). **Thirdly**, the content validity of international performance appraisals can be enhanced by weighting the evaluation according to the assignment's level of difficulty. The level of country difficulty should also be considered. The **fourth** best-practice aspect of international performance appraisals concerns the person doing the appraisal. Bias may occur if the home supervisor is doing the appraisal, because of the lack of consistent observation. To counter this problem, evaluation should be performed by both the home and on-site manager and weighted differently, with the greater weight going to the latter (O'Sullivan *et al.*, 2002:81; Pollit, 2007:31).

In support of the above best practices, Scullion & Linehan (2005:106) provide a set of key criteria for performance management:

1.   The expatriate should know the expected level of performance.
2.   The expatriate should know on what basis performance will be evaluated, and by whom and when.

3. Evaluation should be reliable and focus on issues that are critical to the job; the expatriate should receive feedback on how he or she is performing.
4. The expatriate should receive constant training and development.
5. The expatriate should know whether his or her pay is linked to performance.
6. Ideally, the expatriate should know how his or her performance during the assignment is linked to the next career step.

In line with the above, international performance appraisal (IPA) is therefore critical, for the following reasons, as indicated by Shen (2005:70):

- It ensures that the subsidiary is implementing the corporate strategy.
- An effective IPA ensures that the international assignee is performing appropriately.
- The IPA relates to compensation and reward and guides managerial career development, future promotions and compensation adjustment.
- The IPA is also about meeting expectations and job satisfaction and motivation from a psychological perspective for the employee.

As with other functions, the approach to performance evaluation depends on the organisation's overall human resource management strategy (Treven, 2001:184; Stahl & Bjorkman, 2006:178). An enterprise with an ethnocentric approach is likely to use the same performance evaluation process used at the headquarters for its subsidiaries. Some enterprises translate evaluation forms into local languages, whereas others use the original language everywhere. An enterprise with a polycentric approach develops local procedures within each country. Finally, an enterprise with a geocentric approach uses the same performance evaluation system worldwide, but it has universal applicability. Developing a global system is the most challenging, with multiple issues to consider (Solomon, 1994:98). For one thing, human resources staff need to understand the business goals and how expatriates can help to achieve these objectives. In some cases expatriates will be affected by the culture they are working in and HR practitioners will struggle to perform the appraisal of the expatriate.

Shen (2005:73) argues that an enterprise can choose from three approaches, and lists the advantages and disadvantage of each approach:

- **The host-based approach**: The MNE adopts a local appraisal system. This is a polycentric approach. The main advantage of this approach is local responsiveness. The major disadvantages are resistance of PCNs and loss of control.

- **The home-based approach**: The MNE transfers the local performance appraisal system to the enterprise's foreign subsidiaries. This is an ethocentric approach. The main advantage of this approach is equitability. The disadvantages of this approach are resistance of local employees and a lack of responsiveness.

- **The integrative approach**: The MNE makes use of a mix of home and host appraisal systems. This is an geocentric approach, with the association of the home and host approaches. The major obstacle of this approach is that is difficult to operate.

The choice between the above approaches is influenced by various enterprise-specific factors and other international activities, such as staffing, management development and reward and compensation issues (Solomon, 1994:96). From an international appraisal perspective, there are advantages and disadvantages of using different nationals for appraising expatriates (Shen, 2005:70):

- **HCNs**: The use of HCNs assists in developing a suitable appraisal system to overcome cultural differences.

- **Ex-expatriates**: A manager who is used to guiding and supervising a group through involvement and participation could receive a negative appraisal in a local culture, if local management is called to give their ratings. In these instances an ex-expatriate would be needed to correct the situation.

- **HCNs and PCNs**: The ideal appraisal system would seek a balance between raters from both the home and host country

- **Other methods** of appraising can include peer evaluation, as these employees work in close relationship with the performer and have enough time to observe each other's performance; the 360-degree evaluation method can be employed, by using more than one rater, avoiding rater bias as well (Caligiuri & Day, 2000:154).

IPA is emerging as an important aspect of IHRM. Therefore it is clear that enterprises must continue to invest energy and resources to make their appraisal system more relevant and

useful for the benefit of the enterprise (Solomon, 1994:108). Research conducted by Shi, Chiang and Kim (2005: 173) supports the importance of enterprises' understanding how to measure and manage performance.

2.11 COMPENSATION

Designing a pay system is always a challenging process, but it is even more challenging for MNEs (Stahl & Bjorkman, 2005:159). A set of situational factors not normally encountered in a strictly domestic situation must be taken into account when designing compensation for an expatriate (Rosenzwaig, 2005:25; Baker & Roberts, 2006:37). For example, of great importance are the nationality of the individuals, their family situation (number and ages of the children, work situation of the spouse); floating exchange rates; differences in living costs, taxes and inflation rates; the need to reconcile home-country and host-country laws and regulations regarding compensation and benefits; and geographically imposed problems of communication and control.

Remuneration should be fully disclosed, communicated and understood by the employee, the family and the enterprise (Frazee, 2009:18; Janush, 2009:52). These issues increase the complexity of the situation, and the information needed relating to the individual and his or her destination. In addition to the situational factors, there are a number of objectives that must be incorporated in the design of expatriates' pay packages.

According to Stahl & Bjorkman (2005:159), an ideal compensation system should achieve five main objectives:
1. To attract personnel in the areas where the MNE has the greatest needs and opportunities;
2. To facilitate the transfer of international employees in the most effective manner;
3. To be consistent and fair in the treatment of all employees;
4. To facilitate re-entry into the home country at the end of a foreign assignment;
5. To contribute to organisational strategy (that is, to support organisational goals, foster corporate culture and help employees to contribute their efforts to further organisational success).

Bearing in mind the situational factors and objectives as outlined, MNEs have the choice of a number of ways of dealing with the compensation of expatriates. Each way reflects the MNE's priorities when paying expatriates. Three main approaches, as indicated by Stahl and Bjorkman (2005:161-163) in Table 2.2, have been developed, showing strengths and weaknesses in achieving five objectives (+ = positive impact, – = negative impact, and 0 = irrelevant).

Table 2.2: Remuneration approach to expatriates

Description	Remuneration approach		
Objective of an international compensation system	**Host country**	**Home country**	**Global**
1. To attract personnel for international service	-	+	+
2. To be cost effective	+	-	-
3. To be fair			
- with respect to local employees	+	-	-
- with respect to other expatriates from a different nation in the same location	+	-	+
- with respect to other expatriates in another location	-	+	+
4. To facilitate re-entry	-	+	-
5. To support the enterprise's international strategy	0	0	0

Source: Stahl & Bjorkman, 2005:161

The first is the host-country approach. The main intention of this approach is to fit the expatriate into the location salary structure (Stahl & Bjorkman, 2005:161; Beargie, 2005:27). This approach is satisfactory when a number of eligible candidates for a particular position have a personal interest in living abroad, and so a local salary does not seem unattractive. In addition to reducing costs, this approach helps create a sense of equity between the expatriates and local employees, since nobody feels underprivileged. However, this method only has limited use in motivating international mobility, as worldwide inconsistencies may inhibit the transfer of expatriates.

The second is the home-country approach. The idea of this approach is provide the expatriates with equivalent purchasing power abroad in order to maintain their standard of

living in the home country (Stahl & Bjorkman, 2005:162; Beargie, 2005:27). This is consistent with the so-called balance-sheet approach (Reinhart, 2005:14; Rosenzwaig, 2005:25). This system applies home-country deductions and pays differential allowances (cost of living differential, housing allowance) to arrive at a net disposal income which should maintain the expatriate's home-country standard of living.

Janush (2003:53) challenges the balance-sheet approach and indicates that enterprises are moving to a total remuneration approach, focusing more on the economic value of the position than of the individual employee and family. In the context of the total remuneration approach, flexible benefit techniques are used in the design process, looking at the elements of the package and dividing them into four parts:
- Those legally required, such as social benefits and government-mandated plans and coverages;
- Private plans and programmes that the employer feels appropriate, such as group life insurance;
- Discretionary funding, with flexibility to reflect particular situations and needs;
- Development of global plans to leverage head counts and buying power, and to potentially gain tax advantages and other financial advantages.

The third is the global approach. The intention is to pay on an international scale, with allowances derived from that base (Stahl & Bjorkman, 2005:161-162; Beargie, 2005:27). An international basket of goods will be used for all expatriates, regardless of the country of origin. This approach is most relevant in the case of expatriates who are expected to move to more than one foreign country. The high cost and difficulties of re-entry are often mentioned as the main shortfalls of this system.

Therefore, employees who are interested in an international assignment will want to know how working and living in another country will impact on their compensation, benefits, and taxes, and what kind of relocation assistance they will receive. How the enterprise would tackle these challenges depends on the enterprise's corporate cultural (Reinhart, 2005:14). However, there are generally accepted practices within international relocation that support the fair and equitable treatment of expatriate employees. For example, the balance-sheet approach to compensation mentioned above can ensure that employees

retain a similar level of savings to those in the home country and do not have to pay more for the cost of living or taxes in the host country (Beargie, 2005:27; Rosenzwaig, 2005:25).

Findings from Reinhart (2005:15) indicate that attempting to remunerate an employee in a foreign location at the same level as a peer at the same location may reduce the standard of living of the expatriate and family. This type of localisation can also be a reverse cultural shock for the employee, and may prevent the successful integration into the new environment (Baker & Roberts, 2006:40). Benefits can also present difficulties if not investigated and managed correctly, and perhaps one of the most critical issues not to be overlooked is the tax implications of living in a foreign country (Greenberg, 2009:18; Janush, 2009:52).

To achieve a competitive advantage, enterprises need not only to position the right people in the right position, but compensate them well (De Valk, 2004:42). A total rewards programme that adequately supports expatriates and their families is critical to the success of an assignment and the employee's subsequent repatriation (Janush, 2009:52). The enterprise's pay and benefit package offering is important, especially when the employee's spouse has to leave his or her job and the family experiences this loss of income. The compensation package should recognise and reward the level of effort in the expatriate assignment (De Valk, 2004:42; Baker & Roberts, 2006:40). As part of the total rewards package, some enterprises have established an Office of Retention. Important deliverables of this function include access to leadership, mentors and work-life balance programmes, and meaningful rewards for expatriates who meet the enterprise's goals and personal goals (Vermond, 2001:33).

Enterprises should also reconsider the total compensation packages of repatriates prior to their return (De Valk, 2004:42). Doing so means coming back on solid ground, which helps to ease anxieties, as the financial perks and ancillary benefits that make the expatriate assignments attractive cease during the repatriation and are replaced with standard home-country rewards programmes.

International costs can be difficult to predict, given the many variables involved. However, with strict adherence to an expatriate compensation policy there should be few surprises

(Rosenzwaig, 2005:25; Janush, 2003:51). The following are known at the outset of the assignment:

- Home and host location

- Expatriate family size

- Number and age of children in schools

- Home leave allocation

- Housing allowances

- Employee's salary

- Planned assignment duration

Having a clear and comprehensive assignment policy, plus the consistent use of vendors for outsourced elements, can help to prepare a reasonably accurate cost estimate (Rosenzwaig, 2005:25; Janush, 2003:52; Schoeff, 2006:36). Prior to sending expatriates and their families on an international assignment, the HR function must clearly outline the enterprise's foreign policy (Molnar & Loewe, 1997:11; Janush, 2009:52). This policy should be a set of guidelines, not rigid rules, for relocating persons around the world while maintaining the corporate culture, meaning the basic assumptions and beliefs shared by the employees of an enterprise (Greenberg, 2009:18; Beargie, 2005:27). The policy should be developed with inputs from various role-players, including global operations managers, tax specialist, accountants, relocation and payroll professionals and HR consultants, and should provide as much information as possible (Schoeff, 2006:36).

The other major source of information for building a comprehensive cost projection is the compensation balance sheet, which should also be straightforward. The "assignment balance sheet" is an individual employee compensation statement that shows gross salary, adjusted for taxes and assignment allowances. The result is a net compensation figure that is often split between home country currency and host-country currency (Rosenzwaig, 2005:25; Janush, 2003:53; Beargie, 2005:27). The data for this worksheet are compiled from several sources. With known salary figures, expatriate administrators usually turn to data service providers to purchase research and cost-of-living indices and differentials, home-housing contribution recommendations, host-country allowances, location hardship premiums and income tax data, reflecting hypothetical or estimated

home-country tax withholding amounts (Rosenzwaig, 2005:25; Janush, 2003:53; Beargie, 2005:27).

By using a balance-sheet approach, a mini financial statement is available, from which cost estimates can be made for the employee's salary, cost-of-living and housing differentials, as well as other ongoing premiums (Rosenzwaig, 2005:26; Janush, 2003:53; Beargie, 2005:27; Baruch *et al.*, 2002:664). When projecting beyond the current year's balance sheet, the HR manager can build into the estimate likely fluctuations in inflation and exchange rates, to buffer anticipated price increases during the course of the assignment. However, balance-sheet costs for locations with a high inflation and exchange-rate volatility may be tougher to budget, although not impossible, if one makes assumptions for goods-and-services price changes with the economic factors in mind.

The overall cost of international assignments can vary from two to five times the employee's current remuneration, depending on the international location (Molnar & Loewe, 1997:11; Scullion & Linehan, 2005:115; Janush, 2003:51; Baker & Roberts, 2006:37). Such costs represent an enormous investment for the enterprise, and should affect the decision on whether to proceed with a specific international assignment. An effective international budget will calculate the associated costs of an international assignment for reporting to management (Rosenzwaig, 2005:25). There is a wide range of issues that should be considered from a budget perspective, as indicated by Janush (2003:51):

- What assumptions are used to develop the values of the budget?
- As part of the budget process, are there systems in place to protect the potential costs and to monitor the costs emerging during the assignment?
- Is there agreement as to how the cost of the assignment will be handled?
- Is the cost of the assignment allocated to the home country, to the host country or a combination, or does it depend on the nature of the assignment itself?

An international assignment cost projection may include a variety of expenses (Rosenzwaig, 2005:26; Baker & Roberts, 2006:39, Janush, 2003:53; De Valk, 2004:42; Keogh, 2003:37; Beargie, 2005:27):

- **Base Pay**
  - Overtime
  - Merit increases
  - Promotions
  - Thirteen months' pay
- **Incentives**
  - Premiums for long term (either ongoing or lump-sum instalments)
  - Hardship in difficult locations
- **Allowances**
  - Spousal
  - Relocation to and from host city
  - Car (purchase assistance and loss on sale)
  - Cost-of-living (under the balance-sheet method)
  - Education
  - Shipping household furniture
  - Pets
- **Travel**
  - To and from the host city
  - To and from boarding schools
  - Home leave
  - Commuter expatriates
  - Emergency situations (illness, death, political trouble)
- **Tax**
  - Hypothetical amounts withheld
  - Home-country taxes above hypothetical amounts withheld
  - Host-country taxes
- **Housing**
  - Home-country housing norms
  - Lease costs at host country
  - Home-country property management fees
  - Utilities
- **Benefits**
  - Global coverage

- Premiums
- Supplementary insurance/pension coverage
- Medical
- Cultural orientation and language classes

- **Perquisites**
  - Club membership
  - Company car
  - Driver

- **Vendors**
  - Destination services
  - Moving
  - Cost-of-living data
  - Tax
  - Property management
  - Financial counselling
  - Spouse career counselling
  - Educational counselling

Findings from Baker and Roberts (2006:37) have classified the cost of expatriation in the following categories, summarising the items provided above into major categories:

- **Upstream costs**
  - Selection
  - Training

- **Direct (cash-outlay) costs**
  - Housing
  - Transportation/travel
  - Salary/benefits (including taxation)
  - For the family

- **Indirect (behavioural) cost**
  - Feeling of isolation
  - Culture shock

- **Downstream costs**
  - Repatriation

In a time of cost containment, the need to know where an enterprise's money is going has become a priority for both expatriate administrators and senior management, but the following are the advantages of tracking expatriate expenses, as indicated by Rosenzwaig (2005:30):

- **Assignment policy**

Tracking assignment expenditure can help international HR managers to develop and refine existing assignment policy (Rosenzwaig, 2005:30; Janush, 2003:51; Keogh, 2003:37). It may reveal that certain expense categories are under- or over-utilised, reflecting expatriates' changing needs. For example, the enterprise may find that the cost of household goods shipment has become excessive, signalling a need to change the policy to prevent the shipment of large items such as pianos or motorcycles.

- **Strategic planning**

Expense tracking is also a key factor in the enterprise's overall strategic planning (Rosenzwaig, 2005:30; Keogh, 2003:37). With the right financial facts, business leaders have an enhanced ability to use the data in expanding or limiting assignments to match business objectives, possibly reassigning expatriates to destinations and tasks that have a greater priority.

- **Vendor saving**

Knowing how much is spent on specific products or services allows HR managers to be prudent vendor shoppers (Rosenzwaig, 2005:30; Baker & Roberts, 2006:37; Anber, 2003:43). This relates to relocation agencies, insurance products and online information to determine the best available rates for the enterprise from a cost perspective.

- **Tax planning**

Clear tracking and understanding of assignment expenses and payment locations facilitates better tax planning (Rosenzwaig, 2005:30; Baker & Roberts, 2006:40). An enterprise can plan the timing of an assignment and take advantage of country tax laws for part-year residence or, perhaps, decide to pay an incentive where and when it is most advantageous for the enterprise.

- **Compliance and controls**

Having an audit trial with detailed records of assignment expenses, including taxes, is invaluable, as detailed cost tracking is available to address and answer any questions (Rosenzwaig, 2005:26; Janush, 2003:52).

As with goal setting, many enterprises also fail when it comes to projecting costs and having a measurable indication of the return on the expatriate's investment (Keogh, 2003:38; Palmer & Varner, 2002:9-10). When costs are projected, they are often irrelevant because enterprises never compare the projected cost of the assignment with the actual cost. This means that few expatriate assignment managers have measurable goals or projected costs.

2.12 REPATRIATION AS THE FINAL STEP IN THE IHRM CYCLE

The repatriation process and how the enterprise will utilise the skills and expertise of repatriates on return is very important (Molnar & Loewe, 1997:12; De Valk, 2004:42). Management should view the high costs of international assignments as investments, the return for which occurs after the employee has returned to the home country. It is a tremendous loss to the enterprise if the employee leaves the enterprise on return. The repatriation process starts with the selection of the right candidate and family. Enterprises must select candidates who could be valuable throughout the remainder of their career. At the start of an international career, management must decide how it will keep employees informed of developments in the home country and assist with career planning. Many enterprises have adopted a mentoring system for the employee to ensure updates of home-enterprise news, and local news as well, as part of a continuous communication process (Molnar & Loewe, 1997:12; De Valk, 2004:42).

There are thus, as mentioned, four phases to the overall assignment process (Janush, 2003:52). Previous discussions focused on the selection (pre-expatriation) and the work phase during the assignment (expatriation) and prior-to-return actions (prior to repatriation), and finally repatriation. From both the enterprise and employee point of view, the effort is not complete unless there are advantages produced on both sides (Keogh, 2003:37). Often the repatriation process does not receive the same attention as the other

phases (Barbian, 2002:40; Shumsky, 1999:39; Suutari & Valimaa, 2002:617). This can leave a void from both the enterprise's and assignee's point of view.

The assignment completion process can bring advantages for the enterprise (Janush, 2003:52; Keogh, 2003:38). One of the points at which the evaluation of those advantages can be determined is at the end of the assignment, as indicated by Janush (2003:52):

- Is there a final assignment report to the employee and family?

- Is there a formal repatriation plan, including both personal and career aspects and career planning? How was the reintroduction into the workforce handled?

- What about the financial aspects, including cash, expenses and tax reconciliations?

According to De Valk (2004:42), Shumsky (1999:42) and Vermond (2001:33), repatriation needs to begin at least several months prior to the individual's actual return to his or her pre-assigned workplace. It is in the enterprise's best interest to proactively address the repatriation phase of the assignment through training, mentoring and career planning, in the same manner as for the expatriation phase (Paik *et al.*, 2002:635). However, according to Shumsky (1999:40) and Beargie (2005:27), a repatriation programme needs to be established prior to the employee's leaving on assignment, which includes a development plan.

This plan requires that mentors be named on the employee's behalf and a definite communication schedule for communication set up (Vermond, 2001:33; Beargie, 2005:27). The career planning should be ongoing throughout the term of the assignment (Engen, 1995:38; Shumsky, 1999:42). Setting expatriations is the most critical phase of the entire process (Beargie, 2005:27). The employee needs to actively participate in locating a suitable job upon repatriating. The enterprise must recognise that the goal of the assignment is built into the long-term corporate plan of globalisation. In other words, the assignment should be based on transferring knowledge and creating global leadership (Barbian, 2002:43; O'Sullivan, 2002:597). The enterprise has a responsibility to the employee and shareholders to protect corporate assets in whatever form required.

Employees need to recognise that taking a foreign assignment involves many changes (Shumsky, 1999:42, Ozbilgin, 2005:133). The motivation should be the life experience gained from the assignment and not the monetary reward, or the fact that it is impressive

on the employee's resume. Enterprises and the employee need to establish a partnership with mutual goals and objectives (Lazarova & Cerdin, 2007:405). This topic will, however, be discussed in detail in the next chapter.

2.13 CONCLUSION

The decision to enter a foreign market has several implications for the human resource function. Managing employees locally can be challenging, but the function is even more complex from an international perspective. Knowledge of the global environment is critical to ensure that enterprise stays abreast of the ever-changing international environment.

The existence of a foreign policy to manage and guide international employees should be high on the agenda for any new international assignment, to protect both the enterprise and the employee by stating upfront the terms, conditions, responsibilities and benefits. Enterprises should be aware of the high costs associated with international assignments, and should carefully consider whether to proceed with an international assignment or not, after considering all factors, including a detailed budgeting process to guide management in its decision-making process. To eliminate and reduce turnover, expatriate candidates and their families should be profiled; not only technical skills should be considered as part of the selection process. The ability of the candidate and family members to adapt to the new environment is sometimes more important. In addition, excellent local performance is not a guarantee of international success and this point should be considered as well.

Training and development to prepare employees for a foreign assignment can serve as a valuable tool to help them to adapt to the new conditions and to deliver results from the start of the assignment. Thereafter, performance should be monitored and corrected, if required. At the end of the assignment the employee should be repatriated and integrated back into the work-life environment, to enable the enterprise to utilise the newly acquired skills and expertise of the repatriate.

CHAPTER 3: EXPATRIATE MANAGEMENT

3.1 INTRODUCTION

The use of international assignments represents a key strategic management issue for MNEs (Schiuma et al., 2006:60; Keogh, 2003:37; Janush, 2005:50; Frazee, 1998:28), as international workers in MNEs are key players in the management of global and local business performance (Schiuma *et al.*, 2006:60; Harris, 2006:20). An international assignment is an investment for enterprises whose returns are related to the value generated by the assignment (Pollitt, 2007:29; Palmer & Varner, 2002:9). This means that international assignments should no longer be considered just a human resource management process for solely personal development purposes, but rather a value-generating opportunity which contributes to the enterprise's performance.

However, research has shown that an international assignment can be a double-edged sword, both from the enterprise and employee perspective (Gale, 2005:51; Harzing, 1995:457). Problems reported in expatriate literature include expatriate adjustment problems, under-performance and career derailment, as well as high costs for the enterprise due to failed expatriation and repatriation (Baker & Roberts, 2006:37; Rosenzwaig, 2005:25; Brewster, 1997:32). Given that the reasons for expatriate failure remain consistent in various expatriate studies, the role of the home enterprise is increasingly realised as a major contributor towards expatriate failure (Lee, 2007:403). Enterprises need to be aware of their role and the importance of the spouse and family in managing expatriate assignments effectively.

The success of an international assignment is affected by the practices adopted by management at the outset of the assignment (Schiuma *et al.*, 2006:61; Reinhart, 2005:14). When the expatriation process is managed properly, assignees are normally better prepared for the assignment and for what it will be like to be working and living in another culture. It is also likely that well-prepared expatriates will cope better with the changes and deliver results sooner (Micciche, 2009:39).

3.2 EXPATRIATE FAILURE

Global managers and researchers have been documenting the failure of international assignments for several years. The idea of failure is difficult to quantify, let alone to identify (Solomon, 1996:79). But statistics raise a red flag: "Pay attention! Your enterprise may be in danger." Expatriates who return early are a typical example of a failed assignment. According to Harzing (1995:457), "Over the last three decades it has become almost traditional to open an article on expatriate management by stating that expatriate failure rates are (very high)", and almost every publication measures expatriate failure as the percentage of expatriates returning home before the end of their assignment.

A major dispute in past and present literature is the definition of expatriate failure (Lee, 2007:404; Harzing, 1995:457). Expatriate failure is often simplistically defined as "premature return". Both authors explain that the main flaw of this definition is that the expatriate assignment is regarded as successful if the assignee simply remains for the full duration of the planned stay.

In fact, returning home early is not the only sign of failure (Solomon, 1996:79; Harzing, 1995:457). Selected employees with the required technical skills, but limited interpersonal skills, can have a detrimental effect on the morale of subordinates and peers. Other failures can include unproductive managers, managers abusing their positions, and mismanaged government and customer relationships. These failures may not be as obvious as early returns, but may be the silent killers in the process. Lee (2007:405) supports the expansion of 'expatriate failure' to include under-performance, repatriation difficulties and, more specifically, skills developed abroad and not valued by the enterprise. Harzing (1995:457) argues that those expatriates who stay on the assignment but who fail to perform adequately can actually do more harm to the enterprise than those returning prematurely.

Expatriate failures quantified as a percentage can vary depending on the country and study performed. The average of expatriate failure rates can be summarised as from 10 to 40 percent for developed countries, and as high as 70 percent for developing countries (Buckley & Brooke, 1992:528; Mendenhall & Oddou, 1985:39, Hendry, 1994:91; Hogan &

Goodson, 1990:50; Porter & Tansky, 1999:56). Tung performed the only empirical study from a US perspective (1981, 1982. 1984, 1987, 1988), highlighting similar failure rates to the percentages mentioned above. Table 3.1 illustrates the differences between US, European and Japanese expatriates in terms of failure rates.

Table 3.1: Recall rates in American, European and Japanese companies

Recall Rate %	% of Enterprises
US MNEs	
20–40	7
10–20	69
<10	24
European MNEs	
11–15	3
6–10	38
<5	59
Japanese MNEs	
11–19	14
6–10	10
<5	76

Source: Harzing (1995:462)

Generally speaking, the recall rate for American MNEs is higher than those of European and Japanese MNEs. Reasons for these lower failure rates among European and Japanese MNEs can be attributed to the following (Tung, 1987:119):

1. Their longer-term orientation regarding planning and performance management;
2. Their use of more rigorous training programmes to prepare candidates for overseas assignments;
3. Their provision of a comprehensive expatriate support system;
4. Their focus on qualifications for assignees for overseas assignments; and
5. Restricted job mobility.

In European MNEs, three additional factors contribute to the greater success with expatriates, namely: (1) international orientation; (2) longer history of overseas operations; and (3) language capability.

3.3   COST IMPLICATIONS OF EXPATRIATE FAILURE

Inappropriate management of expatriates can have a detrimental effect upon the enterprise, the expatriate and his or her family. In terms of the expatriate, costs incurred will be financial and probably psychological. From an enterprise perspective, the more obvious costs are the direct costs of expatriate failure; these range from US$55 000 to $150 000. In a more recent study performed by the National Foreign Trade Council, it was found that the estimated cost of poor international staffing decisions had escalated to between $200 000 and $1.2 million (Lee, 2007:405). Supporting the costs in excess of $1 million are the findings of Stone (2002:12). A senior manager living in Tokyo can cost his enterprise $1 million a year; Expenses for expatriate assignments are normally clearly defined and consolidated.

Management is often shocked to find the direct cost is two to six times the expatriate's basic salary. Gale (2005:50) reports that expatriate assignments are a risky and expensive proposition, estimating that the hard cost of sending a manager on an overseas assignment is roughly three to four times that person's salary per year.

As Hogan and Goodson (1990:50) have stated, many enterprises do not realise the potential bottom-line impact of expatriate success or failure and fall short of preparing expatriates for their assignments. Tom (1993:48) states that moving staff is very expensive. To send a French manager to the US costs half as much as employing a local equivalent, while bringing a US manager to France can cost 150 percent more than hiring a local.

Direct costs associated with failed assignments involve spending on the original relocation, attractive compensation while out of the country, expenses of the return and, more importantly, recruiting and relocating a replacement (Porter & Tansky, 1999:48). Indirect costs of failure: lost business, employee dissatisfaction, loss of product or market share, discredited corporate image and reduced productivity, must be taken into account (Lee, 2007:405; Stone, 2002:12; Gale, 2005:50). Indirect costs are more difficult to estimate, and may take years to rectify.

3.4   CULTURAL ADJUSTMENT

HR professionals should be aware of the challenges of expatriate life and must help employees with these challenges by offering a full employee-assisted programme (EAP) with special counselling for expatriates (Heher, 2006:56; De Valk, 2004:42; Lee, 2005:274; Shay & Tracey, 2009:401).

3.4.1   The stages of cultural adjustment

Expatriates should be able to count on their home connection for work-related and administrative support, as well as emotional support. EAPs can be the lifeline employees need to feel more balanced in their new culture (Heher, 2006:56; De Valk, 2004:42).

HR professionals can expect expatriates to go through the following stages of cultural adjustment, as indicated by Heher (2006:56) and Lee (2005:274):

- **Honeymoon**. In this stage the host country is idealised. Employees are excited about their new environment and ready to experience a completely new environment.
- **Rejection**. Once the honeymoon is over, employees inevitably will begin to experience problems with work, language, schools and housing. The employees and their spouses encounter difficulties in doing the ordinary, everyday activities and tasks they used to accomplish with little effort in their home countries, such as grocery shopping, completing applications and other paperwork, going to the doctor and enrolling children for schools.
- **Regression**. The employee and/or family begin to idealise life back in the home country. They may begin to wish they had never moved.
- **Cultural adjustment**. This stage occurs when the successful expatriate becomes comfortable and happy in the new environment and gains a mature appreciation of cultural differences. HR professionals and expatriates should remember that cultural shock can affect some family members more than others. Spouses and children may have more difficulty accepting the new assignment than the employee. EAPs should include family members (spouses and children) in counselling benefits in order to help the family unit adjust.

3.4.2 Managing cultural adjustment prior to and during the assignment

Heher (2006:56), Beargie (2004:29), O'Keeffe (2003:234) and Hurn (2007:34) suggest the following interventions that HR professionals can offer employees, which can further help to reduce cultural shock once the assignment starts:

- **Study the country's language, culture and history**. As the saying goes, "knowledge is power." Learning some basic phrases can go a long way towards helping the employee's transition.

- **Maintain a sense of humour and positive outlook**. Successfully dealing with culture shock depends on coping skills. The most important of those skills is for the employee to have a sense of meaning in his or her life, to have a sense of competence, to make friends and to continue with activities he or she enjoys.

- **Keep in touch with friends and family at home**. E-mail has made this easier than ever. The expatriate who signs for web-based e-mail can distribute the e-mail addresses prior to leaving home.

- **Exercise**. Physical activity helps the body and mind. Exercise contributes to improved mood and better sleep.

- **Be alert for signs of mental illness**: An expatriate assignment, like any significant life change, can worsen or even precipitate mental illness such as depression, anxiety or a range of adjustment disorders. Expatriates may experience regression due to the extra stress of living abroad. In the event that an employee experiences deep and persistent adjustment difficulties, he or she should seek the help of a mental-health professional or primary care physician.

- **Cultivate acquaintances with fellow expatriates and local nationals**. The HR department can help by providing expatriates with a list of other individuals from their enterprise who are currently on assignment or have recently been expatriated to the same or nearby post. Expatriate associations, newcomers' clubs, local chambers of commerce and other clubs can be a tremendous help in adjusting.

3.4.3 Making the decision to accept an international assignment

HR is involved in all major life events of employees – from starting a new job to having children. For employees and their family, the process of relocating to another country is a

major life event that needs to be carefully managed and supported by the enterprise (Beargie, 2005:27). The assignee will need to be supported; what the enterprise might think is a small concern may be a big deal to the assignee and the family.

There is no question that an oversee assignment can cause stress and anxiety for expatriates and their families. But being well prepared and maintaining a positive attitude can result in employees and their families experiencing a positive, joyful and satisfying assignment. HR professionals need to be aware of the stages of cultural adjustment, as well as ways of helping employees during their transitions (Heher, 2006:56; Forster, 2000:63; Palmer & Varner, 2002:10).

Too often candidates pack their suitcases and head off to the host country, where they are expected to cope as best as they can (Beargie, 2005:27). In order to avoid the risk of losing them to more caring competitors, it is essential that the enterprise help candidates to build a complete picture of what it is like to work and live there, and give them adequate support. Put them in touch with other expatriates who have previously worked in the destination country, and provide them with contact details of staff currently posted there, so that they get first-hand knowledge about the conditions straight away. Encourage these employees to conduct their own research into the culture of the destination country.

Enterprises must sure that prospective expatriates familiarise themselves with the organisation's structure, procedures and business strategy abroad. Give the assignee as much information as possible about the assignment and host country in advance. Listen to the needs and concerns of the assignee and tailor the expatriation process to accommodate individual requirements where practical (Peterson, Napier & Shim, 1999:554; Gale 2005:52).

In a study performed by Oddou (1991:304), over 65 percent of expatriates in the survey reported receiving no training at all. This simply underscores the importance of selecting the person who is the most prepared in the first place. Surprisingly, even the best enterprises do not spend a lot of time or money preparing expatriates for a cultural transition. Due to costs, time constraints, and other priorities, enterprises can rarely justify sending the employee for two or three weeks of cultural training in addition to all the other

steps in the preparation process. Another very important issue is mental preparation for the way the expatriates will use their time and resources in the international assignment. Clearly explaining what the primary objective of the assignment is can help the expatriates to home in on what they are responsible for and upon what criteria they will be evaluated.

3.5 FACTORS THAT INFLUENCE EXPATRIATE FAILURE

Depending on the assignment objective, assignment failure can be defined in a different way (Keogh, 2003:38; Lee, 2007:404):

- The assignment exceeded the budget.
- The assignment fell short of its revenue goals.
- The assignment exceeded its planned time frame.
- The expatriate required a long adjustment period before becoming productive.
- The expatriate faced reduced performance.
- The expatriate was not able to replace himself with a local hire.
- The expatriate decided to return early.
- The expatriate family decided to return early.
- The expatriate was recalled from the assignment early.
- The expatriated accepted another job while on assignment.
- The expatriate left the enterprise within a year of repatriation.
- The expatriate damaged relations with clients or vendors.

Expanding on the above are the research findings of Swaak (1995:50-52), indicating the reasons for failed assignments and their percentages among the sample group surveyed.

- Urgent need to fill a position may lead to the best available candidate, as opposed to the best candidate (81 percent).
- Enterprises send on assignments employees who have been with the enterprise for several years and are not necessarily among the strong performers (33 percent).
- Management overrides the advice of Human Resources department (21 percent).
- Assignments are used as a reward for accomplishments and persons chosen do not correlate with the requirements of the new position (12 percent).
- Assignees to international assignments are untrained (10 percent).

- Only 25 percent of enterprises have a global talent pool integrated with HR strategic planning.

- Approximately 50 percent identify technical, managerial, and interpersonal competencies that contribute to success.

- Only 31 percent of enterprises use a formal competency study to identify international competencies.

- Approximately 56 percent of enterprises indicate that line managers rely on their own judgement during the final selection.

- Ninety-six percent cited technical requirements as the most important selection criteria.

Research findings from McCall and Hollenbeck (2002:76) focusing on expatriate failure for international executives highlighted the following four points:

1. **Early strengths that led to success become a weakness later**. Initially the expatriates have the technical, functional and market expertise that resulted in success, but later executives fail to see the bigger picture or the need for different skills at this level.

2. **Long-standing flaws become salient when something changes in an executive's situation**. Some leaders are arrogant, but because they deliver on the results, their flaws are never mentioned. However, if the bottom line is not met, derailment can occur.

3. **An executive's constant success**. Some executives believe that they are as good as they seemed in the past, which is often no longer the case.

4. **Some executives appear to be unlucky, ending up in the wrong place at the wrong time or running foul of the wrong person.** What happened does not appear to be the person's fault; but it is in fact a result of the person's actions, such as the way a situation was handled, or the burning of bridges in the past.

Perhaps the most notable outcome of a failed assignment is the damage to relationships with clients, vendors and foreign governments. Add to this the damage to succession planning and the impact on employee morale (Keogh, 2003:38; O'Keeffe, 2003:238; Brewster, 1997:32; Fisher & Hartel, 2003:4).

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If the cost of expatriate failure is so alarmingly high, it is imperative to understand the reasons for failed assignments (Lee, 2007:405; Baker & Roberts, 2006:37; Rosenzwaig, 2005:25; Brewster, 1997:32). Assignments fail for a variety of reasons: the most common being the enterprise's not having an expatriate policy in place, a lack of support for the assignee, and personal or family issues, including worries about career disruption (Beargie, 2005:27; Gale, 2005:53). To combat this it is important to plan assignments carefully and recognise the need for regular contact with the assignee. It is advisable to introduce the assignee to a mentor and other expatriates in the host country, and to provide an employee assistance programme.

According to Lee (2007: 405) and Beargie (2005:27), research on expatriate failure has traditionally focused on the failure to select the most appropriate expatriate, poor development or the absence of cross-cultural training, and spouse and family issues. Tung (1987:117) suggests that when enterprises select potential candidates for expatriate assignments, there is an over-emphasis on technical competence to the disregard of other important attributes such as relational abilities. In Tung's study, lack of technical competence by an expatriate was ranked only sixth as a contributor towards expatriate failure. The main reasons for expatriate failure found in this study, in descending order of importance, were:

1.   Inability of the manager's spouse to adjust to a different cultural and physical environment;
2.   The manager's inability to adapt to a different cultural and physical environment;
3.   Other family-related issues;
4.   The manager's personality or emotional immaturity;
5.   The manager's inability to cope with responsibilities associated with overseas work;
6.   The manager's lack of technical competence;
7.   The manager's lack of motivation to work overseas.

These finding are in line with other studies showing that the family situation and relational abilities are usually responsible for failure or poor performance abroad. Expatriate failure can be compounded by the following factors: (1) the duration of the assignment; (2) the expatriate's concern over the repatriation process; (3) over-emphasis on technical skills,

disregarding other important attributes; and (4) lack of training for the overseas assignment (Tung, 1987:117-118).

The majority of assignments in US MNEs are for two to three years, which are not conducive to high performance, as the assignee takes time to adjust to the new living and working conditions. However, extending the overseas assignment can lead to the second factor, namely the employee's concern with the repatriation process; employees fear they will not be considered for future top management positions as they will be forgotten while away. The third factor is the over-emphasis on technical skills. Technical skills cannot be the only grounds for selection and assessment. The fourth factor is the lack of overseas training. Basic training is not sufficient in preparing expatriates for international assignments.

In a study performed by Lee (2007:411), the main reasons for expatriate failure were found to be the following:

1. The expatriate's inability to adapt to the new environment;
2. The move's not achieving family acceptance and assimilation;
3. Lack of support from headquarters;
4. The expatriate's lack of an open mindset;
5. Lack of willingness to learn;
6. The expatriate's lack of technical competence.

The lack of headquarters' support was ranked third in the above study, highlighting the importance of monitoring expatriates and their families to ensure that they are coping with the international posting from both a business and personal perspective. As the predominant reasons for expatriate failure have remained consistent, the significance of the role of the home enterprise has increased as a contributor towards expatriate failure. Enterprises need to be aware of this trend, as well as the continued importance of the spouse and family in the management of expatriate assignments (Lee, 2007:412; Forster, 2000:73; Baruch *et al.*, 2002:666). A study performed by Stone (2002:11) compared the reasons for expatriate failure in the case of Australian managers, expatriate managers,

Asian managers and US managers (Tung study as mentioned), as shown in Table 3.2 on a rating scale from 1 to 8.

Table 3.2: The causes of expatriate failure

Reasons	Australian Manager	Expatriate Manager	Asian Manager	US Manager
1. Manager's inability to adapt	1	1	1	2
2. Spouse's inability to adapt	2	2	2	1
3. Inability to cope with larger responsibilities	3	4	6	5
4. Other family-related issues	4	5	5	3
5. Manager's personality	5	3	3	4
6. Lack of motivation to work overseas	6	7	4	7
7. Lack of technical expertise	7	6	7	6
8. Other	8	8	8	8

Source: Stone (2002:11)

The above ratings make it clear that reasons are in many cases quite similar. It is also clear from the above research finding that although enterprises are aware of the importance of the above factors, the screening and selection process does not give much weight to these adaptation factors, nor to the actual decision about who should be selected for the international assignment.

3.6   THE IMPORTANCE OF FAMILY/SPOUSE ADJUSTMENT

Most attempts to manage expatriate adjustment to foreign assignments have done so primarily from the perspective of the manager/employee (Andreason, 2008:382; Bauer & Taylor, 2001:136-137; Shay & Baack, 2004:216). From this perspective, adjustment to international assignments has generally been considered to be a multidimensional construct consisting of three aspects or dimensions of adjustment: (1) work adjustment (i.e., adjustment to the new job requirements; (2) interaction adjustment with individuals in

the foreign country (i.e., socialising with host country nationals); and (3) general adjustment to the foreign culture and living conditions abroad.

Surprisingly, few studies have focused on the adjustment process from the spouse's perspective, despite ample evidence indicating that the inability of the spouse to adapt may be a direct and indirect cause of such problems as premature expatriate returns (Andreason, 2008:382; Taylor, 2001:136). Packing up to follow a partner overseas can be stressful. If the employee's spouse or family is not supportive, it can detract from the expatriate experience and compromise the assignment (Micciche, 2009:36). Enterprises must ensure that family are clear about what is expected of the assignee and what they can expect in the host country.

In global transfers the spouse has the most difficult role of all the family members. Whereas employees have the organisation and job structure that continue from the home country to the host country, and children have the continuity and routine of school, spouses often leave behind many of the most important aspects of their lives, including friends, relatives and meaningful activities. In the foreign country the spouse generally has to become more immersed in the new culture than does the employee. The challenges of adjusting successfully are therefore both different and greater (Andreason, 2008:387; Forster, 2000:73).

In addition, the lifestyle of the spouse may also be quite different from the expatriate employee. The expatriate employee works with the most international cosmopolitan strata of society; whereas the spouse more often meets people who do not speak his or her home language and have rarely met foreigners (Andreason, 2008:387; Taylor, 2001:136). The spouse must, therefore, depend much more on his or her own skills and ingenuity.

According to Taylor (2001:136), spouse adjustment consists of three dimensions: how well the spouse build relationships with host-country nationals, how well the spouse adjusts to local customs and the culture in general, and the extent to which the spouse has a sense of becoming part of or feeling at home in the foreign country.
Enterprises should therefore give realistic job previews and interviews to the spouses, both prior to and during the relocation (Taylor, 2001:136; Stahl & Bjorkman, 2006:306). This will

help spouses to identify the challenges they will face, as well as the personal assets they can bring to bear on the challenge. Enterprises should also ensure that spouses learn language skills, build good social networks, and establish a new social identity if they want to increase the odds of expatriate successes. While some spouses may naturally form new social identities on their own, enterprises that can facilitate this process by offering programmes such as social events with host-country nationals, cultural counsellors, pre-location training, and cultural education are acting proactively. This is a small price to pay for avoiding many of the negative consequences of premature expatriate departure (Taylor, 2001:137; Ozbilgin, 2006:138).

3.7   CORE FUNDAMENTALS OF EXPATRIATE ASSIGNMENTS

To increase the success rate of international relocations, enterprises need to clearly define their goals at the outset and offer a high level of communication and support throughout the assignment (Runnion, 2005:21; Holopainen & Bjorkman, 2005:48, Beargie, 2005:27). Successful expatriate assignments require comprehensive planning and need to adhere to five core fundamentals (Runnion, 2005:21-22):

3.7.1   Set performance expectations

When considering an expatriate assignment, the importance of planning should never be overlooked (Runnion, 2005:21; Holopainen & Bjorkman, 2005:48). Defining business goals is a must from the onset (Pollitt, 2007:30; Beargie, 2005:27; Scullion & Linehan, 2005:93).

The use and role of an international assignment depends on the enterprise's international strategy (Schiuma *et al.*, 2006:62; Frazee, 1998:28; Molnar & Lowe, 1997:11; Morley *et al.*, 2006:5; Torbiorn, 1997:47). A strategy should set out both the goals of the enterprise and a plan of action to achieve these goals. Therefore, the definition of the strategy corresponds to the targets and objectives to be reached at both corporate level and business level. Once the enterprise's stakeholders' needs and wants have been identified, the management needs to understand the strategic targets addressed by an international assignment.

Findings from Schiuma *et al.*, (2006:62), Pollitt (2007:29), Ozbilgin (2005:97), Scullion and Linehan (2006:620-623), and Bonache and Cervino (1997:89) indicate a number of strategic objectives addressed by international assignments, of which the following have been considered as the most important:

- Improving business performance;

- Fostering the parent enterprise culture in the subsidiary;

- Breaking down barriers between the parent enterprise and subsidiaries;

- Solving technical problems;

- Developing top talent and future leaders for the enterprise;

- Opening new international markets;

- Handling politically sensitive business;

- Controlling the improvement of the subsidiary;

- Improving the trust/commitment of the subsidiary;

- Reducing risks;

- Training host-country employees in order to improve individual skills;

- Improving team skills;

- Controlling financial results.

A job description detailing the purpose of the assignment, job duties, and qualifications and training also needs to be written. HR at both the origin and destination need to communicate with line management to create the job description for the position they need filled (Pollitt, 2007:29; Scullion & Linehan, 2005:94). Having a job description in place clearly identifies why the position exists and how it fits with the enterprise's objectives.

Setting performance expectations and metrics is another key preparation step that needs attention when selecting a candidate for an international assignment (Runnion, 2005:21; Pollitt, 2007:30). Performance expectations should tie directly to the business goals and outline the results a worker is expected to achieve in measurable terms. Having performance expectations in place enables the enterprise to effectively evaluate potential candidates and ultimately measure assignment effectiveness. Once the enterprise

understands the requirements of the position and the goals that need to be achieved, it is easier to select a qualified individual from the talent pool.

Expatriate assignments, as already discussed, are costly and encompass allowances for the employee, potential changes in salary, and funds the enterprise will need to issue as financial support (Runnion, 2005:21; Pollitt, 2007:31). However, individuals that are selected for the assignment must understand the duties of the position for which they are being sent abroad and how they fit into their own career path in the enterprise (Runnion, 2005:21; Beargie, 2005:27). To avoid serious misunderstandings, monetary and job expectations should be settled in advance.

The major expenses enterprises face when sending employees abroad are housing, education and cost-of-living adjustments (Runnion, 2005:22; Beargie 2005:27; Janush, 2003:52). Other significant costs include the cost of immigration, visas and work permits. Employees need to know which expenses the enterprise will pay for and which expenses they will need to personally absorb (Greenberg, 2009:18; De Valk, 2004:42). Possible salary adjustments are another area that management needs to discuss with the candidate in great detail.

Compensation concerns need to be addressed early on (Micciche, 2009:37). Employees want to make sure they are not going to lose money by accepting an international assignment and need to know how their benefits will be affected. Foreign assignments include a change in both responsibilities and cost-of-living expenses. Managers must clearly communicate financial incentives and ensure that employees understand their total remuneration package.

3.7.2   Set service and support expectations

As expatriates move to the new country, they need to know what services and support they can expect from the enterprise (Runnion, 2005:22; Janush, 2003:52). Often a relocation services company manages these services (Greenberg, 2009:19; Janush, 2003:52). These companies employ skilled relocation counsellors who can help design international policies or interpret the corporate policy between HR and the expatriate.

According to Micciche (2009:36), it is advisable to work with a centralised destination service group to provide expatriates with the resources they need. Enterprises with expatriates around the world need to source destination services in numerous countries, partnering with a global provider. This one-stop approach offers enhanced services, pricing synergies and insights into regional needs. For example, in some Latin American countries, expatriates are required to register with the police within days of arriving – something that might be missed by someone not familiar with the local laws. In countries where English is not the native language, a destination service provider can assist with language training to help employees to communicate better in work and social conditions.

3.7.3   Transition training

Training an expatriate covers the 'nuts and bolts' of successful preparation for the assignment (Runnion, 2005:22; Plotkin, 2009:20; Greenberg, 2009:19). Transition training addresses the issue of daily life as well as the issue of business life in the host country. Helping the employee understand the nuances of the host country makes for a smoother transition and contributes to the assignment's success. Often, as part of the training programme, a recent expatriate from the host country will join the trainer to talk about his or her direct experience and challenges of living abroad.

Cross-cultural training should be provided to help the expatriate develop cultural competency (Runnion, 2005:22; Holopainen & Bjorkman, 2005:48; Beargie, 2005:27; Forster, 2000:63). Findings from Plotkin (2009:21) and Baker and Roberts (2006:37) support the importance of cross-cultural training, providing the expatriate with as much information as possible to adapt to the new culture, country and working environment to avoid stress and conflict, as well as decreased morale. Cultural training is also beneficial in helping employees to be effective in the host country and to increase their overall job satisfaction. Although employees might have the necessary business skills for the task to be executed, raising awareness of cultural nuances can save them from making social or business mistakes, helping to reduce any cultural shock (Micciche, 2009:37).

When appropriate, language training can be essential to the success of an assignment (Runnion, 2005:22; Greenberg, 2009:19). Having country-specific language skills will

assist with the assignment and ensure a more satisfying employee experience. Plotkin (2009:21) and Stahl and Bjorkman (2006:305) indicate the importance of language training, as language issues were classified as one of the four drivers of interpersonal conflict in global teams.

3.7.4   Destination information and support

Ensuring employees have a good experience right from the start can shape the entire expatriate experience (Micciche, 2009:36). Comprehensive support, access to resources and ongoing communication are critical for success. As expatriates make the transition to the host country, HR must make sure to communicate what services will be available, as the type of service may differ from location to location.

Destination information and support involves the settling-in services that helps the expatriate and the family become more comfortable in the new country (Runnion, 2005:22; Plotkin, 2009:21). Sending expatriates and their families on a house-hunting trip before a move helps them to begin to visually transfer their lives to the new country, increasing their personal security (Runnion, 2005:22; Greenberg, 2009:19). According to Forster (2000:68) and Baruch *et al.* (2002:666), a preview trip gives employees and their family the opportunity to assess the new community. The employees should feel comfortable with the cost of housing, and a reputable service provider can provide enough information for an informed decision.

Rather than expecting employees to navigate the transition period, providing support services, such as finding a home, shipping household goods to the new country, opening bank accounts and securing a driver's licence, as well as information on where to shop and find movie theatres or local parks, can enhance the quality of life and adaptation to the new country (Micciche, 2009:36).

One of the biggest relocation challenges is keeping families safe in the foreign country (Runnion, 2005:22; Baruch *et al.*, 2002:666). While certain countries are safer than others, the threat of terrorism is real in about just every country. As part of the preparations for an international assignment, many enterprises offer individualised security briefings to

employees and their families going abroad. In certain destinations, on-the-ground security is offered in terms of drivers and other localised security. Personal security, a feeling of safety and belonging, is also important to increase personal satisfaction for the employee. Enterprises should ensure that the schedules for relocating employees and their families are realistic (Micciche, 2009:37). Often enterprises anticipate moving employees faster than is feasible, given all the logistics surrounding the move. If the candidate is carefully picked, if the expectations are clearly communicated, up-front training provided and with the right support in place, the candidate will be more successful while on the assignment and also during the repatriation period.

Supporting the core fundamentals of expatriate assignments, Solomon (1996:82) and Lee (2007:409) summarise the following to prevent failed assignments from an enterprise perspective:

- Structure the assignment clearly; develop clear reporting and job responsibilities.
- Create clear objectives.
- Develop performance measurements based on objectives.
- Use effective, validated selection and screening methods. This will include both technical and personal attributes. Many business failures are blamed on a variety of other issues, except the fact that the wrong employees were selected to manage these operations from the start.
- Prepare expatriates and families for the assignment, including full briefings, cultural and language training. Develop continuing support for all involved. This will reduce any family issues or health issues which might impact on the assignment.
- Ensure ongoing communication with the expatriate. This responsibility is shared between the expatriate, managers and other support staff.
- Anticipate repatriation to ease the re-entry process.
- Consider developing a mentor programme that will monitor the assignment and the allocation of resources should there be any problems. HR also has the responsibility for monitoring assignments and intervening where required to prevent corporate disasters.
- Evaluate completed assignments to determine the level of success or failure.

Based on the survey results of Oddou (1991:305), enterprises that are reputed to have excellent expatriate success rates prepare their expatriates in five important ways:

1. They supply the expatriate with detailed information about the tax implications of the move, including effects on retirement, stock options, etc.

2. They specify everything about the compensation package (e.g. salary, bonuses, allowances), as well as changes in the benefits available for the new assignment.

3. They provide a short orientation (usually a week or less) to the country, its culture and customs, and any other relevant information.

4. They pay for a visit for the employee and spouse to the country so they can see at first hand the general location; the firm itself, who the expatriate colleagues will be, and typical living spaces.

5. They provide an appropriate outlet for the employee and family to expend their energy.

In addition to the above, HR can assist with full orientation briefings with the focus on the personal circumstances and career objectives and whether the assignment will be advantageous for the assignee or not. This can be done within a four- to six-week time period, during which the assignee is provided with the necessary information and allowed to go on a house-hunting trip and decide whether to accept the assignment or not (Solomon, 1996:82; Gale, 2005:53).

Finally, repatriation is considered a key process at the end of the expatriate assignment. Enterprises should be placing great emphasis on the alignment of international assignments with the creative leadership planning programmes (Schiuma *et al*., 2006:65; Keogh, 2003:38).

Through this process, enterprises can better understand how the person who has been sent on an international assignment can use the development experience in his or her next role within the enterprise. The repatriation process represents a critical process, not just to capitalise on the knowledge developed during the assignment, but also to avoid a negative impact of repatriation on international workers and their spouse and family (Schiuma *et al*., 2006:65; Beargie, 2005:27; Molnar & Loewe, 1997:12). Repatriation and retention will be addressed in detail in the next chapter.

3.8 CONCLUSION

Various research reports have been presented on expatriation over the past years and it remains an area of concern if it is not executed and managed properly. Expatriate failure rates are often reflected as a percentage, depending of the nature of the study and the sample group from a specific country. Implications of failed assignments may include moral issues, unproductive workers, and damaged relations with customers and government departments that can take years to re-establish. Enterprises that focus on the long-term orientation of the assignment, proper selection, pre-departure training and continuous support on the assignment normally have expatriates who are well prepared and ready for the assignment and lower failure rates.

Failure rates have a negative impact not only on the operations of the enterprises but also on the bottom line from a financial perspective. Direct costs of a failed assignment can include placement costs, compensation costs while on the assignment and the recruitment and selection of a replacement. Indirect costs can vary from loss of product and market share to damaged corporate image and employee dissatisfaction.

Cultural adjustment is critical for the success of the expatriate assignment. Enterprises must assist assignees with the adjustment process. Practical steps implemented by the enterprise can facilitate the transition into the new culture. The complete picture of working and living abroad should be provided by the enterprise. Expatriates can take their own initiatives to familiarise themselves with their new environment and to make the assignment a satisfying experience for all involved, including their family members.

The importance of family and spouse adjustment should not be overlooked as a critical component in the success of the expatriate's assignment. Moving abroad to a new country and culture can be a stressful experience, and without proper support and training from the enterprise the adjustment process will be far more difficult. If the spouse is not supportive of the assignment, the assignment will result in failure.

From an enterprise perspective, a proactive approach is required to manage expatriation through proper planning and goal-setting from the start of the assignment. As mentioned,

the correct selection, training and support during the assignment will make the difference between a successful and failed assignment. Enterprises should evaluate their expatriate placement policy on a continuous basis to ensure that all areas are covered, to protect their investment in the assignee and to reap the benefits on the return of the expatriate.

CHAPTER 4: REPATRIATION AND RETENTION

4.1 INTRODUCTION

In today's international environment successful implementation of the enterprise's global strategy depends not only on getting the right people with the right skills, in the right place, at the right time, but also in successfully keeping the right people with the right skills after the overseas assignment is completed (Neilson, 2001:45; Oddou, 1991:306).

The challenges that arise upon the return of expatriates from foreign assignments are well documented (Jassawalla *et al.*, 2004:38-39; Richard, 2004:19; Larson, 2006:46-47; Hammer, Hart & Rogan, 1998:68; Cusack, 2006:52). For instance, training managers before they leave, supporting them while abroad and acculturating them on their return are useful action steps. Despite their presumably knowing what needs to be done, it is surprising to find that many enterprises fail to implement these action steps, or that the problem with repatriation persists (Jassawalla *et al.*, 2004:38-39; Larson, 2006:46). As indicated by Keogh (2003:38), some enterprises begin with a formal repatriation process only two to six months before an assignment's end. Other enterprises do not conduct repatriation discussions at all.

Linked to the above challenges, the cost implications of repatriates quitting represents a huge investment loss for enterprises (Klaff, 2002:40; Frazee, 1997:24; Richard, 2004:19; Hammer *et al.*, 1998:68). Repatriation presents one of the most complex sets of issues facing international human resource management (Neilson, 2001:45; Solomon, 1995:37).

This chapter will focus on the steps that enterprises can take to retain repatriates by having a full-circle repatriation programme, one that supports employees and their families before they leave, during their stay, prior to return, and – perhaps most importantly – after they return (Klaff, 2002:40; Thompson, 1992:64). Successful re-entry means that the enterprise reaps career and personal payoffs from the overseas experience and that the enterprise is enriched by adding the international experience of repatriated employees (Neilson, 2001:45; Solomon, 1995:37; Oddou, 1991:306; Richard, 2004:19; Thompson, 1992:64).

4.2   THE IMPACT OF POOR REPATRIATION MANAGEMENT ON ENTERPRISES

Poor management of repatriation – the reintegration of expatriate personnel into the home enterprise – can result in several negative consequences. The first is the high level of dissatisfaction with the repatriation process in general, and the level of support of the process by the home-country enterprise in particular. Secondly, there is reluctance on the part of the repatriates and their family to accept a second overseas assignment, not because of the difficulty of having to adjust to the overseas assignment in the first place, but because of the difficulty of returning home. Thirdly, as a direct consequence, research documents a high attrition rate in the first year after return. Average reported attrition rates range between 15 and 25 percent for the first year, with nearly 40 percent leaving after three years. Fourthly, these high attrition rates in turn represent a significant loss of both investment funds and international expertise for the enterprise. Lastly, these repatriation failures may decrease the enterprise's ability to attract future repatriates (Andreason & Kinneer, 2004:13; Jassawalla *et al*., 2004:39; Larson, 2006:55; Klaff, 2002:40; Frazee, 1997:24; Richard, 2004:19; Oddou, 1991:306).

According to Sanchez Vidal *et al*. (2008:1685) and Thompson (1992:62-64), a major obstacle to the readjustment process is the fact that the need for readjustment is so unexpected. Many adjustment problems are anticipated when people are sent on overseas assignments, and MNEs have begun to set up pre-departure selection and training programmes as well as in-country support mechanisms to help expatriates and their family members to adjust to work and the general environment and culture overseas.

However, since repatriation readjustment is so unexpected, such programmes are lacking upon return and repatriates often feel abandoned – left to fend for themselves. Home enterprises, for their part, seem to believe that the transition back home is such an easy process that there is no need to make any special effort for repatriates or their families. Home enterprises also express concern regarding the cost of such programmes and their lack of expertise in setting them up. Furthermore, it seems that many enterprises are either ignorant of or unconcerned about the growing number of reports of repatriation problems, thereby increasing their probability of making the same mistake made by their predecessors (Allen & Alvarez,1998:31; 2004:14; Larson; 2006:46).

According to Allen and Alvarez (1998:30), "repatriation effectiveness is perhaps best measured not in terms of retain or loss, but as a continuum ranging from returned expatriates' leaving the enterprise at one extreme, through a mid-point where the employee remains with the enterprise but is underutilised, to the other extreme, where the employee experiences a significant career boost". Many MNEs experience significant costs as a result of poor repatriation practices (Allen & Alvarez, 1998:30; Black, 1991:17). These can be categorised in terms of the following:

- **Loss of key employees**

Too often enterprises lose their star performers after the completion of an international assignment. The cost of losing a single repatriate can be as high as $1.2 million (Allen & Alvarez, 1998:30; MacDonald & Arthur, 2003:3; Peak, 1997:9). With the cost of an overseas assignment ranging from two to five times the employee's home salary, enterprises lose a large development investment and high-potential employee each time a repatriate leaves (Black & Gregersen, 1999:53; Cryne, 2009:14).

- **Underutilisation of key employees**

Repatriates reported that they returned home to find that they had lost ground in their careers, and that in their absence other colleagues had been promoted. Executives also reported that their newly acquired skills were not utilised to the benefit of the enterprise. The high cost of an expatriate assignment is squandered when repatriates are placed in assignments not making use of their skills or experience (Sanchez Vidal *et al.*, 2008:1686; Klaff, 2002:42). Although the employee may remain with the enterprise, neither the enterprise nor the employee benefits from the international assignment (Allen & Alvarez, 1998:31; Welds, 1991:113). Even where the initial assignment is a match for the newly acquired skills and knowledge, if the development of the expatriate's career is not tracked, the enterprise may lose the investment made. As repatriates return to their home organisations, careful consideration should be given to recognise and utilise the international experience of the repatriate.

- **Inability to recruit other key employees for international assignments**.

When other employees witness the poor handling of repatriates on their return, this can hamper the efforts of the enterprise to recruit the best available candidates for further international assignments (Lazarova & Caligiuri, 2001:390; MacDonald & Arthur, 2003:3). Poor repatriation has given the offer on an overseas assignment the "kiss of death" (Allen & Alvarez, 1998:31, Black, 1991:17). Employees watching what happened to repatriates may choose to avoid the international career route.

4.3   REPATRIATION READJUSTMENT PROBLEMS

4.3.1   Personal readjustment problems

Repatriation is the least considered phase of a global assignment, both in research and enterprise practices (MacDonald & Arthur, 2003:3). Findings indicate that repatriation adjustment is often more difficult than the initial expatriation adjustment process. The causes of difficulties in personal re-entry adjustment can be linked to living in a foreign country and the time spent in that country during the assignment (Andreason & Kinneer, 2004:14; Solomon, 1995:35; Keogh, 2003:38). Repatriates and their families often report experiencing a disappointment on return because of having developed inaccurate expectations while abroad in the form of fond memories and myths about the general environment and culture of their home country. In the process of coping with what is often a stressful adjustment to a foreign culture, many expatriates idealise their home country, remembering only the positive attributes and forgetting all the negative aspects. Upon return repatriates find that many of these myths are shattered. The resulting disappointment can be overwhelming to deal with.

According to Larson (2006:49), another source of reality shock involves having to give up the personal advantages of the foreign assignment. Many expatriates are in high-profile positions abroad that carry greater autonomy, a broader area of responsibility and a prominent role in the community (Keogh, 2003:38). MacDonald and Arthur (2003:5) refer to the loss of these as work adjustment covering the fields of job responsibilities and professional status loss. Upon return, family members too may have to give up their

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special status and networks. In some countries, for example, expatriate families have servants, and a foreign assignment involves interaction with the social and economic elite, as well as a variety of sophisticated international managers from other countries. Losing enjoyable activities, especially an active social life, can create a sense of personal loss. The absence of such advantages upon return results in social disappointment as well as a loss of status and self-esteem (MacDonald & Arthur, 2003:5).

The loss of personal advantages is often compounded by a corresponding loss of the economic advantages frequently provided by enterprises to their expatriates (Andreason & Kinneer, 2004:14; Larson, 2006:49). Upon return, repatriates experience a financial shock because of being brought home to resume life on a scale that may be significantly less comfortable than the foreign assignment. According to MacDonald and Arthur (2003:6), financial changes are a part of the repatriation experience that affects lifestyle, as domestic benefits are normally lower than international compensation packages and are compounded by an increase in tax. A subsequent desire on the part of returnees to maintain the economic lifestyle of the foreign assignment results in ineffective coping strategies, explaining why some repatriates become financially overextended.

Many repatriates are surprised by the amount of change that has occurred, both in the home country and in themselves, during the foreign assignment (Solomon, 1995:35). Living in another country for an extended period of time exerts a major influence on personality change, and it is also likely that while abroad expatriates and their family members have taken on some of the values and practices of the host culture. MacDonald and Arthur (2003:6) point out that, as with freedom, adjustment to cultures was often related to comparisons made with the home country.

What is more, these changes have occurred relatively independently of each other, and unlike people who have remained in the home country, repatriating managers and their families are less likely to have examined the interplay between their personal changes and the changes that have occurred in the home country (Andreason & Kinneer, 2004:14; Keogh, 2003:38). The problem is that these changes suddenly confront each other upon return, explaining why many repatriates report re-entry as being more difficult than the

initial move overseas. In addition, returnees often find that the changes that have occurred at home have put them out of touch with their home country and culture.

Children in particular have a difficult time readjusting (Solomon, 1995:36; Larson, 2006:50). On one hand they may perceive themselves as having become more sophisticated, as a result of the foreign experience. On the other hand, they may feel odd and out of place, not knowing the latest slang, music and television stars, and the way to dress. Such differences make it difficult to gain peer acceptance and to adjust.

Virtually all returnees are surprised by the lack of interest of the people back home in their foreign experience (Lazarova & Caligiuri, 2001:391; Solomon, 1995:29). Repatriates need to talk about their overseas experience, which was a major event in their lives, yet if they do talk about it, they are perceived as being odd, out of place. Few people back home are willing to listen to lengthy travelogues or watch hours of slides or home videos. The need of the returnees to communicate their foreign experience contrasts with the lack of interest of other people, enhancing the impression of the repatriates that they no longer fit in (MacDonald & Arthur, 2003:6; Cryne, 2009:14).

Psychological changes occur in individuals as a result of living and working internationally. What these expatriates perceive as external changes may in fact be changes within themselves. Repatriates may not notice how they have changed during expatriation, but rather when repatriated back to the home country, after the completion of their assignment (MacDonald & Arthur, 2005:147, Arthur, 2003:52).

As during the stress period of adjustment abroad, during reverse cultural shock, many returnees begin to glamorise the life they left behind in the foreign country, perhaps even expressing a desire to return. In comparison with their life abroad, life at home now seems dull and unexciting. This problem occurs to a certain extent with most returnees. The impact will vary and is influenced by the length of the overseas assignment and whether expatriates and their families had begun to identify more with the host cultural and foreign operation during the assignments than with the home country and enterprise (Andreason & Kinneer, 2004:15; Martin & Anthony, 2006:626).

4.3.2   Professional readjustment problems

Though many professional readjustment problems are related to or are extensions of personal aspects of readjustment, for the repatriate the problems encountered in professional readjustment are more difficult to cope with than those of personal adjustment (Andreason & Kinneer, 2004:15; Thompson, 1992:63). To begin with, repatriates must adjust or readjust to the job they will be performing (Cryne, 2009:14). Managers accept an overseas assignment not only with the anticipation of adventure, but also with a firm expectation of beneficial effects on their career paths. What they do not anticipate, however, is the 'out-of-sight, out-of-mind' syndrome, a frequent phenomenon in which repatriates return to enterprises that have forgotten who they are, do not know what they have accomplished during the overseas assignment, and do not know how to use their international knowledge appropriately (Peak, 1997:9). As a result, many returnees find that their careers have been in a holding pattern and that others have been promoted ahead of them. Many repatriates tend to be placed, at least at first, in mediocre or makeshift jobs (Allen & Alvarez, 1998:36).

Repatriates tend to judge their re-entry position primarily on the basis of whether or not their original expectation was matched, not on the economic circumstances facing the enterprise, especially when the assignment had caused considerable family disruption (Oddou; 1991:306; Garretson, 2006:55). MacDonald and Arthur (2003:7) support these findings, indicating that expectations have a substantial impact on repatriation satisfaction. When expectations are met, adjustment is normally smoother. Expectations not being met causes repatriation difficulty. Such unmet expectations are considered by repatriates to be a violation of the psychological contract, whereby the home enterprise has not fulfilled its stated or implied obligation in return for the efforts and contributions made by the now repatriated employee. Such perceived violations can cause significant career dissatisfaction, resulting in a decrease in loyalty and commitment to the enterprise.

Furthermore, if the career path of the trailing spouse was also put on hold, the spouse's negative experiences in the job readjustment or job search may compound the readjustment process and become a source of tension in the marital relationship. The job adjustment problem is further exacerbated when, also contrary to their expectations,

repatriates receive jobs with less authority, responsibility and autonomy than they were used to in the foreign assignment (Peak, 1997:9). In fact, most re-entry positions do not match their recently acquired career expectations and are therefore less satisfying than their global assignment (Allen & Alvarez, 1998:36; Martin & Anthony, 2006:628; Oddou, 1991:306).

Thus repatriates and their family members have to make personal adjustments with regard to not only reduced social status, but also to the reduced job status and autonomy. The implicit message of this experience is that accepting an international assignment is a high-risk strategy, one that can have a negative impact on both one's career path and the nature of one's job. Reports of such problems may also prove to be a general deterrent to the enterprise's ability to recruit high-calibre personnel for future foreign assignments (Allen & Alvarez, 1998:36).

In addition to the problems encountered in job readjustment, transition from one organisational culture to another can also be stressful. For instance, during the repatriate's absence, changes may have occurred in the home enterprise's culture. Another problem is that expatriates often believe the completion of a successful foreign assignment is an achievement that deserves recognition (Andreason & Kinneer, 2004:15; Larson, 2006:46; Hammer *et al.*, 1998:69).

Enterprise readjustment problems occur in situations where the repatriate's role conception is influenced by the foreign assignment. Just as the foreign assignment can bring about changes with regard to personal values, operating in a foreign environment may also bring about changes in the manager's conception of appropriate managerial behaviour. Not only does the foreign assignment create new expectations with regard to status and autonomy, but in the foreign subsidiary managers may adopt organisational norms and procedures that no longer match the expected managerial behaviour of the home enterprise. The resulting conflict can be a source of frustration to both the repatriate and the home enterprise. This role conflict is two-sided, reflecting not only changes in the repatriate, but also a lack of understanding and appreciation of those changes by the home enterprise (MacDonald & Arthur, 2003:6; Larson, 2006:46). According to MacDonald and Arthur (2003:7), flexibility, a positive attitude and patience are some of the

important characteristics required by repatriates to address both the personal and professional readjustment problems. In addition repatriates need to be self-directed and must take charge of their own careers.

4.4 THE IMPORTANCE OF RETAINING REPATRIATES

MNEs have recognised the important role that HR plays in the global environment, in particular the development of a global pool of leaders to operate outside the borders of the home country (Lazarova & Caligiuri, 2001:389; Goss & Hynes, 2005:99). Many MNEs use expatriate assignments as a leadership development tool. These MNEs send their managers on international assignments to develop their knowledge and expertise in the international environment and ability to work across borders (Tung, 1998:125, Sanchez Vidal *et al.*, 2008:1684). According to Black and Gregersen (1999:53), having a workforce that is fluent in the ways of the world is no longer a luxury; it is a competitive necessity. Beyond the benefits for the enterprise, repatriates' knowledge is useful for themselves. This gives them higher self-esteem and leads to high expectations upon their return (Fink, Meieriwert & Rohr, 2005:34). This may be the reason why so many repatriates leave their enterprises after repatriation or seek the next foreign assignment within a short period of time.

Repatriates who have completed an international assignment can help to establish and expand the international business as a result of their knowledge of a particular culture, markets and customer preferences. Repatriates understand how the enterprise is perceived in another country and are part of a global social network which can promote the business of the enterprise across the globe (Peak, 1997:9).

Repatriates have an important role in organisational learning, given that they can accelerate the transfer of knowledge from the host country to the home enterprise and vice versa. For this reason many wise enterprises view their repatriates as an important human capital investment (Peak, 1997: Black & Gregersen, 1999:60).

However, despite the strategic and financial importance of repatriates, there is sufficient evidence that enterprises fail to capitalise on these investments. Considering the major

investment made in developing, maintaining and transferring a global assignee, losing a repatriated employee can be a costly exercise. Furthermore, the loss of a proficient employee often indirectly provides a competitive advantage to competitors, with whom repatriates are likely to find jobs, providing competitors with a valuable asset without their incurring the cost. Retaining repatriates is therefore critical in order to reduce costs and to increase competitiveness (Sanchez Vidal *et al.*, 2008:1684; Fink *et al.*, 2005:35).

High turnover among repatriates can counter the efforts of the enterprise to attract possible future assignees, as the message is conveyed that accepting an international assignment is not to the benefit of one's career. On the other hand, repatriates who perceive that their experience is valued and that the enterprise provides the necessary support will be more likely to stay after repatriation (Allen & Alvarez, 1998:36; MacDonald & Arthur, 2005:148).

4.5   KNOWLEDGE TRANSFER UPON REPATRIATION

Developing, exploiting and transferring of knowledge across the enterprise is crucial for the success of MNEs. Knowledge, especially tacit knowledge, is hard for competitors to imitate and can form the basis of a competitive advantage (Lazarova & Tarique, 2005:361). Repatriates are an underestimated resource within enterprises (Fink *et al.*, 2005:30). If their knowledge is fully employed, repatriates can play a rare, hard-to-imitate role in helping their enterprises to sustain a competitive advantage (Peak, 1997:9).

4.5.1   Categories of expatriate knowledge

As Fink *et al.* (2005:33) report, the following categories of expatriate knowledge can provide a competitive advantage:

- **Market-specific knowledge**

By working in different environments, expatriates learn to understand their environment (Fink *et al.*, 2005:33; Oddou, 1991:306). They acquire knowledge about the local systems of the host country (political, social, and economic). They often learn the language, local

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customs, and ways to handle business. This knowledge is normally relative easy to codify and to transfer to other colleagues (Lazarova & Tarique, 2005:361).

- **Personal skills**

During their time abroad, expatriates improve their soft skills. These personal soft skills include a widened horizon, intercultural skills, openness, more self-confidence, flexibility and tolerance. This knowledge cannot be easily transferred, as it is personal experience. Therefore, these more skilled workers represent valuable assets for the enterprise (Fink *et al.*, 2005:33-34; Oddou, 1991:306).

- **Job-related management skills**

Because of the different working environment, expatriates must develop or improve job-related management skills (Fink *et al.*, 2005:34; Oddou, 1991:306). Generally they improve communication skills, project management skills, and competence in solving problems. This knowledge can also not be transferred easily. Repatriates will be able to use these skills in daily management at home, and their overall management effectiveness increases.

- **Network knowledge**

Expatriates normally meet many people. They create a network in their host country. On the one hand, they know clients and suppliers, and, on the other hand, they get to know people within the subsidiary. Expatriates can also expand their network within the home country, as they normally act as a contact person between the parent enterprise and subsidiary. This knowledge is partly transferable. Repatriates can introduce colleagues to their networks. They also can apply their network knowledge to create new business opportunities (Fink *et al.*, 2005:34; Oddou, 1991:306).

- **General management capacity**

Foreign subsidiaries are often smaller entities. Expatriates therefore have to deal with a broader range of actions, enlarging their understanding of the business as a whole (Fink *et*

al., 2005:34; Oddou, 1991:306; Thompson, 1992:64). They have to handle business functions they normally do not touch and thereby learn to understand the interaction of the different functions. Through this, they learn to understand more of the nature of the business. This knowledge cannot be transferred, but in top management positions it can help them to better assess the implications of a decision. According to Lazarova and Tarique (2005:361), expatriates have long served as facilitators of knowledge transfer and application.

Traditional research has emphasised the role of expatriates in transferring knowledge rather than receiving knowledge. Recent research has drawn attention to the role of an expatriate in acquiring knowledge and bringing it back to the home country for further dissemination across other subsidiaries (Bonache & Brewster, 2005:3).

As stated by Fink *et al.* (2005:32), the transfer of knowledge back to the parent company has several benefits:

1.   Headquarters can get a better understanding of its international operations.

2.   Communication between the parent and subsidiary can be improved, reducing unnecessary friction.

3.   There may be better market access through the networks expatriates have built during the assignment.

4.   The enterprise now has a pool of highly skilled employees for further international expansion.

5.   Expatriates as innovators may create more effective processes within the enterprise.

4.5.2   Conceptual framework of knowledge transfer

The conceptual framework for knowledge transfer as compiled by Lazarova and Tarique (2005:370) is reflected in Figure 3.1.

Figure 3.1: Conceptual framework of knowledge transfer
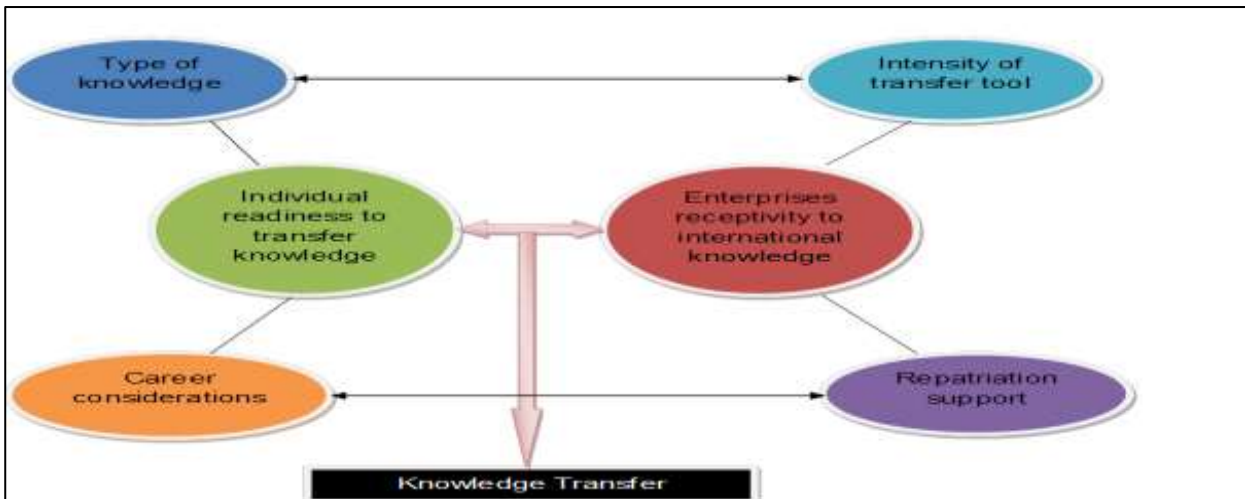
Source: Lazarova and Tarique (2005:370)

Expatriation offers the opportunity to acquire knowledge abroad, and repatriation creates the opportunity to transfer and apply the knowledge in the enterprise. There must be a fit between the enterprise's willingness to repatriate knowledge and repatriates' readiness to transfer knowledge (Lazarova & Tarique, 2005:361). In order to be ready for knowledge transfer, repatriates have to (1) have valuable knowledge to transfer; and (2) be motivated to transfer the knowledge. In order to receive knowledge, enterprises need to (1) have the right tools to capture the knowledge; and (2) the right incentives to allow repatriates to share their knowledge. Knowledge transfer is optimised when the type of knowledge gained by repatriates is matched by the right knowledge transfer mechanism, and when the career opportunities provided by the enterprise are in line with repatriates' goals and aspirations (Lazarova & Tarique, 2005:362).

Enterprises should try to match the intensity of their knowledge transfer mechanism with the type of knowledge gained abroad. Thus, high-intensity extraction tools (for example, assigning repatriates to strategic teams) should be used to transfer knowledge like foreign customers' psychology with regard to the enterprise's products. This knowledge transfer can be conveyed through frequent communication between the repatriate and the enterprise's employees. Enterprises can use low extraction tools (for example, internet information) to acquire knowledge of banking laws and regulations in a foreign market (Lazarova & Tarique, 2005:370). In addition, enterprises must provide career development initiatives and opportunities that provide the best fit with the repatriate's career goals.

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Supporting the type of knowledge gained abroad, Fink *et al.* (2005:32) distinguish between two aspects of knowledge:

1.   Explicit knowledge, which can easily be expressed

2.   Shared and tacit knowledge, which is not articulated and is embedded in contexts

Tacit knowledge has often been neglected, as it is difficult to communicate, share and store. Explicit knowledge is often publicly available and not a source of sustained competitive advantage. The challenge of knowledge management lies in the process of finding and making available tacit knowledge in order to create value for the enterprise (Lazarova & Tarique, 2005:370).

4.6   REPATRIATION AND RETENTION OF EMPLOYEES

Few enterprises execute the repatriation and retention of employees properly (Martin & Anthony, 2006:620; Hammer *et al.*, 1998:68, Allen & Alvarez, 1998:29; MacDonald & Arthur, 2003:3). Many actions are involved in the repatriation and retention of employees. To more closely examine the significant aspects of repatriation and retention, the overall process is divided into phases. These include: prior to expatriation, during expatriation, prior to repatriation, and during repatriation (Martin & Anthony, 2006:620-631; Tinder, n.d.:7; Scelba, 1995:58; Napier & Peterson, 1991:20, Jassawalla *et al.*, 2004:39-43).

4.6.1   Phase One: Prior to Expatriation

The focus during this phase is on the following:

- **Developing and maintaining a formal repatriation programme**

The time to begin planning for re-entry is even before sending employees abroad for the foreign assignment (Andreason & Kinneer, 2004:18; Richard, 2004:19; Cusack, 2006:52). Effective pre-departure recruiting and selection procedures screen out employees and family members with personal characteristics or family situations that would limit their probability of success, along with those who are unwilling to go on the foreign assignment.

This can be followed by thorough pre-departure training as well as effective in-country support programmes, since those who experience significant problems during the foreign assignment are also more likely to have repatriation problems. Pre-departure training can also inform those going on the foreign assignment regarding the type of problems they should expect upon return (Scelba, 1996:58; Klaff, 2002:42).

For repatriates and their family members, who often think their experience is unique, just knowing what kind of problems to expect is a useful beginning. Proactive approaches are more likely to be used if both the expatriates and repatriates can anticipate frequently encountered problems. In addition to informing them, there are other ways in which enterprises can ensure that expectations are met. According to Tinder (n.d.:7), one transition strategy suggested for professional re-entry is the use of repatriation agreements, whereby enterprises give candidates preparing for international assignments written guarantees as to the length of the foreign assignment, expectations regarding job performance while abroad, and availability of a mutually acceptable position on return. A repatriation agreement outlining the expectations of each party can include information about compensation, transportation, schools, the domestic residence, and in-country support and placement following repatriation. Supporting repatriation agreements, Garretson (2006:55) highlights the fact that a clear and concise contract or relocation policy is required from the employer, stating all the services and condition that will apply.

A major component of this process is a formal repatriation programme. The need for such a programme is illustrated by a recent survey that indicates that only five percent of employees at enterprises with formal repatriation programmes leave within a year of returning from an overseas assignment, compared with twenty percent at firms without such a programme (Allen & Alvarez, 1998:37, 2006:621; Oddou, 1991:306; Frazee, 1997:24). As mentioned above, the repatriation programme normally begins prior to the overseas assignment when potential expatriates are identified, career development is being planned, and goals for the assignment are being communicated to expatriates (Martin & Anthony, 2006:621; Scelba, 1996:57).

Formal repatriation programmes must deal with both anticipatory and home country adjustment (Andreason & Kinneer, 2004:18; Lazarova & Cerdin, 2007:404). Anticipatory training starts several months before returning home. According to Liu (2005:126) and

Hammer *et al.* (1998:68), anticipatory factors are primarily psychological; people begin to adjust their mental maps and rules. In-country adjustment factors include individual perception, job role, organisational support and non-work factors like family adjustment. These are all issues that the employee and enterprise must address together and are known as the international adjustment model. In addition to the use of repatriation agreements, enterprises can create accurate expectations, and thus eliminate the problems associated with professional and personal re-entry (Schoeff, 2006:36; MacDonald & Arthur, 2005:153).

According to Black and Gregersen (1999:61), repatriation programmes are very useful. It is seldom cost effective to provide the programme in-house, unless the volumes of internal assignees within the enterprise can justify the costs. Most enterprises outsource repatriation programmes to professional training firms. Enterprises have realised that the cost of these programmes is a small price to pay for retaining repatriates with valuable international knowledge and experience.

- **Senior management participation in the process**

According to Martin and Anthony (2006:622), a recent study suggests that in those instances where senior management is involved in formulating, and not only merely approving, expatriate policy, there is a higher occurrence of best-practice activities. In those cases, it is more likely that there are career discussions with expatriates, that expatriates are given special attention in succession planning, mentorship programmes exist, and perhaps more importantly, there is much greater planning for expatriates' return. The support and participation of senior management in the process is emphasised by Swaak (1997:29) and Solomon (1995:32), who indicate that without top management's involvement, commitment and direction, it is not possible to institute a formal process ensuring that employees and management are educated about the challenges of international assignments.

- **Selection of highly qualified employees for international assignments**

The selection of potential expatriates is recognised as a major factor in the repatriation and retention process (Klaff, 2002:42; Cryne, 2009:14). Carefully screening expatriate positions and potential expatriates can reduce the turnover rate. This view is supported by Allen and Alvarez (1998:34), who point out that the selection of high-quality expatriates is the first step in improving an enterprise's repatriation success rate. Employees with an outstanding track record prior to the international assignment will be easier to place on return. At the same time, sending top employees abroad will attract other outstanding performers to the enterprise as long as the successful repatriation is visible to these individuals. When sending top performers abroad, the cost of an expatriate assignment is invested in an individual who is likely to rise in the enterprise.

As stated by Swaak (1997:29), candidates for overseas assignments should be selected for their long-term potential to the enterprise, and not just to fill positions for the short term. This view is supported by Black and Gregersen (1999:54), who state that candidates should be selected to generate and transfer knowledge or to develop their global leadership skills, or to do both. According to Klaff (2002:42), it is essential to send the right people abroad. Carefully assess who will be successful. Don't just look at technical skills; consider the employee and his or her family's ability to adapt to a new culture. Candidates should not only have the technical skills, but these should be matched by, or exceeded by, their cross-cultural abilities (Black & Gregersen, 1999:54). The reason for sending an employee abroad should also be for considerations beyond an immediate business problem.

- **Assignment of a formal mentor for each phase**

According to Allen and Alvarez (1998:34), mentors support expatriates during their international assignment and assist with their successful return. Mentors have a role to play during each phase, but should be assigned prior to the assignment (Anderson, 2001:35; Swaak, 1997:30; Oddou, 1991:306; Scelba, 1995:42). This will allow for the selected expatriate and mentor to build a relationship and rapport as soon as possible. According to Klaff (2002:42), the mentor's support should continue for six months after the

employee returns home, confirming the mentoring role during each stage of the repatriation process. Mentors should preferably be members of senior management of the home enterprise, and are normally assigned to monitor and work with potential expatriates during the international assignment (Solomon, 1995:32; Scelba, 1996:57). The best mentors are people who have clout, meaning higher positions in the enterprise, people who have been expatriates themselves, people willing to put time into the mentoring process, and people who have a clear understanding of the importance of creating a global talent pool (Swaak, 1997:30; Klaff, 2002:42).

A formal mentor can act as a support for the assignee, watching out for his or her interests and serving as an advisor and confidant (Tinder, n.d.:7, Hauser, 1998:6). The mentor can communicate the career interests of the expatriate to the home enterprise and update the expatriate as regards possible future career assignments. The mentor can also help to foster a connection between the expatriate and the home enterprise by forwarding important information on an ongoing basis, if this is not accessible via other enterprise mediums or communication channels (Hogan & Goodson, 1990:52; MacDonald & Arthur, 2005:150).

The enterprise's objective in creating mentoring services is to establish a formal communications network involving the expatriate, the mentor and corporate human resources (Swaak, 1997:30; Oddou, 1991:306). Such networks help to ensure that the overseas assignments are successful, that expatriate talent is properly identified, developed and utilised, and that management talent is made available to business units around the world. A key way to ensure the effectiveness of the mentoring process is by tying the mentor's incentive compensation to the successful outcome of the expatriate's development assignment (Keogh, 2003:38).

The support provided by mentors should be consistent throughout the duration of the assignment (Allen & Alvarez, 1998:35; Tinder, n.d.:7). The expatriate mentor and HR department are two of the most important vehicles for matching an expatriate with good, available job opportunities in preparation for return. Therefore to ensure consistency, a screening and training programme should be developed for mentors.

- **Link overseas assignment to long-term career plans**

Before an employee proceeds to accept an international career, the HR planning system should encourage employees to build into their career plan the acquisition of international experience (Allen & Alvarez, 1998:35; MacDonald & Arthur, 2005:149). Such a plan will give employees the opportunity to look ahead to the experience, to gain the necessary cross-cultural and language skills in preparation for the assignment. When an international assignment is offered and accepted, the expatriate should be given a preview of the type of jobs he or she could expect on return, where possible. Although this type of guarantee is not always confirmed, the employee is more likely to accept the international assignment and stress less about his or her return.

Frazee (1997:25) challenges the view of an available position on return, but although there cannot be any guarantees, sometimes, with proper international/domestic career planning processes, the best available options after the return can be presented. Secondly, by providing the guarantee the enterprise is likely to plan ahead and implement the necessary steps to ensure a smooth repatriation process.

Prior to departing for an expatriate assignment, an employee should be aware of how the forthcoming job fits into his or her overall career path (Martin & Anthony, 2006:623; Frazee, 1997:25; Black & Gregersen, 1999:56). This would include recognising the possible subsequent domestic job opportunities and how they fit into the expatriate's career path.

Enterprises should clearly define the expatriate's career goals before the overseas assignment begins and make sure the goals reflect their overall objectives (Tinder, n.d.:7). For example, if the purpose of the overseas assignment is to give the enterprise global reach, then the trip should be viewed as a stepping stone towards that goal. Managers should have a strong sense of where the assignment will lead next for the employee, and clearly discuss the challenges before the employee leaves (Klaff, 2002:42; Scelba, 1996:57).

- **Providing a spousal orientation**

Research indicates that spouses can have a substantial influence on the success or failure of an expatriate assignment and relationship of the expatriate within the enterprise (Cryne, 2009:14; Solomon, 1995:32; Larson, 2006:49; Peak, 1997:9). Ensuring the spouse is properly prepared for relocation to an overseas assignment will not only add to the likelihood of a successful completion of an assignment, but also lead to a longer tenure with the enterprise (Bauer & Taylor, 2001:135). The importance of spousal orientation is supported by MacDonald and Arthur (2005:152), as spousal and family adjustment has an enormous and positive impact on the employee's adjustment.

4.6.2   Phase Two: During Expatriation

The major issues associated with this phase are:

- **Adjusting to the overseas environment**

The first six months of the overseas assignment is generally referred to as the honeymoon period, the "U" curve of adjustment, when expatriates are frequently preoccupied with cross-cultural issues and other aspects of adapting to a new environment (Martin & Anthony, 2006:623; Liu, 2005:125).

According to Liu (2005:125), the U-curve can be interpreted as phases of adjustment in three general stages. First, the honeymoon phase (first two months) is a period of initial enthusiasm in which the expatriate is essentially a spectator, absorbing the sights and forming impressions of the host nationals. Second, the culture-shock phase (approximately 10 months) is distinguished by confusion, depression and negative attitudes. This phase represent the bottom of the "U". The third phase is adjustment and starts after a year. In this phase, the expatriates become integrated into the new environment and gain a new level of understanding regarding their role in that environment. Some employees are assigned overseas for short periods of time (three to six months) to determine their ability to work in the new culture, prior to giving them longer term assignments.

- **Keeping up with changing organisational priorities**

Because expatriates are physically remote from the home-country operations, they tend to be out of regular contact with the home-country staff. In some cases expatriates are removed from formal and informal communication which would have allowed them to stay in touch with home-country colleagues and future supervisors. Keeping up with changes in the organisational headquarters is a challenge for an employee working in an overseas assignment. Normally this is accomplished through periodic distribution of letters of policy and other positions developed at the headquarters (Martin & Anthony, 2006:624; Solomon, 1995:32). However, the expatriate may not get the rationale behind the positions reported in the organisational literature.

Formal mentors are normally encouraged to ensure that the offshore employees are kept in the information loop and that they come home periodically for meetings and just to hang around the offices and be seen (Allen & Alvarez, 1998:38; Scelba, 1996:57).

In addition, mentors should provide ideas for training and development and be available to the expatriate when he or she is on leave or business trips. Where possible, enterprises should increase communication with expatriates during the assignment (Goss & Hynes, 2005:99; Tinder, n.d.:8).

- **Out-of-sight, out-of-mind**

Because of the separation in many enterprises – between the home and host enterprise – an official "handoff" occurs when the employee leaves the home enterprise to start working abroad. This creates an administrative as well as a physical distance from the home enterprise operations (Allen & Alvarez, 1998:32). The physical separation of expatriates from the headquarters can lead to their being excluded from many career-enhancing activities (Solomon, 1995:32; Frazee, 1997:25; Thompson, 1992:63; Cusack, 2006:52).

Not being in regular contact with those who have formal and informal knowledge of the significant events at the headquarters can be a serious disadvantage. Some enterprises tend to forget expatriates when important human resource decisions are made. They may

not be present when people are selected for significant tasks, or even considered for career-enhancing jobs. In addition to being brought back to the headquarters two or three times a year for the annual sales meeting, the overseas employees should be brought back on a short-term project, before repatriating. Proactive human resource departments can be very helpful in keeping expatriates informed of activities within the organisation that could affect their career plans. Managers at home can serve as advocates by looking for job openings and mentioning their names in discussions (Martin & Anthony, 2006:624; Klaff, 2002:42).

Allen and Alvarez (1998:32) argue that because expatriates are 'out-of-sight and out-of-mind', the planning for their return does not begin until very close to the return to the home country, resulting in limited positions being open at the time. Therefore, the first job assignment the expatriate receives is often inappropriate for his or her level or experience.

Retaining the expatriate in the home-country human resource planning system can reduce the issue. If the expatriate is not retained as part of the HR planning system, he or she will be excluded from job screens, while the domestic employee will be included. Enterprises should encourage regular home-office meetings during home leave visits and schedule regular assignments reviews, as well as a career-planning review well in advance of returning to the home country. These initiatives prevent an out-of-sight, out-of-mind mentality (Hauser, 1998:6).

4.6.3   Phase Three: Prior to Repatriation

The key issues to be addressed during this phase include:

- **Creating realistic expectations**

Communicating the enterprise's future intentions for the expatriate and support available for the family are significant issues that should be addressed as early as possible in the repatriation and retention process (Martin & Anthony, 2006:624-625; Frazee, 1997:25; Klaff, 2002:42; Cryne, 2009:14). Effective communication between the home-country office and overseas office is based upon the premise that accurate information is crucial for the

creation of realistic expectations. Repatriate reports highlight the fact that the most important factor is communicating with the home office regarding the detail of the repatriation process (MacDonald & Arthur, 2005:150).

To prevent disappointment or under-met expectations, enterprises should focus their attention on helping expatriates develop realistic expectations about their work and non-work lives before repatriation. When there is clear understanding on the part of the returning expatriate about the impending assignment, the employee will experience satisfaction with the repatriation process. Enterprises should encourage repatriates to approach repatriation in the same way as when relocating overseas (Allen & Alvarez, 1998:34; MacDonald & Arthur, 2003:8). Expatriates are normally well prepared for the move overseas and expect life to be different. Repatriates should have a similar mind-set when they return and should approach it as a new adventure. Enterprises should ensure that repatriates set realistic goals, are aware of interim changes in their home office, and reflect on personal changes and priorities (Tinder, n.d.:7; Klaff, 2004:42). They should develop a repatriation resume with the employee well in advance, so that both parties can focus on the new experience (Hauser, 1998:6).

- **Counselling and reorientation**

The return trip to the domestic scene has been regarded as being somewhat more difficult than the move to the overseas assignment (Martin & Anthony, 2006:625; Solomon, 1995:32; Frazee, 1997:25). The reintroduction of both the expatriate and his or her family to the domestic environment requires careful attention. At one end of the spectrum, the returnees feel alienated, and at the other they can be very proactive. Orientation programmes are needed at this time in the form of a seminar, six months prior to the overseas assignment ending. During these seminars, expatriates and their spouses, who participate in jointly conducted but separate focused seminars, can ask very specific questions related to their return to the domestic environment. Financial counselling is particularly important for the expatriate and the family, as the return to the domestic environment represents a new and sometimes totally different look at expenses to be incurred. The impact of the elimination of foreign allowances, financing options for home

and vehicles, and an adjustment in lifestyle need to be explained to returnees (Klaff, 2002:42).

Findings from Frazee (1997:25); Solomon (1995:32) and Roger (1994:62) highlight the following financial planning and related activities from an enterprise perspective, as part of counselling and re-orientation:

- Coordinate with the home and host offices prior to repatriation to identify the repatriation date.
- Run a cost projection with the anticipated repatriation date to determine the most cost-effective time frame for departure.
- Arrange a pre-repatriation home-country house hunting/school enrolment trip to allow for re-occupying/securing home country housing and registering dependent children for school.
- Arrange for shipment of personal goods.
- Identify dates for temporary living in home and host countries.
- Arrange a tax exit interview for the employee with the tax service provider, to determine the need for tax clearance/final host country tax return to be allowed to leave the country.
- Provide the tax service provider with year-to-date compensation data for tax clearance/return processing.
- Process any relocation payment.
- Process return incentive payment.
- Process payroll documents to remove the employee from expatriate status.
- Provide the HR generalist in the new location with the necessary personnel files.

- **Career planning**

Expatriates expect enterprises to recognise and reward them for their overseas hardship by giving them higher-level job opportunities where they can utilise their newly acquired skill sets (Martin & Anthony, 2006:625; Oddou, 1991:306; Thompson, 1992:64; Keogh, 2003:38). The adjustment to a lower-level management position or the dilution of an attractive track record is not inspiring for a returning expatriate. At Cable and Wireless, expatriates are coached to help them find positions upon repatriation. To do so, they are

given a questionnaire that helps them focus on updating their skills and matching their skills with suitable positions. In addition, they are provided with a workbook to identify career aspirations, achievements, and strengths; and they receive assistance in writing and updating their resumes. Expatriates should know six months prior to their return what their new position will be.

- **Increasing the size and flexibility of the re-entry window**

Unlike most domestic assignments, international assignments come with a fixed end-time. This may be necessary to accommodate school-going children, and assures the expatriate of his or her return in a timely fashion. The downside to a fixed return date is that it tends to limit job opportunities on return (Allen & Alvarez, 1998:35).

A more open time frame of perhaps three to four months to one year for an expatriate's return will increase the likelihood of a more appropriate position upon return. The open time frame will give the expatriate the flexibility and freedom to explore job opportunities, waiting for an attractive position to appear. While the certainty of a specific re-entry time may be comforting, the flexibility to exercise greater choice over the return time and the position accepted may be welcomed by both the employee and family members (MacDonald & Arthur, 2003:6).

4.6.4 Phase Four: During Repatriation

Between twenty and fifty percent of repatriates resign after returning home (Martin & Anthony, 2006:626; Andreason & Kinneer, 2004:14; Oddou, 1991:306, Frazee, 1997:24; Black & Gregersen, 1999:57). Feelings of isolation, rejection, skill sets which do not match requirements, lack of co-worker empathy or interest in the expatriate's newly acquired international skills lead many expatriates to resign from their enterprise.

This is in line with the finding from Allen & Alvarez (1998:33) indicating that repatriates often feel disappointed by the reception at home from fellow colleagues. The repatriate has probably returned from the most challenging assignment to discover that the

enterprise does not value the newly acquired international experience. Enterprises should address the following issues during this phase:

- **Reverse cultural shock**

The W-curve theory describes the re-entry adjustment, often called reverse cultural shock (Goss & Hynes, 2005:105; Lachnit, 2001:44). The theory emphasises the process of initial euphoria, irritation and hostility at cultural differences, adjustment and re-entry to the home country. The W-curve is actually two U-curves. The first U-curve occurs when the employee enters the new country for the international assignment. The second U-curve occurs upon returning to the home country. The pattern is the same: the honeymoon phase, the cultural shock phase and the adjustment phase (Liu, 2005:125). The reverse cultural shock on return is intensified because the employee does not anticipate enterprise, community and cultural changes to have occurred during his or her absence.

The return of the expatriate and family to the home country can include many challenges. The areas which have been identified as those where the expatriate and family may be adversely affected include: re-entry adjustment, stress management, and work performance (Martin & Anthony, 2006:626; Solomon, 1995:36; Beargie, 2005:27; Napier & Peterson, 1991:20; Cusack, 2006:52). Initially, the attitude with which the expatriate approaches repatriation is very significant. A major factor influencing the readjustment process is the length of the foreign assignment and the level of cultural adjustment abroad. Generally the longer the foreign assignment and the more the expatriate and family have been immersed in the foreign culture, the more difficult it will be for them to work through the reverse cultural shock of returning home.

Enterprises should look for symptoms, which include boredom, withdrawal, needing excessive amounts of sleep, eating or drinking too much, emotional outbursts, physical distress and feelings of frustration and distancing from co-workers. HR advisers can help repatriates by letting them know they are not alone and their feelings are normal (Klaff, 2002:42; Thompson, 1992:64; Lachnit, 2001:46).

The stress associated with the reintroduction of the expatriate and family into the domestic environment can come from schools, where the children will be required to handle a new set of courses and expectations; the social scene, which will dictate making new friends; the working climate, which may include new jobs for both the expatriate and spouse; and getting settled into a new location (Cryne, 2009:14; Frazee, 1997:25). The uncertainty associated with the new job and new supervisor, peers, subordinates and goals to achieve may lead to a decline in work performance (Martin & Anthony, 2006:627; Napier & Peterson, 1991:20-21). These factors not only affect the retention of an expatriate, but when they contribute to employees' leaving, they have a negative effect on other high-performing employees, who will then equate international assignments with detriment to their careers. Enterprises can help to reduce the cultural shock with some basic strategies for repatriates, encouraging repatriates to talk about their feelings, avoid comparisons with the host country, search for remedies for problems and implement re-entry programmes, covering changes in the home country, industry, company and corporate culture (Lachnit, 2001:46; Hauser, 1998:6).

- **Repatriation adjustment**

Expatriates may use one of three transition strategies, and may be: (1) re-socialised returnees who forget the overseas experience; (2) alienated returnees who praise everything foreign and are critical of behaviour in the domestic environment; and (3) pro-active returnees who incorporate the best experience from both the foreign and domestic environments (Liu, 2005:125-126; Napier & Peterson, 1991:20; Lachnit, 2001:46). The formation of these attitudes may take some time. Estimates as to how long enterprises should plan on accommodating an expatriate's readjustment may vary from one month to three years. These are based on specific needs of the returning expatriate and the culture of the enterprise. However, the returning expatriate should be given at least one month to become orientated to the internal modus operandi and current priorities of the new enterprise prior to assuming full responsibly for the new position. In some cultures returning expatriates are given much more time to fully reintegrate into the domestic environment. For example, Japanese enterprises typically do not expect peak performance from an expatriate until the third year after returning from an overseas assignment.

- **Managing expectations**

Research has presented strong evidence to show that the way in which expectations are managed will lead to success or failure for both returning expatriate and the enterprise (Martin & Anthony, 2006:627; Oddou, 1991:306; Cryne, 2009:14). This becomes critical during the repatriation phase, since it is during this period that the former expatriate is predisposed to resign from the enterprise if support mechanisms are limited or absent.

Returning expatriates generally expect to be rewarded with the following (Allen & Alvarez, 1998:32; Solomon, 1995:29; Hauser, 1998:6):
- High-level job opportunities
- Positions in which they can utilise the skills acquired abroad
- Interest and support from co-workers and friends
- An environment at home that includes friendly neighbours, clean communities and manageable cost of living.

The enterprise should expect that the employees' level of commitment will correlate highly with how far their expectations are met, exceeded, or under-met (MacDonald & Arthur, 2003:6; Napier & Peterson, 1991:20).

If repatriates feel that there is equity in the rewards and recognition from their enterprise relative to the sacrifices and contributions made during the international assignment, they will probably remain with the enterprise upon repatriation (Lazarova & Caligiuri, 2001, Hyder & Lovblad, 2007:268).

Enterprises therefore need to understand the impact of psychological adaptation on repatriation adjustment (MacDonald & Arthur, 2005:147). The expatriate experience of the repatriation can either strengthen or weaken the relationship with the enterprise.

The reasons why managers may be dissatisfied upon repatriation are indicated in Table 4.1 below, comparing expectations with reality.

Table 4.1: Repatriation expectations compared with reality:

Returning expatriates assume and expect that:	All too often, returning expatriates find that:
Having served away from the home office will benefit their resumes and careers.	They have returned to their old jobs, similar jobs, or lateral jobs.
They will be rewarded with a promotion and fast-tracked career because they are seasoned veterans.	The enterprise does not value their foreign experience and they do not utilise their newly acquired skills.
They can use their new experience in a promotion or fast-tracked career based on their connections with key people in the home enterprise.	The strength of their network connections has weakened, key people have moved or new appointments have been made
Their selection for an overseas assignment was a sign that the enterprise recognised their talent and worth.	The reasons for choosing them were opportunistic and unrelated to their career development.
The enterprise will reward them appropriately after they return because of their sacrifices of being away from home.	The monetary incentive received and the additional expenses incurred by the enterprise are the rewards.
They will be treated as special in the home office, because of the treatment in the host office.	There is a new pecking order and hierarchy and they are now one of many.
They will return to fun and exciting jobs in the home office, because of their impact on the host office and their exciting job.	The bureaucracy and the routine differ substantially from what they encountered in the host office.
It is a sign of their worth that the enterprise spent a lot of money on their travel and residence in the host country.	The enterprise has thrown money at them instead of creating a management development strategy and exercising proper repatriation management.

Source: Jassawalla and Sashittal (2009:774)

- **Welcome-home orientation**

Professional counselling should be provided to the returning expatriates and their families to help them reintegrate into the domestic environment (Martin & Anthony, 2006:627; Solomon 1995:32; Hansen, 1997:15). For example, AT&T invites returning expatriates and

their families to a welcome-home re-entry seminar within one month of repatriation. Counselling sessions are conducted for spouses looking for employment opportunities, and specific sessions are designed and presented for expatriates' children. AT&T uses the feedback from these sessions to improve and strengthen the linkage with returning employees and families. AT&T also provides professional consultants to counsel expatriates and their families as part of the "safety net" segment of the repatriation education programme. These segments are followed by an informal checking in with former expatriates and families about six months after they have returned from overseas (Goss & Hynes, 2005:99; Scelba, 1996:59). Along with finding jobs for repatriates, enterprises should prepare them for the changes in their personal and professional lives (Black & Gregersen, 1999:61).

According to Solomon (1995:32); Frazee (1997:25-27); Klaff (2002:42); Scelba (1996:59); Andreason and Kinneer (2004:18); and Keogh (2003:38), the following actions can be included as part of the welcome-home orientation:

- Arrange an event to welcome and recognise the employee and family, either formally or informally.
- Establish support to facilitate family reintegration.
- Assist spouses with job search information, job counselling, resume writing and interviewing techniques to support career continuity.
- Provide educational counselling for the children.
- Provide employees with a thorough debriefing with a facilitator to identify new knowledge, insights and skills, forums to showcase new competencies, and activities that utilise competencies.
- Offer re-entry counselling to the employee, if no positions are available.
- Arrange a post-assignment interview with expatriates and spouses to review their view of the assignment and address any repatriation issues.
- Establish repatriation support groups for the assignee and family to minimise reverse cultural shock.
- Help to find schools for the children.
- Provide training in workplace changes.
- Provide stress management training.

- **Implement a holding pattern and make it count**

Even with the most advanced HR planning system, placement problems may occur upon return (Allen & Alvarez, 1998:36, Tinder, n.d.:9). Under these circumstances, the creation of a temporary assignment in the home or host country can provide a bridge until a suitable position back home is found. Repatriates can be placed in a consulting capacity or assigned to a specific project matching the skills and experience of the repatriate. This option must be implemented with care to prevent a holding position from becoming permanent. This can be overcome by setting strict time frames for the holding position and clear objectives for the temporary assignment.

- **Create a repatriate directory**

A repatriate directory and network can be established to maintain contact with former expatriates (Allen & Alvarez, 1998:36). A database can also help to track important information such as average length of stay, percentage of completed assignments, location of early terminations, reasons for early termination, length of stay with the enterprise and career movements of repatriates. At the same time the database can help the enterprise to utilise former expatriates for special assignments where their unique experience is required (Napier & Peterson, 1991:21).

- **Using newly acquired skills and valuing international experience**

If the enterprise uses the newly acquired skills of returning expatriates, or demonstrates that the experience gained is valued, the expatriate should respond positively (Martin & Anthony, 2006:628; Oddou, 1991:306; Hauser, 1998:6; Allen & Alvarez, 1998:36; Solomon, 1995:29, 37; Osman-Gani & Hyder, 2008:456). However, if the expatriate does not believe the overseas experience is appreciated, the result is normally increased stress that could lead to leaving the enterprise. Planning for this aspect of expatriates' return should commence between six and eighteen months prior to their return to the home country (Peak, 1997:9).

A key factor in the planning process should be the use of skills gained while on the international assignment. The enterprise could find positions and activities that use the repatriates' new skills by allowing them to act as mentors and putting them on assignments in which they can interact with overseas colleagues (Klaff, 2002:42; Scelba, 1996:57). Repatriates can be assigned to serve as a liaison between the subsidiary which hosted them and the head office of the home country or as members of action learning teams. These initiatives cannot capture all the repatriates' knowledge, but will help them to share their expertise after being repatriated (Lazarova & Tarique, 2005:371).

According to Thompson (1992:64), repatriates should return to a challenging position, not to an undefined job that ignores their newly acquired skills and international expertise. There are plenty of new skills acquired while on the assignment that can post huge benefits upon return (Cryne, 2009:14), if the enterprise looks for ways to capitalise on them.

Allen and Alvarez (1998:36) consider that training and preparation of new expatriates is an important function that repatriates and their families can be called upon to do. Repatriates have first-hand experience and can offer advice to prospective international assignees. Singling out repatriates for special activities such as this will send out a clear message to repatriates that their expertise is valued (Lazarova & Caligiuri, 2001:389).

4.7   PERSONAL EXPATRIATE STRATEGIES FOR EFFECTIVE REPATRIATION

As stated by Andreason and Kinneer (2004:18-19), there are many things that repatriates and their families can and should do for themselves and that enterprises encourage. One problem preventing individual proactive behaviour is that repatriates may not be aware of or be prepared to use effective coping strategies, such as information seeking and social networking. Another problem is that the organisational climate may impede individual initiative in using proactive coping strategies. Therefore, the right climate must be created by the enterprise to encourage proactive repatriation behaviour.

Enterprises should clearly indicate in their respective expatriation programmes the survival skills required to cope with an international assignment (Allen & Alvarez, 1998:37-38).

Such personal survival skills increase the likelihood of successful repatriation, even if the HR system is not fully developed. Regardless of the quality of the HR planning systems and the presence of a formal repatriation programme, expatriates should be encouraged to take a proactive interest in their own careers. Expatriates who do have the benefit of an effective HR system can interact with the system. Those without such a benefit should take the responsibility to capitalise on their international experience (Allen & Alvarez, 1998:38; Black & Gregersen, 1999:60).

The following survival skills can help expatriates to take responsibility for their successful return:

- **Remain in close touch with mentors and HR**

Mentors and HR remain a critical source of help during repatriation. Expatriates should develop and maintain these relationships to keep abreast of circumstances and the type of positions available on return (Hauser, 1998:6; Frazee, 1997:25).

To ease re-entry, for example, repatriates and their families can take an active role in staying in contact with the home enterprise, keeping informed with regard to changes in technology and enterprise structure, and informing the home enterprise regarding their own accomplishments and the skills they have learned while on the assignment (Osman-Gani & Hyder, 2008:458).

- **Develop close relations with other informal mentors**

In some cases expatriates need to change their mentor during an assignment due to a changed assignment or the current mentor's leaving the enterprise (Black & Gregersen, 1999:60). Because of this, expatriates should develop relationships with several informal mentors who might adopt them if the initial mentor is no longer available. In addition, having several informal mentors can extend the expatriate's network to successfully obtain a position upon return (Allen & Alvarez, 1998:37; Andreason & Kinneer, 2004:19).

- **Develop relationships with several managers who supervise positions considered to be attractive repatriation positions**

Expatriates often wait to be asked for an interview. A more proactive approach involves identifying positions which will be desirable at the time of repatriation. During head office visits expatriates can liaise with these managers to educate them about their skills and capabilities. This will ensure that the supervisor is aware of their interest, which will increase the likelihood of being invited for an interview. This proactive job hunting may be viewed as negative by the present manager, but an agreement should be reached on the timeframe prior to repatriation to start with possible job searches (Allen & Alvarez, 1998:37; Hauser, 1998:6). According to MacDonald and Arthur (2005:145), repatriation programmes need to encourage and train employees to practise proactive career-planning behaviour.

- **Maintain visibility**

Loss of visibility is one of the greatest concerns raised by all levels of employees when assigned to an area far from home. The key is to maintain regular contact and to highlight the accomplishments on the international assignment (Oddou, 1991:308; Hauser, 1998:6). Several steps can be taken by expatriates to maintain visibility. With modern technology like Skype, adopted in many enterprises, it is much easier to stay connected with home-country employees.

In addition, most expatriates receive leave benefits that allow them to return to the home country on a regular basis or for business meetings. One of the best ways to prevent the out-of-sight, out-of-mind syndrome is to utilise these trips to interact with key home-country employees (MacDonald & Arthur, 2005:148). Mentors, HR managers and the supervisors of positions to which the expatriate would like to be assigned can be regarded as key employees (Frazee, 1997:25; Allen & Alvarez, 1998:37; Hauser, 1998:6).

4.8   CONCLUSION

Repatriation is often the forgotten element of the international assignment and inadequate execution of this aspect can have severe consequences for the enterprise. Consequences of a poorly executed repatriation process can range from unhappy and unproductive employees to high turnover rates for the enterprise. Repatriation is often associated with personal and professional adjustment on return that needs to be addressed by enterprises. The best way to address adjustment issues is by implementing a formal repatriation programme, stipulating all terms and conditions and protecting both parties.

Increasingly, repatriation is being seen as the final link in an integrated process that connects the initial recruitment, selection, and cross-cultural entry of expatriates (along with their family members) with the necessary in-country support and successful integration into the home country and enterprise. To understand the repatriation process one must understand that it depends largely on how well the employee handled the earlier stages of the expatriate process.

The repatriation and retention process can be a valuable human resource activity, helping the enterprise to compete in the global market. As indicated, use of a formal programme is the recommended approach to managing the repatriation and retention process, by following a phased approach, addressing various elements during each phase. With enough insight and support those who initially accepted the international assignment can have an enjoyable and satisfying experience abroad, and a smooth integration back home.

Repatriates returning to the home country must play an active role in the repatriation process and approach the process in the same manner as they did the planning and preparation prior to expatriation. The international enterprise, on successful repatriation, can reap the benefits of acquiring more global experience and developing a cadre of committed international employees. Furthermore, repatriates can be a valuable resource to transfer knowledge back to the enterprise, improving local processes and operations to the benefit of the enterprise, enabling it to sustain a competitive advantage in the global arena.

CHAPTER 5: RESEARCH METHODOLOGY

5.1 INTRODUCTION

According to Hussey and Hussey (1997:54) and Punch (2005:28), the research methodology is considered to be the overall approach to the research process and is concerned with the following main issues (Hussey & Hussey, 1997:54):

- Why certain data is collected
- What data to collect
- From where data is to be collected
- When data will be collected
- How data will be collected
- How data will be analysed

Cooper and Schindler (2014:7), on the other hand, indicate that the research methodology entails the following:

- Sampling design
- Research design
- Data collection techniques
- Data analysis methods
- Limitations of the study

For the purpose of comprehensiveness this chapter will not only cover the five areas as identified above, but will also elaborate on the problem statement and objectives.

5.2 PROBLEM STATEMENT AND OBJECTIVES

According to Cooper and Schindler (2003:662), the problem statement includes the rationale for the research project. The problem is usually represented by a question and is followed by a more detailed set of objectives.

5.2.1 Problem Statement

As indicated in Chapter 1, expatriation is covered extensively from a research perspective, especially the challenges associated with foreign assignments and expatriate management (Hill, 2013:622; Muller, 2003:1; Stahl *et al.*, 2009:91; Sanchez Vidal *et al.*, 2008:1683; Van Aswegen, 2009:2). MNEs are, however, also experiencing problems with the retention of employees after returning from international assignments (Goss & Hynes, 2005:97; Lazarova & Cerdin, 2007:404), with retention being described as actions by the employer to retain the services of an employee (Gomez-Mejia *et al.*, 2004:400-401).

As mentioned in earlier chapters, according to the literature, attrition rates ranging between 15 and 25 percent are reported for the first year, with nearly 40 percent leaving after three years (Andreason & Kinneer, 2004:13; Jassawalla *et al.*, 2004:39; Larson, 2006:55; Klaff, 2002:40; Frazee, 1997:24; Richard, 2004:19; Oddou, 1991:306). MacDonald and Arthur (2003:3) found that 25 percent of employees leave their enterprise within one year to work for a competitor. The scenario deteriorates even further after three years, with approximately 40 percent leaving the employment of the enterprises.

Though numerous SA studies have been done focusing on expatriate management (Van Heerden & Wentzel, 2002; Muller, 2003; Vögel, 2006; Vogel & Van Vuuren, 2008; Van Aswegen, 2009), repatriation turnover has not been addressed in these studies and as a result the effectiveness of repatriation and support of expatriates during the process in SA MNEs is not known.

5.2.2 Objectives

After identifying and clarifying the problem, researchers should make a formal statement of the problem and the research objectives, the best expression of a research objective being a well-formulated, testable research hypothesis (Zikmund *et al.*, 2010:41-42).

Against the background of the above discussions, it was evident that there was a need to investigate the repatriation process as an important IHRM function for SA enterprises expanding, or operating internationally, to ensure the successful management and/or improvement of their international operations.

As a result this study set out to answer the following research question: There is a substantial difference between a well-defined repatriation process and individual repatriation actions. To ensure a well-defined programme, a four-phase repatriation process (i.e., pre-expatriation, during expatriation, prior to repatriation and during repatriation) was investigated for SA MNEs, covering the majority of important aspects related to the repatriation process as a whole, and each phase individually.

Therefore, for this study, four hypotheses, each linked to a different phase of the employee repatriation process, were identified, namely:

H_{10}: There is no difference between enterprises that have implemented a foreign policy and those that have not with regard to their repatriation turnover rate.

H_{1A}: There is a difference between enterprises that have implemented a foreign policy and those that have not with regard to their repatriation turnover rate.

H_{20}: There is no correlation between the importance of assigning a mentor to an expatriate and the repatriation turnover rate.

H_{2A}: There is a correlation between the importance of assigning a mentor to an expatriate and the repatriation turnover rate.

H_{30}: There is no correlation between conducting orientation programmes for expatriates prior to their return to their home country and the repatriation turnover rate.

H_{3A}: There is a correlation between conducting orientation programmes for expatriates prior to their return to their home country and the repatriation turnover rate.

H_{40}: There is no correlation between the importance of repatriation support on return from an international assignment and the repatriation turnover rate.

H_{4A}: There is a correlation between the importance of repatriation support on return from an international assignment and the repatriation turnover rate.

5.3 SAMPLE DESIGN

A sample can be defined as part of the target population, carefully selected to represent the population (Cooper & Schindler, 2014:338). There are several reasons for conducting sampling, which include: lower costs, greater accuracy of results, and greater speed of data collection, as well as the availability of population elements (Cooper & Schindler, 2014:338-339).

5.3.1 Target population

As indicated by Zikmund *et al.* (2010:385) and Gay and Airasian (2002:122), identifying the target population is the first question related to sampling. The target population is the complete group of specific population elements relevant to the research project. At the start of the sampling process it is critical to identify the target population to ensure that the source from which the data is to be collected is correctly identified. As this study focused on the management of the employee repatriation process in South African MNEs, the target population for this study consisted of SA MNEs who made use of expatriates.

5.3.2 Sampling

The basic idea of sampling is that by selecting some of the elements in a population, one can draw conclusions about the entire population (Cooper & Schindler, 2014:339). There are several reasons for using sampling, including: lower costs, greater accuracy of results, greater speed of data collection and availability of population elements. How large the sample should be is a function of the variation in the population parameters under study and the estimating precision needed by the researcher (Cooper & Schindler, 2014:339-341). A sample of 400 may sometimes be appropriate, while a sample of more than 2000 may be required in other circumstances; in another case, perhaps a sample of only 40 is needed. There is no clear-cut answer; the correct sample size depends on the purpose of the study and the nature of the population under scrutiny (Cohen *et al.*, 2007:101). Practical considerations like time and cost should also be taken into account by the researcher (Maree *et al.,* 2007:178).

According to Zikmund *et al.* (2010:387), there are several alternative ways to select a sample. The major alternatives consist of probability and non-probability techniques (Mwanje, 2001:91; Cooper & Schindler, 2014:349-358; Maree *et al.,* 2007:172). In probability sampling, every element in the population has a known non-zero probability of being selected (Maree *et al.,* 2007:172). The single random sample is the best know probability sample, in which each member of the population has an equal chance of being selected. The requirement for probability sampling is that the size of the population should be known. Given the fact that the population of SA MNEs who make use of expatriates were not known, the probability sampling approach could not be utilised.

In non-probability sampling, each member does not have a known non-zero chance of being included and, therefore, this tends to result in biased samples (Gay & Airasian, 2000:136; Cooper & Schindler, 2014: 358; Mwanje, 2001:91). However, Maree *et al.* (2007:176) note that non-probability samples have their advantages and would be applicable in the following situations:

- When there is limited time available for the study; that is, when results are needed urgently
- When the measuring instrument needs to be tested
- When preliminary studies have to be conducted in the development stage of a survey
- When the researcher has limited funds available for the study
- When the population size is difficult to ascertain

Cooper and Schindler (2014: 358) also note that acceptable results can still be derived by using non-probability sampling if it is undertaken carefully. In some cases, according to the authors, non-probability sampling may be the only feasible alternative. As noted earlier, in this study the population size was difficult to ascertain, so as a result a non-probability sampling approach was used.

In particular, the following non-probability sampling methods can be identified (Gay & Airasian, 2000: 137-138; Cooper & Schindler, 2014:359-360; Maree *et al.*, 2007:177-178; Cohen, Manion & Morrison, 2007:113-116):

- *Convenience sampling.* This involves choosing the nearest individuals to serve as respondents. It is sometimes referred to as accidental or opportunistic sampling.

- *Purposeful sampling.* This approach has two elements: judgemental and quota sampling. Judgemental sampling occurs when the researcher selects sample members that meet a required criterion. Quota sampling is also a method that attempts to select a sample that meets a certain criterion, but it is mainly intended to improve representativeness. If, for instance, one studies a population that is represented by 55 percent females and 45 males, the quota sampling approach would aim to have a sample that has a 55 to 45 percent ratio of females to males.
- *Snowball sampling.* This is utilised where respondents are difficult to identify and are best located through referral networks.

In this study, judgemental sampling was used, as the sample needed to consist of SA MNEs (with their headquarters in South Africa) who made use of expatriates. In drawing the sample, a list of 170 enterprises was received from the Department of Business Management at the University of Pretoria. Next, telephonic contact was made with the respective enterprises to determine whether these enterprise made use of expatriates and, if so, who the HR manager was who dealt with the expatriates, with the following results:

- 74 of the enterprises did not employee expatriates.
- 27 enterprises were not reachable or interested.
- 8 of the enterprises' headquarters were not located in South Africa

As a result, this list was reduced from 170 to 61 enterprises. An additional 40 SA MNEs with headquarters in South Africa which made use of expatriates were received from two other MCom students from the Department of Business Management who had also worked on expatriation, and these were added to the list. As a result a total of 101 SA MNEs were included in the sample.

5.4   DATA COLLECTION

Data collection is the process of assembling data (Cohen *et al.*, 2007:193-194). According to Punch (2005:55-56), data can be sub-divided into quantitative and qualitative data. Quantitative data is information in the form of numbers, while qualitative data is mostly in the form of words. The aim of this study was to collect quantitative data.

Often there are two phases to the process of collecting data, pretesting and the main study. A pretesting phase, using a small subsample, may determine whether the data collection plan for the main study is appropriate (Zikmund *et al.*, 2010:231).

5.4.1 Instrument design

There are various means of collecting data, including observational forms, questionnaires and standardised tests (Cooper & Schindler, 2014:85). According to Leonidou, Katsikeas and Piercy (1998:84), the choice of a certain means of collecting data is dependent on the size of the sample; mail questionnaires are employed for a relatively large population or sample, while personal interviews are associated with smaller sample sizes.

Kumar (2005:119) considers the data-collection method as a function of the purpose of the study, available resources and the skills of the researcher. Thus, the factors influencing the selection of data-collection methods encompass the population or sample size, purpose of the study and the researcher's preference and or abilities. In this study, the researcher chose a self-administered questionnaire hosted on a website to address time and cost constraints, as the headquarters of the respondents were located across South Africa. Also, this method allowed the various MNEs to complete the questionnaire in their own time and in the comfort of their working environment.

Data usually stem from a variety of sources, are captured on different scales of measurement, and each scale is based on the amount of information or the characteristics of the information of the data (Maree *et al.*, 2007:147; Cohen *et al.*, 2007:502). The four scales of data are nominal, ordinal, interval and ratio scales (Cooper & Schindler, 2014:249-250; Cohen *et al.*, 2007:502) and are briefly summarised below:

- **Nominal scales**

A nominal scale permits classification of data into subgroups in such a manner that each member of the subgroup possesses a common exhaustive and mutually exclusive characteristic. For example, a sample of subjects can be classified according to the variable *gender*, which in turn has two subgroups, males and females. The classification

allows for only the measurement of the sameness or differences of the subgroups (Hussey & Hussey, 1997:150). According to Kumar (2005:67), the name chosen for a subcategory is notional, but for effective communication, it is best to choose something that describes the characteristics of the subcategory.

When using this scale, one is restricted to the use of the mode as a measure of central tendency, while there is no measure of dispersion applicable to this scale. In social science and business research, nominal scales are probably more widely utilised than any other scales (Emory & Cooper, 1991:172; Blumberg, Cooper & Schindler, 2005:374). Nominal scales are useful in surveys and other ex-post-facto research to uncover relationships without giving precise measurements of the relationship (Emory & Cooper, 1991:172; Blumberg *et al.*, 2005:374). In this study, questions 1-9, 11, 17-20 and 22-25 all used a nominal scale.

- **Ordinal scales**

Ordinal scales have all the properties of a nominal scale plus one other. Ordinal scales permit data to be ranked in a certain order, and as such, it is possible to determine whether the scores of some subjects are greater or lower than others (Kumar, 2005:68). An ordinal scale establishes an ordinal relationship between persons or objects being measured. In ordinal scaling, numbers are used to indicate whether a person or object has more or less of a given characteristic than some other person or object. However, the numbers do not provide information as to how much more or less of the characteristic is possessed by the person or object concerned. Examples of ordinal scales are the following (Maree *et al.,* 2007:148):
  - The size of clothes- small, medium or large
  - Level of agreement with a statement – agree, neutral or disagree
  - A person's qualification – Grade 10 or less. Grade 11 or 12, tertiary (3 years) or tertiary (4+ years)

The Likert scale is the most frequently used variation of the summated rating scale. Summated scales consist of statements that express either a favourable or unfavourable attitude towards the object of interest (Cooper & Schindler, 2014:252). In the questionnaire

used in this study, questions 12 to 15 measured the importance of repatriation initiatives prior to expatriation, during expatriation, prior to repatriation and during repatriation, while Question 21 tested the importance of assignment reviews on the same scale.

- **Interval scales**

An interval scale has all the characteristics of both nominal and ordinal scales, but provides additional information regarding the degree of differences between individual data items within a set or group (Cooper & Schindler, 2014:253; Maree *et al.*, 2007:148). According to Cohen *et al.* (2007:502), the interval scale introduces a metric – a regular and equal interval between each data point. For example, the difference between 10ºC and 20ºC is the same as the difference between 30ºC and 40ºC; however, 20ºC is not twice as hot as 10ºC (Maree *et al.*, 2007:148). An interval scale is useful for placing individuals or responses in relation to each other with respect to the magnitude of the measuring variable (Kumar, 2005:70). Interval scales were not used as part of this study.

- **Ratio scales**

Finally, a ratio scale has all the features of an internal scale (i.e. equivalence, order, equality of intervals) plus an absolute zero point (also known as true zero or natural zero). The measurement of income, age, height, time and weight are examples of this scale (Hussey & Hussey, 1997:151; Kumar, 2005:70). The advantage of using a ratio scale is that any statistics can be utilised on data collected in this form (Hussey & Hussey, 1997:151). In behavioural science, few situations satisfy the requirements of the ratio scale; however, in business research, ratio scales are found in many areas such as population counts, return rates and distance, to mention but a few (Emory & Cooper, 2005:176; Blumberg *et al.*, 2005:376).

Most financial research that deals with monetary values utilises ratio scales. Because the scale of measurement is ratio, financial researchers are allowed to construct ratios derived from the original scale. However, for most behavioural science, internal scales are typically the highest form of measurement (Zikmund *et al.*, 2010:297).

5.4.2 Question structure

According to Cooper & Schindler (2014:306) and Maree *et al.* (2007:161), another major decision area in question design is the degree and form of structure imposed on the participants. The various response strategies offer options that include unstructured responses (or open-ended responses, the free choice of words) and structured response (or closed response, specified alternatives provided). Unstructured responses, in turn, range from those in which the participants express themselves extensively to those in which participants' latitude is restricted by space, layout or instructions to choose one word or phrase, as in a 'fill-in' question. Structured responses typically are categorised as dichotomous, multiple-choice, checklist, rating or ranking response strategies. The questionnaire used in this study consisted of both structured and unstructured response questions. Specifically, questions 1, 2, 3, 7, 8, 9, 11, 12, 13, 14, 15, 17, 18, 19, 20, 21, 22, 24 and 25 were structured, while questions 4, 5, 6, 10, 16, and 23 were unstructured.

5.4.3 Pretesting

Rarely does one write only a first draft of a questionnaire. Usually, the questionnaire is tried on a group that is selected on a convenience basis and that is similar in make-up to the one that will ultimately be sampled (Zikmund *et al.*, 2010:231). Pretesting may rely on colleagues, respondent surrogates or actual respondents to refine a measuring instrument. This important activity has saved countless survey studies from disaster by using the suggestions of the respondents to identify and change confusing, awkward or offensive questions and techniques (Cooper & Schindler, 2014:85). Furthermore, the pretesting process allows the researcher to determine whether there are any ambiguous or biased questions (Zikmund *et al.*, 2010:231). This process is exceedingly beneficial. Making a mistake with 20 or 50 subjects can avert the disaster of administrating an invalid questionnaire to several hundred individuals. Pretesting also provides the means to test the sampling procedure.

According to Zikmund *et al.* (2010:231) and Cohen *et al.* (2007:341), pretesting is typically conducted to answer questions about the questionnaire such as the following:

- Can the questionnaire format be followed by the interviewers?

- Does the questionnaire flow naturally and conversationally?

- Can respondents answer the questions easily?

- Which alternative forms of questions work best?

The pretesting of the questionnaire in this study was done by five employees from one SA MNE with extensive expatriate and repatriation management knowledge to ensure that the questionnaire was understandable as well as measuring the time required to complete the survey. One of the suggestions shared by the pretesting group was that the length of the sub-questions for questions 12 to question 15 was too long. These sub-questions were then reviewed and shortened to ensure greater clarity and flow. After the corrections were made, the pretesting group found the questionnaire to be properly structured, clear, and understandable and the time required to complete the questionnaire was acceptable. The questionnaire took between eight and twelve minutes to complete.

5.4.4 Response rate

A major difficulty in survey research is securing a sufficiently high response rate (Cohen *et al.*, 2007:223; Cooper & Schindler, 2014:346). Non-response is problematic, as it creates a non-representative sample, which results in a bias (Punch, 2005:101; Cooper & Schindler, 2014:39). According to Cohen *et al.* (2007:223), a number of activities could be employed to reduce non-response, namely:

- Arranging follow-ups and polite reminders

- Sending advance notification of the survey

- Providing return envelopes for mail surveys

- Offering financial incentives

- Giving rewards for the return of the questionnaire

- Ensuring that surveys are easy to read

- Making instructions about responses and returns very clear

- Providing information about research in a covering letter and or advance notification

- Delivering the questionnaire personally rather than through the mail

In order to increase the response rate of this study, the researcher ensured that the questionnaire was easy to read and was made available online for convenience.

Furthermore, the questionnaire included a covering letter from the University of Pretoria explaining the purpose of the research so that the benefits and importance of the research were clear to respondents. This also helped to prevent mail requests being regarded as spam mail.

A total of 101 SA MNEs that made use of expatriates were identified and their expatriate managers were sent an electronic questionnaire. Of the 101 enterprises, 41 enterprises completed the questionnaire, translating into a 41 percent response rate. The response rate for this study compared favourably with similar repatriation studies, with response rates ranging from 35 to 44 percent (Caligiuri & Tung, 1999: 769; Kraimer *et al.*, 2009:33).

5.5   DATA ANALYSIS

According to Babbie and Mouton (2001:460), data analysis is the reduction of data from unmanageable detail to manageable summaries. Data analysis is, therefore, a process of reducing large quantities of data to a manageable size, to which logical thinking is then applied in order to understand the problem at hand. The first step in data analysis is to describe or summarise the data using descriptive statistics (Gay & Airasian, 2000:437; Maree *et al.*, 2007:183).

5.5.1   Preparing for data analysis

Data preparation includes editing, coding and data entry (Cooper & Schindler, 2014:377). The preparation stage is necessary because a research study usually produces a mass of raw data. In order to facilitate data analysis; such data must be accurately scored and systematically organised (Gay & Airasian, 2000:433). Another step in the preparation of data involves coding. Coding concerns assigning numbers or other symbols to answers so that the responses can be grouped into a limited number of classes or categories. For example, the gender of the participants may be recorded as "M" or "F" instead of using the words male and female (Gay & Airasian, 2000:434; Cooper & Schindler, 2014:379-385).

The questionnaire in this study was numbered from Q1 to Q25 as per the survey outlay. The majority of coding was done by the questionnaire software (SurveyMonkey), except

for the open-ended questions, which were coded by hand by the researcher. Data using the codes were subsequently captured using Statistical Analysis Software (SAS).

5.5.2 Characteristics of sound measurement

According to Cooper and Schindler (2014:257), the characteristics of a good measurement tool are that the tool should be an accurate counter or indicator of what you are interested in measuring. In addition, it should be easy and efficient to use. There are three major criteria for evaluating a measurement tool: validity, reliability and practicality.

- **Validity**

Validity is the ability of the measuring instrument (for example an attitude-measuring instrument) to measure what it is supposed to measure (Punch, 2005:97). If it does not measure what it is designated to measure, there is a problem (Zikmund *et al.*, 2010:303-305). Cooper and Schindler (2014:257) define validity as the extent to which differences found with a measuring tool reflect true differences among respondents being tested. The measurement tool should be sensitive to all the nuances of meaning in the variable and to changes in nuances of meaning over time. Table 5.1 provides a summary of validity estimates.

Table 5.1: Summary of validity estimates

Type	What is measured	Methods
Content	Degree to which the content of the item adequately represents the universe of all relevant items under study	Judgemental or panel evaluation with content validity ratio
Criterion-related	Degree to which the predictor is adequate in capturing the relevant aspects of the criterion	Correlation
Concurrent	Description of the present; criterion data are available at same time as predictor scores	
Predictive	Predictor of the future; criterion data are measured after the passage of time	
Construct	Answer the question, "What accounts for the variance in the measure?" Attempts to identify the underlying construct(s) being measured and determine how well the test represents it (them)	Judgemental. Correlation of proposed test with established one. Convergent-discriminant techniques. Factor analysis. Multitrait-multimethod analysis

Source: Cooper & Schindler (2014:257)

According to Punch (2005:97), content validity focuses on whether the full content of a conceptual definition is represented in the measure. Babbie and Mouton (2001:123) define content validity as the extent to which a measure covers the range of meanings included within the concept. A measurement tool with content validity is one that encompasses the relevant content under study. Cooper and Schindler (2014:258) point out that content validity can be measured by judgemental or panel evaluation.

Maree *et al.* (2007:217) state that the researcher usually presents a provisional version to experts in the field for their comments before finalising the instrument in order to ensure the content validity of an instrument. In this study, a comprehensive literature review was carried out to ensure the content validity of the instrument. In addition as mentioned earlier, five colleagues from one of the enterprises, who were knowledgeable in the subject, were furnished with an instrument in its initial stages of development and requested to comment thereon; their comments were adopted in order to develop a questionnaire which covered content relating to managing repatriation.

Construct validity, according to Zikmund *et al.* (2010:304), is achieved if a measure behaves the way it is supposed to; that is, in a pattern of inter-correlation with a variety of other variables, while Babbie and Mouton (2001:123) indicate that construct validity is the extent to which the measurement tool displays presupposed logical relationships among variables. Construct validity is, therefore, the extent to which a measure conforms to theoretical expectations.

According to Cooper and Schindler (2014:259), factor analysis can be used to look for patterns among variables in order to discover an underlying combination of the original variables (factors) that can summarise the original set. Or, as stated by Cohen *et al.* (2007:560), factor analysis is a method of grouping together variables which have something in common. It is a process which enables the researcher to take a set of variables and reduce them to a smaller number of underlying factors which account for as many variables as possible. It detects structures and commonalities in relationship between variables. This enables the researcher to identify when different variables are in fact addressing the same underlying concept.

Factor analysis can take two main forms: explanatory factor analysis and confirmatory factor analysis (Cohen *et al.*, 2007:560). The former refers to the use of factor analysis to explore previously unknown groupings of variables, to seek underlying patterns, clustering and groups. By contrast, confirmatory factor analysis is more stringent, testing a found set of factors against a hypothesised model of groupings and relationships.

In the case of this research, explanatory factor analysis was used to test construct validity, with the factor analysis being performed on each of the four phases of the employee repatriation process using SPSS. The rule of thumb suggests that the number of factors is equal to the number of eigenvalues greater than one (Maree *et al.*, 2007:220; Cohen *et al.*, 2007:563). Another approach to determining the number of factors, according to the aforementioned authors, is to examine the scree plot or eigenvalue histogram. A scree plot or eigenvalue histogram is a pictorial display of factors in descending order of magnitude (Cohen *et al.*, 2007:564; Maree *et al.*, 2007:220). Usually the scree plot flattens at a certain point, and the number of factors above the point where the scree point flattens indicate factors that account for much of the variance and, therefore, should indicate the number of factors to be considered.

Another output of factor analysis displays variables that belong together, thus forming a factor. According to Cohen *et al.* (2007:568) and Maree *et al.* (2007:220), the researcher uses his or her judgement to decide on the cut-off point of variables that will be included to form a factor; mostly variables with high values are included. In addition, according to the said authors, the variables have to be conceptually related. Cohen *et al.* (2007:568) note that variables should not only have high values, but should also have values that are close to each other (that is they are to be homogeneous).

In this study, eigenvalues greater than one were used to determine the number of factors, while the loadings for each variable were scrutinised in order to decide which variables to classify under each factor. No items were excluded due to low or double loadings. Finally, the factors were named.

- **Reliability**

Reliability means many things to many people, but in most contexts the notion of consistence emerges. A measure is reliable to the degree that it supplies consistent results. Reliability is a necessary contributor to validity, but is not a sufficient condition for validity. The relationship between reliability and validity can be simply illustrated by the use of a bathroom scale. If the scale measures your weight correctly (using a concurrent criterion such as another scale known to be accurate), then it is both reliable and valid. If it consistently overweighs you by six kilograms, then the scale is reliable but not valid. If the scale measures erratically from time to time, then it is not reliable and therefore cannot be valid. In this context, reliability is not as valuable as validity, but it is much easier to access (Cooper & Schindler, 2014:260). Table 5.2 provides a summary of reliability estimates.

Table 5.2: Summary of reliable estimates

Type	Coefficient	What is measured	Method
Test-retest	Stability	Reliability of a test or instrument inferred from examinee score. Same test is administered twice to same subjects over an interval of less than six months.	Correlation
Parallel forms	Equivalence	Degree to which alternative forms of the same measure produce same or similar results. Administered simultaneously or with a delay. Interrater estimates of the similarity of judges' observations or scores	Correlation
Split-half KR20 Cronbach's alpha	Internal consistency	Degree to which instrument items are homogeneous and reflect the same underlying construct(s).	Specialised correlation formulas

Source: Cooper & Schindler (2014:260)

Due to the low number of responses in this study (n=41), Cronbach's alpha could not be done, as the minimum sample size for coefficient alpha is commonly suggested at 200, 300 or 500 (Yurdugül, 2008:403). Factor analysis prompts a similar debate regarding sample size. However, MacCallum, Widaman, Zhang and Hong (1999:84-89) argue that the minimum sample size for factor analysis is dependent on the level of communalities of item variables. The level of communalities for this study was high for the different actions during each phase of the repatriation process, and accounted for between 61.21 percent and 75.35 percent of the total variance in the data space.

- **Practicality**

The scientific requirements of a project call for the measurement process to be reliable and valid, while the operational requirements call for it to be practical. Practicality has been defined as economy, convenience and interpretability (Cooper & Schindler, 2014:262). This study met the requirements of practicality, as the cost of distributing the questionnaire was not high (it was performed online). Furthermore, the questionnaire was convenient to access via the link provided and easy to navigate, complete and submit online. The responses to the questionnaire were extracted from the questionnaire software, minimising manual intervention.

5.5.3 Descriptive statistics

Descriptive statistics do exactly that; they describe and present data; for example, data can be presented in terms of summary frequencies (Cohen *et al.*, 2007:503-504). In the case of this study, the demographic information is presented in the form of graphics as well as tables in order to illustrate the distribution pattern of the participants. Furthermore, the pattern results regarding the status of the repatriation management process for the four phases is illustrated by mean scores and ranked accordingly.

5.5.4 Mann-Whitney Test

The non-parametric equivalent of the *t*-test is the Mann-Whitney U test for two independent samples. The Mann-Whitney test is based on ranks and hence overcomes the problem of low cell frequencies in the Chi-square statistic (Cohen *et al.*, 2007:552). It is useful to apply this test rather than the *t*-test when the population is small and it cannot be assumed that the study variable is normally distributed in the population (Maree *et al.,* 2007:233).

The Mann-Whitney test is based on the assumption that the groups compared are nominal and the comparison is made by using ordinal data (Cohen *et al.*, 2007:592). Unfortunately the Mann-Whitney test does not enable the researcher to identify clearly where the differences between the two groups lie, so the researcher would need to go back to cross-

tabulation to identify the differences. In this study, the Mann-Whitney test was used to test whether there was a difference in the reported turnover rates in years one, two and three for enterprises which had implemented a foreign policy and those that had not.

5.5.5 Spearman's correlation coefficient

This correlation coefficient can be seen as the non-parametric alternative to the Pearson correlation coefficient (Maree *et al.,* 2007:237) and is often the most commonly used correlation with the Pearson correlation coefficient (Cohen *et al*., 2007:529). It makes no assumption about the distribution of the two variables, it uses ranks instead of the actual values and it can be used with any scale that is at least ordinal.

According to Saunders, Lewis and Thornhill (2012:521), a correlation coefficient enables the researcher to quantify the strength of the linear relationship between two ranked or numerical values. This coefficient (usually represented by the letter "*r*" can take one of any value between +1 and -1 (as per Figure 5.1).

Figure 5.1:   Value of correlation coefficient
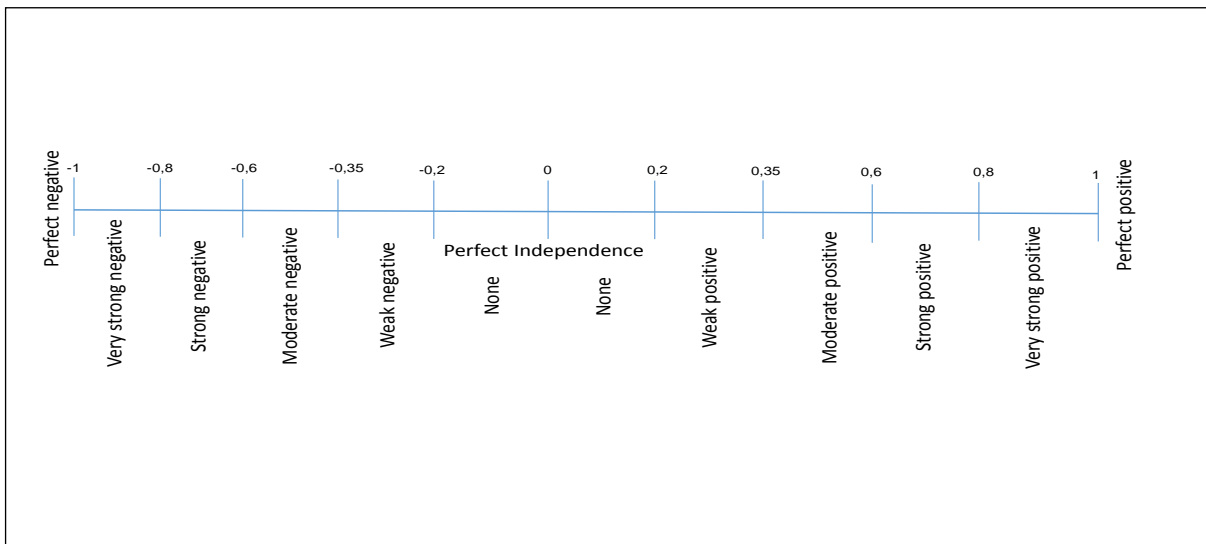
Source: Saunders, Lewis & Thornhill (2012:521)

A value of +1 represents a perfect positive correlation. This means that the two variables are precisely related and that as the value of one variable increases, values of other variables will increase. By contrast, a value of -1 represents a perfect negative correlation.

Again, this means that the two variables are precisely related; however, as the value of one variable increases, that of the other will decrease. Correlation coefficients between +1 and -1 represent weaker positive and negative correlations, while a value of 0 means the variables are perfectly independent. Within business research it is extremely unusual to obtain perfect correlations.

According to Field (2005:140), reporting on correlation coefficients is not difficult: one just has to say how large they are and what their significance value was. From a social science perspective several standard levels of statistical significance exists. Primarily, the most important criterion is that the significance value should be less than 0.05 (used as a basis for this study); however, if the exact significance value is much lower the researcher can be more confident about the strength of the experimental effect.

In this study the Spearman correlation coefficient was used to test the correlation between the following aspects of employee repatriation:

- The importance of assigning a mentor to a repatriate for support/assistance and the repatriation turnover rates in years, one, two and three after repatriation
- MNEs providing orientation programmes prior to repatriation and the repatriation turnover rates in years, one, two and three after repatriation
- MNEs employing proactive human resource initiatives to keep expatriates abreast of changes within the enterprise during the expatriate assignment and the repatriation turnover rates in years, one, two and three after repatriation
- MNEs offering repatriation support to expatriates (such as a welcome-home seminar and professional counselling) during repatriation and the repatriation turnover rates in years, one, two and three after repatriation
- How long before repatriation the MNE starts with the repatriation process and the repatriation turnover rates in years, one, two and three after repatriation

5.5.6 Pearson Chi-square Test

Probably the most widely used non-parametric test of significance is the Chi-square test. It is particularly useful in tests involving nominal data, but can be used for higher scales. Typical are cases where persons, events or objects are grouped in two or more nominal

categories such as "yes–no", favour–undecided against" or class "A, B, C or D". Using this technique it is possible to test for significant differences between the observed distribution of data among categories and the expected distribution based on the null hypothesis (Cooper & Schindler, 2014:460).

The Chi-square is useful in cases of one-sample analysis, two independent samples or *k* independent samples (Cooper & Schindler, 2014:460). It must be calculated with actual counts rather than percentages. The Chi-square test measures the difference between a statistically generated result and an actual result to see if there is a statistically significant difference between them. The Chi-square statistic addresses the notion of statistical significance, itself based on the notion of probability (Cohen *et al.*, 2007:525). The calculation in this kind of analysis is based on two-way cross-tabulation of two variables (Maree *et al.,* 2007:237).

In this study the Chi-square test was used to test if there was a statistically significant relationship between an enterprise's perception of its repatriation effectiveness and whether repatriates were utilised to offer assistance to prospective international assignees.

5.6   RESEARCH ETHICS

As in all other aspects of business, all parties in research should exhibit ethical behaviour. The goal of ethics in research is to ensure that no one is harmed or suffers adverse consequences (i.e., discomfort, pain, embarrassment, or loss of privacy) from the research activities (Cooper & Schindler, 2014:28-34; Saunders *et al.*, 2007:178-195). This objective is usually achieved if attention is given to ethical issues.

Copyright and plagiarism were avoided as a new questionnaire was developed for research purposes to collect the primary data. The questionnaire (Appendix A) included a consent notice, allowing participants to withdraw at any stage of the study, without prior notice. The completion of the survey was treated as anonymous and confidential. Participants could not be identified based on their individual responses. No incentives were offered to the various SA MNEs, nor were the enterprises threatened at any stage to

participate in the research. Instead, constant efforts were made to build a relationships with the participating enterprises.

5.7 CONCLUSION

Following a brief review of the introduction of the study, problem statement and statement of the hypotheses, the chapter provided a description of the methodology applied in this study. The researcher selected a non-probability judgement sampling technique, as the number of the population of SA MNEs which made use of expatriates was not known. The sample consisted of 101 respondents, with 41 usable responses: a response rate of 41 percent, which is in line with other repatriation studies. The data collection was done through a self-administered questionnaire. Pre-testing of the questionnaire was performed by using five employees of one of the respondents with knowledge related to expatriate and/or repatriation management. Several changes were made after the pretesting to ensure the correct flow and clarity of the questionnaire when completed by the respondents.

The validity of the instrument was tested by using an exploratory factor analysis which was conducted on each of the four constructs identified for the respective phases of the employee repatriation process. Reliability was not tested due to the small sample size, while the study adhered to the principle of practicality. This study further determined the correlation between various aspects of a four-phased repatriation process by using the Man-Whitney U-test, Pearson Chi-square test and Spearman rho test to assist with data analysis. Ethical considerations were addressed with the focus on confidentially, privacy and consent related to the online completion and submission of the questionnaire.

The results of the data analysis will be discussed in the next chapter.

CHAPTER 6: EMPIRICAL ANALYSIS AND INTERPRETATION OF RESULT

6.1 INTRODUCTION

This chapter presents the empirical analysis and interpretation of the results. The first part of the chapter focuses on the presentation and discussion of the demographic data covered by the first half of the questionnaire. Demographic results for the respondents' organisations cover the following: industry breakdown, total number of employees, number of expatriates on assignment, continents where expatriates are deployed, average length of overseas assignments, average age of expatriates, gender of expatriates on assignments and the status of the enterprise's foreign policy.

Next, the discussion elaborates on the validity of the instrument by focussing on the results of the exploratory factor analysis. This is followed by a discussion of the test results related to the four stated hypotheses, which focused on foreign policy, assignment of a mentor, orientation programmes and repatriation support. Lastly, the chapter reports on the descriptive statistics regarding the status of the repatriation process in South African MNEs.

6.2 DEMOGRAPHIC PROFILE OF THE SAMPLE

6.2.1 Industry breakdown

From Figure 6.1 it can be seen that the Wholesale and Retail Trade industry represents 27 percent of the 41 respondents, followed by the Information and Communication Technology industry (15 percent) and the Manufacturing and Construction industry (10 percent). This is followed by the remainder of the industries, ranging from 7 percent to 2 percent.

The fact that the wholesale and retail trade industry had the most respondents in this study seems to support an UNCTAD (2013:41) study which indicated that South African enterprises were active in acquiring operations in industries such as mining, wholesale, and healthcare during 2012.

Figure 6.1:   Industry breakdown of respondents in this study
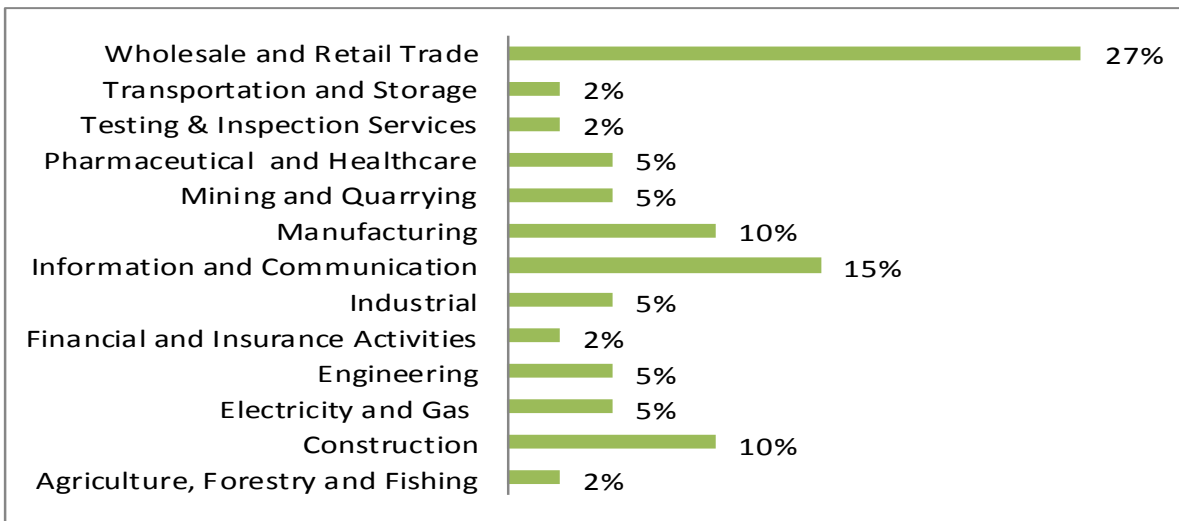
6.2.2 Total number of employees

From Figure 6.2 it can be seen that the size of the enterprises in this study ranged from 465 to 70 000 employees. The median from the 41 respondents was 15,489 and the total number of employees per category as follows: 1) 12.20% between 100 and 1000, 2) 46.34% between 1 000 and 10 000 and 3) 41.46% more than 10 000.

Figure 6.2: Total number of employees
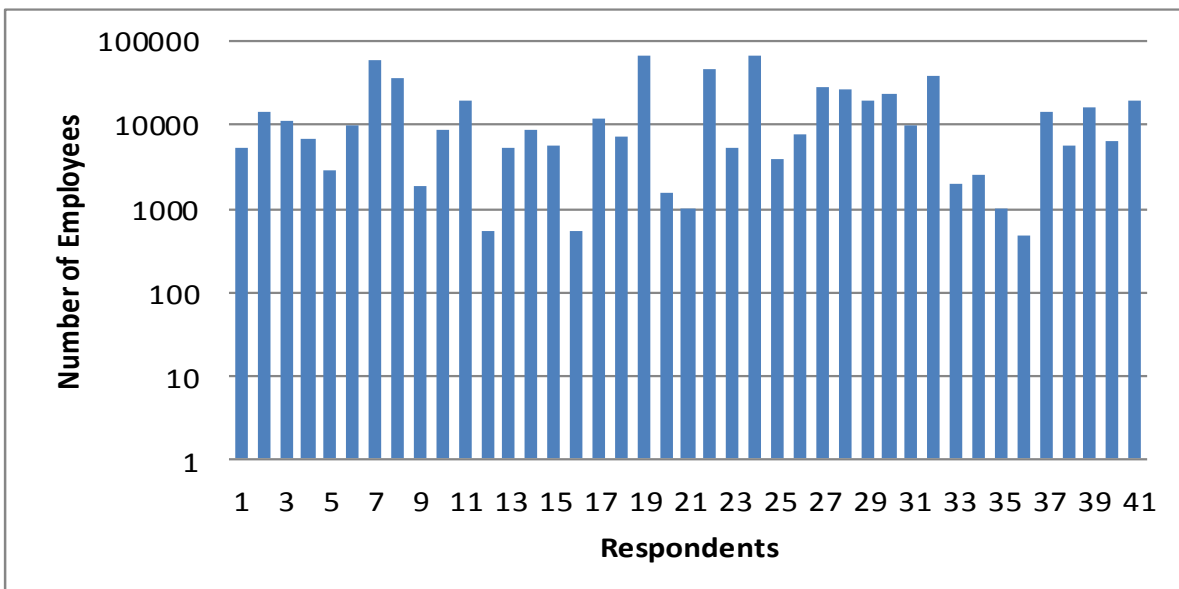
6.2.3 Number of expatriates on assignment

The number of expatriates on assignment for the respondents in this study ranges from as few as 3 to as many as 6000, as can be seen from Figure 6.3. The median from the 41 respondents was 266 and the total number of expatriates on assignment per category as follows: 1) 80.49% between 1 and 100, 2) 14.63% between 100 and 1000 and 3) 4.88% more than a 1000.

Figure 6.3: Number of expatriates on assignment per respondent
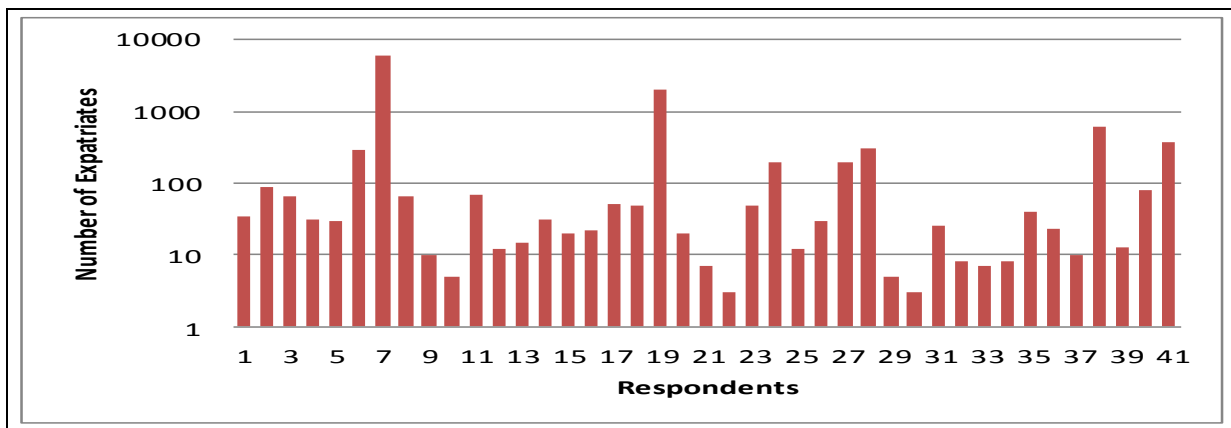
6.2.4 Continents to which South African expatriates are assigned

Of the 41 respondents, 38 respondents assigned expatriates to African countries, followed by Europe, with 19 enterprises, and Asia, with 17 enterprises (see Figure 6.4). This finding supports that of Vögel and Van Vuuren (2008:84) who found that the majority of SA expatriates were assigned to Africa, followed by Europa, Asia and Australasia.

Figure 6.4: Continents to which South African expatriates are assigned
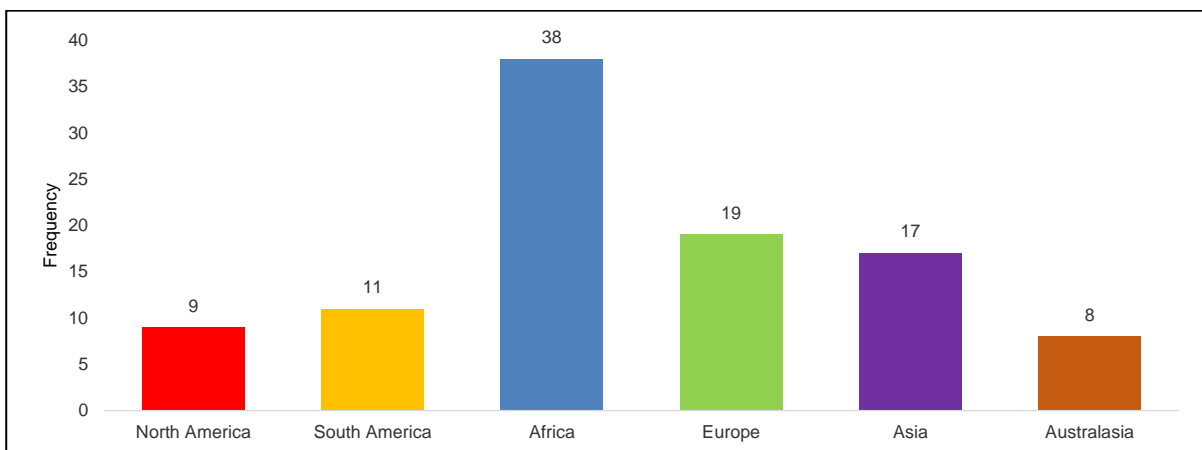
This finding is put into perspective by the fact that South Africa was the largest FDI source country into Africa in 2012 (UNCTAD, 2013:39), as well as the fact that South Africa, after Malaysia, is the second biggest source country for FDI based on stock of FDI (UNCTAD, 2013:40).

6.2.5 Average length of South African international assignments

It is clear from the Table 6.1 and Figure 6.5 that the majority of South African MNEs assign their expatriates for periods longer than two years, with 25-35 months (37 percent) being the most popular assignment length, followed by 13-24 months, 36-47 months and longer than 48-months, with 17 percent each.

Table 6.1: Average length of South African international assignments

Assignment duration	Frequency	Percentage
Less than 6 months	2	5%
6-12 months	3	7%
13-24 months	7	17%
25-35 months	15	37%
36-47 months	7	17%
More than 48-months	7	17%
Totals	**41**	**100%**

Figure 6.5: Average length of South African international assignments
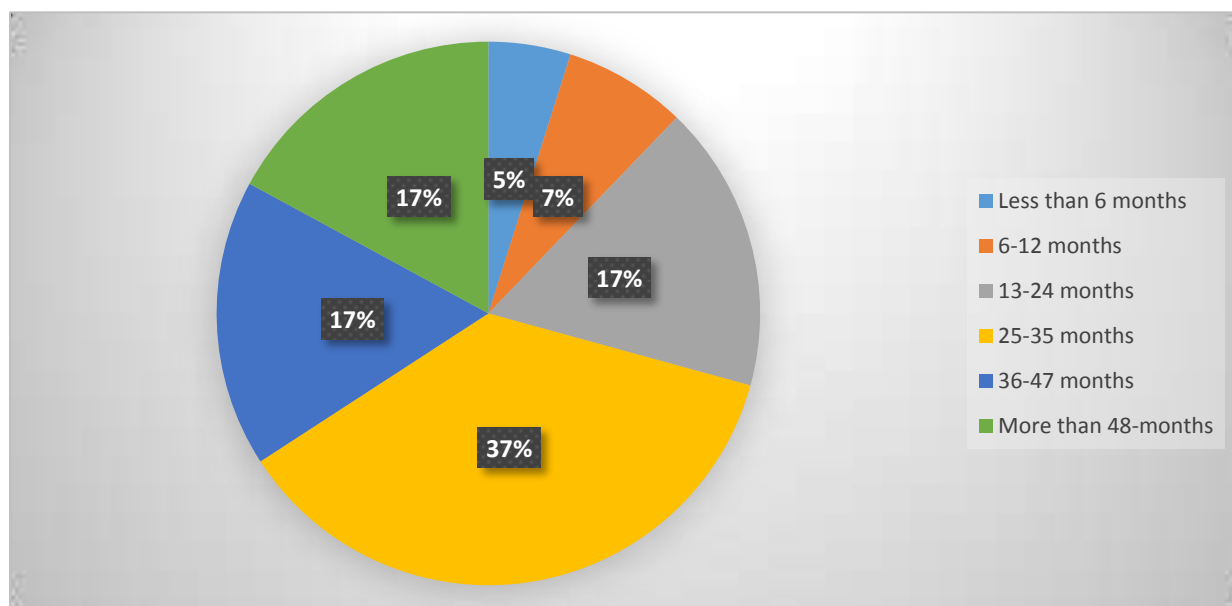
The findings of this study support that of Kraimer, Shaffer and Bolino (1999:33), who focused on expatriates from five US-based multinationals, reporting that the average time spent on international assignments was 2.7 years, while an expatriate study conducted in South Africa found that the most popular assignment length for South African expatriates was 36 months (Vögel, 2006:142).

6.2.6 Average age of South African expatriates

The majority of South African expatriates are in the age range of 35 to 44 years, followed by 45 to 54 years, as can be seen from Figure 6.6 below.

Figure 6.6: Average age of South African expatriates
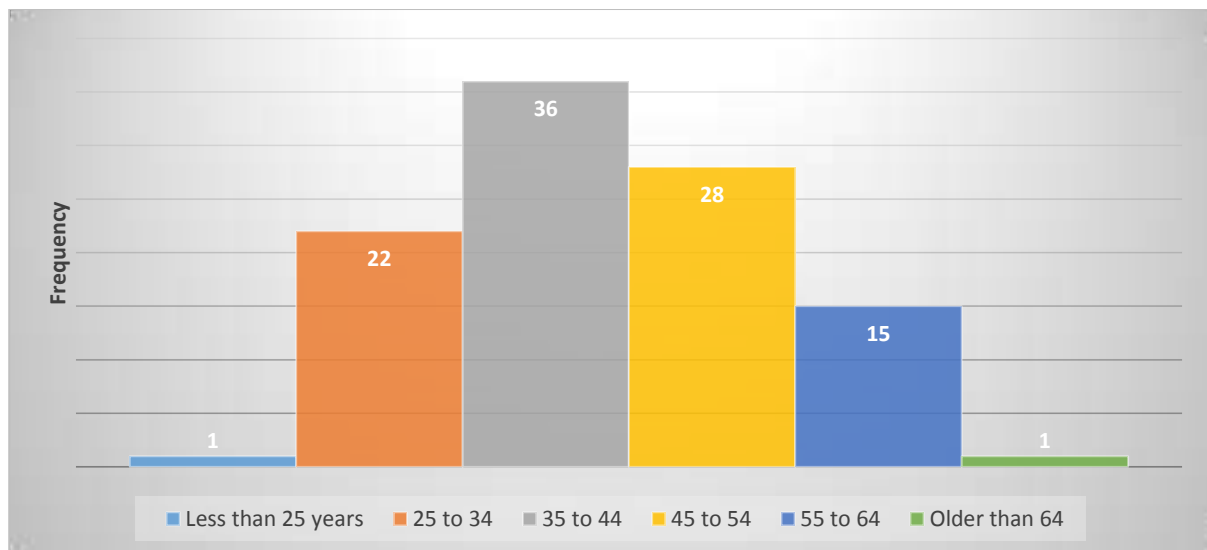
In the study by Kraimer *et al.* (1999:33), the average age of expatriates was 43 years. In addition, Caligiuri and Tung (1999:769) found the average age of US expatriates to be 39 years, while a South African study found that the majority of South African expatriates were between the ages of 31 and 40 (Vögel, 2006:137).

6.2.7 Gender of expatriates on assignment

The 89 percent to 11 percent split in favour of male expatriates compared to female expatriates is reflected in Figure 6.7 below and supports the findings of Vögel (2006:138), who also found that males made up 89 percent of South African expatriates.

A study by Macdonald (2014:114) found that SA female employees are less interested in foreign assignments than their male counterparts as a result of the location of the assignments, with the majority of assignments in her study being into Africa.

This was also found to be the case in a study by Lowe, Downes and Kroeck (1999:232), who found that male employees and female employees differed in their willingness to work in specific foreign locations – in particular for the African countries listed in their study, namely Kenya, Nigeria, Tanzania and Zaire (Democratic Republic of the Congo). Almost 50 percent more male employees selected these African countries than did their female counterparts.

As the majority of SA MNEs, not just in this study, but also in other South African expatriate studies (Vögel, 2006:143; Muller, 2003:118), are assigned to African countries, the reason for this under-representation has become clear.

Figure 6.7: Gender of expatriates on international assignment
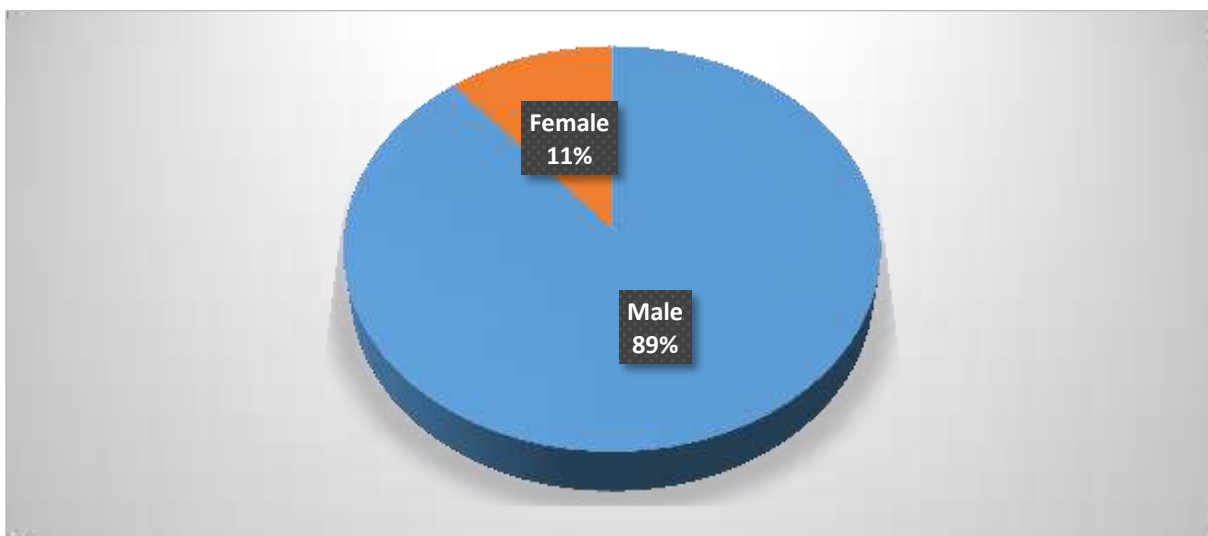
6.2.8 Status of the enterprises' foreign policy

From Table 6.2 and Figure 6.8 it is clear that the majority of enterprises (76 percent) have an implemented/operational policy governing their international assignments. This is followed by 20 percent of enterprises whose foreign policy is under development, and 5 percent in which a foreign policy is not required.

Table 6.2: Status of the enterprises' foreign policy

Status of foreign policy	Frequency	Percentage
Not required	2	5%
Under development	8	20%
Implemented / Operational	31	76%
Total	**41**	**101%***

* Value greater than 100% are due to rounding

Figure 6.8: Status of the enterprises' foreign policy
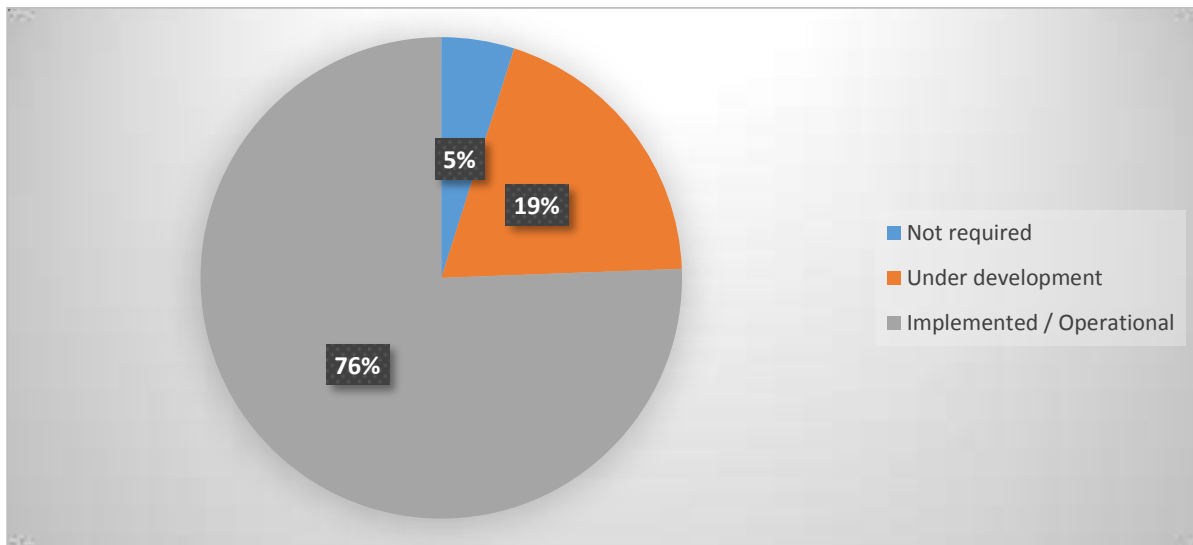
In contrast to the findings of this study, Mendenhall *et al.* (1987:331) found that expatriates experience corporate IHRM policies and practices as often absent, non-strategic and ad-hoc. This can be associated with a lack of long-term career planning and enterprise support during the assignment (Stahl *et al.*, 2002:218). Expatriates who perceive corporate IHRM policies and practices as non-strategic see a disconnection between their overseas assignment and their subsequent career advancement in the enterprise (Stahl *et al.*, 2002:222).

6.3   DATA REDUCTION ANALYSIS OF THE EMPLOYEE REPATRIATION PROCESS

Exploratory factor analysis, as discussed in Chapter 5, is an analysis with the purpose of reducing to a manageable number of variables that belong together and have overlapping measurement characteristics. While the number of variables is reduced, the underlying combinations of the variables are retained within a new set of variables (Cooper & Schindler, 2014:106). In this study the different phases of the employee repatriation process in SA MNEs (questions 12 to 15) were listed as constructs, and respondents had

to rate the importance of several actions (variables) under each construct, namely actions prior to expatriation, during expatriation, prior to repatriation and during repatriation, on a five-point Likert-type scale.

Due to the small sample size, an exploratory factor analysis was conducted on each of the four constructs to determine if each represents a single construct. Eigenvalues greater than one was used to determine the number of factors, while the loading for each variable were scrutinised to decide which variables to classify under each factor. Based on the eigenvalues, two factors emerged for actions prior to expatriation (construct 1), two factors for actions during expatriation (construct 2), one factor for actions prior to repatriation (construct 3) and two factors for actions during repatriation (construct 4). Each variable was classified under the factor in which it loaded the highest, except for construct 3, where only one factor emerged. No variables had to be eliminated due to double loading or low loadings (loadings smaller than 0.300). The results for each construct are subsequently discussed.

6.3.1 Actions prior to expatriation

The focus during this phase is to create and build support for the programme and select the right candidates for international assignments, career planning and orientation prior to departure. A major component of this phase is the creation of a formal repatriation programme (Martin & Anthony, 2006:621). In enterprises that manage repatriation effectively, much of what occurs after the return to the home country is planned before expatriates leave abroad – an approach strongly supported by the literature (Poo, 2000:94; Jassawalla *et al.*, 2004:39).

Table 6.3: Eigenvalues and variance explained

	Eigenvalue	Variance explained by individual factors	Cumulative variance
Factor 1 (Preparation)	3.606	51.52%	51.52%
Factor 2 (Employee selection)	1.099	15.70%	67.22%

Factor 1 is made up of four variables and factor 2 of three variables, with the two factors accounting for 67.22 percent of the total variance in the data space (see Table 6.5). Factor

1 was named "preparation", as it represents the enterprise's actions to prepare the expatriate and family members for the foreign assignment. Factor 2 was named "employee selection"' as it involves the actual selection of the right candidates to fill expatriate positions.

Table 6.4: Factor matrix with sorted rotated factor loadings

Question numbers	Variables	Factor 1	Factor 2
12.7	Giving adequate notice of departure, allowing the expatriate and his/her family members enough time to plan	**0.871**	0.000*
12.3	Defining future career expectations upon completion of the assignment	**0.826**	0.000
12.5	Providing general orientation for the expatriate and family members on living abroad	**0.813**	0.000
12.6	Providing cultural and language training to facilitate integration into the new environment	**0.756**	0.000
12.4	Assigning a mentor for support and assistance	**0.611**	0.000
12.2	Allowing the expatriate to visit the destination prior to assignment, confirming his/her commitment to the assignment	0.000*	**0.873**
12.1	Selecting highly qualified employees to fill expatriate positions	0.000	**0.670**

*All loadings less than 0.300 were indicated as 0.000

Findings from De Valk (2004:42) indicate that without the enterprise's support and proper preparation, some assignments can end before they have started. Multiple training days or individual coaching, coupled with a well-developed selection process, can help decrease possible assignment failures.

The development of a repatriation education programme (i.e., exploring the issues, concerns, challenges and rewards of living abroad) is also normally part of this phase, including pre-departure psychological counselling and testing (Martin & Anthony, 2006:622; De Valk, 2004:42). Selection of candidates to fill expatriate positions is also very important, as it can limit expatriate turnover (Martin & Anthony, 2006:622). Selection of global assignees is critical to ensure that candidates can live up to the challenges (Frazee, 1997:28).

6.3.2 Actions during expatriation

The major components of this phase include: adjusting to the overseas environment, keeping up with organisational priorities and not being "out of sight, out of mind". The importance of communication is paramount in this phase (Martin & Anthony, 2006:623; Greenberg, 2009:18-19). Jassawalla *et al.* (2004:39) point out that repatriation issues arising upon return seem inseparable from those arising before and during the assignment and should be managed as part of the repatriation process, preventing the expatriate's feeling isolated.

Table 6.5: Eigenvalues and variance explained

	Eigenvalue	Variance explained by individual factors	Cumulative variance
Factor 1 (Expatriate support)	2.427	48.53%	48.53%
Factor 2 (Staying connected to the home country)	1.030	20.60%	69.14%

From Table 6.6 it can be seen that factor 1 consists of three variables and factor 2 of two variables, with the two factors accounting for 69.14 percent of the total variance in the data space. Factor 1 was named "expatriate support", as it summarises the enterprise's actions to assist with the adjustment process upon arrival and for the duration of the assignment. Factor 2 was named "staying connected to the home country", as it involves all communication initiatives and home visits to prevent the out-of-sight, out-of-mind syndrome.

Table 6.6: Factor matrix with sorted rotated factor loadings

Question numbers	Variables	Factor 1	Factor 2
13.1	Assisting the expatriate to adjust to the overseas assignment and new environment by assigning them for short periods of time (three to six months) to determine their capability to work abroad	**0.808**	0.000*
13.3	Providing counselling to expatriates	**0.791**	0.000
13.2	Encouraging regular interaction between mentor and expatriate	**0.726**	0.000
13.3	Proactive human resource initiatives to keep expatriates abreast of changes within the enterprise	0.000*	**0.841**

| 13.5 | Encouraging regular home-office meetings during home leave visits to prevent out-of-sight, out-of-mind syndrome | 0.000 | **0.830** |

*All loadings less than 0.300 were indicated as 0.000

During the first period of the international assignment, the expatriate is preoccupied with cross-cultural issues and adjusting to the new environment (Martin & Anthony, 2006:624). Settling-in services provided by the enterprise in the host country can include escorted assistance with local registration, educational systems and medical facilities, along with the introduction of available leisure activities, which will help a family with the transition (Greenberg, 2009:19).

The repatriation focus of this phase is to keep up with organisational changes. Dissemination of information is normally performed through correspondence (e.g. updates on policies and other developments in the home country), but it is not in a personal form of communication. Communication throughout the duration of the process will contribute to re-entry adjustment (Tindel, n.d.:7). Mentors can perform a critical role in updating expatriates on structural changes, revised policies and procedures, as well as strategy updates (Martin & Anthony, 2006:624).

6.3.3   Actions prior to repatriation

Key activities during this phase are creating realistic expectations, starting counselling, conducting career planning and addressing issues that could lead to resignation (Martin & Anthony, 2006:624). Tindel (n.d.:9) also includes the aspect of job prospects and also partners who want to work on return to the home country, as part of phase two.

Table 6.7: Eigenvalues and variance explained

	Eigenvalue	Variance explained by individual factors	Cumulative variance
Factor 1 (Assistance prior to repatriation)	3.673	61.21%	61.21%

Factor 1 consists of six variables, as can be seen from Table 6.8, and accounts for 61.21 percent of the total variance in the data space. The factor was named "assistance prior to

repatriation" to align with the third phase of the employee repatriation process, namely "actions prior to repatriation".

Table 6.8: Factor matrix with sorted rotated factor loadings

Question numbers	Variables	Factor 1
14.5	Creating holding patterns in which the newly acquired skills and experience can best benefit the enterprise and individual	**0.843**
14.2	Creating realistic expectations about their non-work lives on return	**0.813**
14.6	Addressing possible issues leading to resignation by creating channels for the employee (or mentor) to express any issues / concerns, prior to returning home	**0.813**
14.3	Increasing the size and flexibility of the re-entry window by allowing a more open time frame of three months to identify the most suitable repatriation date	**0.799**
14.1	Creating realistic expectations about their work-lives on return	**0.748**
14.4	Introducing enterprise initiatives such as an orientation programme in the form of a seminar to re-introduce the expatriate and family into the domestic environment	**0.663**

In terms of creating expectations, the intentions of the enterprise should be communicated to the expatriate; it is essential to address family support as soon as possible during this phase. Enterprises can help to create realistic expectations about work and non-work lives before repatriation (Martin & Anthony, 2006:624-625).

Counselling and reorientation during this phase should be managed and require careful attention. Repatriates can feel alienated or display a sense of proactiveness (Martin & Anthony, 2006:625; O'Sullivan, 2002:598). Expatriates, on their return, expect enterprises to value their international experience and to place them in positions where they can apply their knowledge. Proper planning can help expatriates to know exactly what position they will be returning to six months prior to return (Lazarova & Cerdin, 2007:411-412; O'Sullivan, 2002:598).

6.3.4 Actions during repatriation

During this phase, the focus is on reverse cultural shock, repatriation adjustments, managing expectations, welcome-home orientation, and the role of the mentor during the

repatriation phase (Martin & Anthony, 2006:626; Andreason & Kinneer, 2004:14; Oddou, 1991:306, Frazee, 1997:24; Black & Gregersen, 1999:57).

Furthermore, using the newly acquired skills and valuing the international experience of the repatriate to the benefit of the enterprise are critical during this phase (Martin & Anthony, 2006:626; Janush, 2003:52).

Table 6.9: Eigenvalues and variance explained

	Eigenvalue	Variance explained by individual factors	Cumulative variance
Factor 1 (Repatriation support)	4.601	57.51%	57.51%
Factor 2 (Utilising and valuing international experience)	1.427	17.83%	75.35%

From Table 6.10 it can be seen that factor 1 is made up of six variables and factor 2 of two variables, with the two factors accounting for 75.35% of the total variance in the data space. Factor 1 was named "repatriation support", as it combines the actions from an enterprise perspective to reintegrate the repatriate and his/her family back into the domestic environment. Factor 2 was named "utilising and valuing international experience", highlighting the importance of assigning the repatriates to challenging positions to benefit from their newly acquired skills and to guide future assignees, if required.

Table 6.10: Factor matrix with sorted rotated factor loadings

Question numbers	Variables	Factor 1	Factor 2
15.3	Encouraging employees to avoid comparisons between the host and home country	**0.916**	0.000*
15.1	Addressing reverse cultural shock by letting the employees know that they are not alone	**0.889**	0.000
15.4	Managing expectations by understanding the psychological impact of repatriation adjustment, to strengthen the relationship between the host and home country	**0.870**	0.000
15.2	Assisting with repatriation adjustment by allowing sufficient time to adapt to the home country, and changing enterprise circumstances prior to taking up a new position	**0.855**	0.000
15.5	Continuing professional counselling as part of the welcome-home orientation, preparing repatriates (including family members) for the change in their personal and professional	**0.838**	0.000

	lives		
15.6	Creating a repatriate directory to assist the enterprise to utilise former expatriates for special assignments	**0.654**	0.000
15.7	Assigning repatriates to challenging positions to benefit from their newly acquired skills and international experience	0.000*	**0.911**
15.8	Valuing international experience by creating an environment in which international assignments are regarded as positive career move by prospective expatriates	0.000	**0.872**

*All loadings less than 0.300 were indicated as 0.000

The stress factor associated with re-entry into the home environment originates from children adapting to new schools, different learning curriculums, a new social environment (i.e., making new friends) and new working environments for both the repatriate and partner (O'Sullivan, 2002:598). Work performance is affected by new job responsibilities, a new supervisor, peers, subordinates and goals to achieve in the new working environment (Martin & Anthony, 2006:626).

The time it takes the repatriate to adjust back into the home country and new position can vary from one month to three years and should be managed by the enterprise as part of the re-entry adjustment (Martin & Anthony, 2006:627; Janush, 2003:52; Allen & Alverez 1998:32).

Managing expectations is critical during repatriation. Other factors associated with managing expectations include expectancies of expatriates to be placed in high-profile positions, applying their new skills and receiving the support and interest of colleagues (Martin & Anthony, 2006:627).

Expatriates should schedule a meeting with their home country supervision about newly acquired skills and how these skills can be utilised on the job (De Valk, 2004:42; Oddou, 1991:306; Cryne, 2009:14).

Table 6.11 below provides a summary of the data reduction analysis findings. Due to the small sample size a Cronbach's Alpha analysis was not done as the literature indicate that with low sample sizes alpha coefficients can be unstable (Yurdugül, 2008:397).

Table 6.11: Combined results of explanatory factor analysis

Factor Number	Phase	Description of phase	Description of factor	Eigenvalue	Variance explained by individual factors	Cumulative variance per phase
Factor 1	Phase 1	Actions prior to expatriation	Preparation	3.606	51.52%	51.52%
Factor 2	Phase 1	Actions prior to expatriation	Employee selection	1.099	15.70%	67.22%
Factor 3	Phase 2	Actions during expatriation	Expatriate support	2.427	48.53%	48.53%
Factor 4	Phase 2	Actions during expatriation	Staying connected to the home country	1.030	20.60%	69.14%
Factor 5	Phase 3	Actions prior to repatriation	Assistance prior to repatriation	3.673	61.21%	61.21%
Factor 6	Phase 4	Actions during repatriation	Repatriation support	4.601	57.51%	57.51%
Factor 7	Phase 4	Actions during repatriation	Utilising & valuing international experience	1.427	17.83%	75.35%

6.4 REPATRIATION TURNOVER RATES PER YEAR

When looking at the repatriation turnover rates for the first three years after repatriation (see Figure 6.9) it can be seen that the average turnover rate increases from 9.21 percent in year one to 10.71 percent in year two and 12.47 percent in year three.

Figure 6.9: Repatriation turnover rates per year
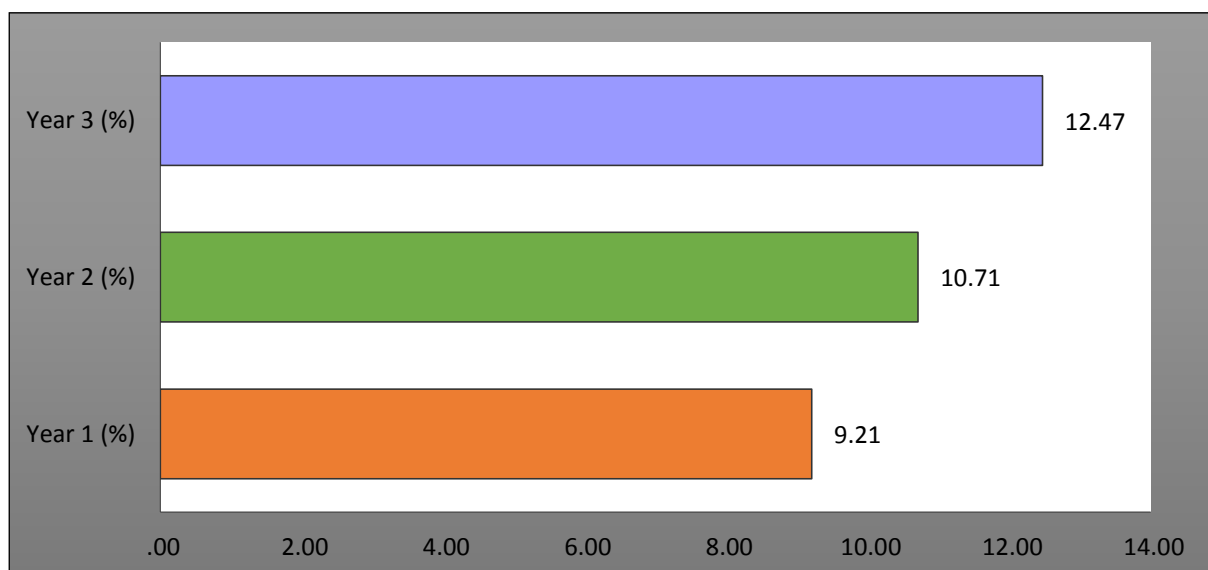
This marginal increase over the three-year period is lower than international trends, with attrition rates ranging between 15 and 25 percent for the first year, with nearly 40 percent leaving after three years (Andreason & Kinneer, 2004:13; Jassawalla *et al.*, 2004:39; Larson, 2006:55; Klaff, 2002:40; Frazee, 1997:24; Richard, 2004:19; Oddou, 1991:306). MacDonald and Arthur (2003:3) found that 25 percent of employees leave their enterprise within one year to work for a competitor. The scenario deteriorates even further after three years, with approximately 40 percent leaving the employment of the enterprise.

6.5   FOREIGN POLICY

In order to determine if repatriation turnover rates differ between enterprises which have implemented a foreign policy and those who have not, the Mann-Whitney test was used.

From Table 6.12 it can be seen that there is no statistical significant difference (Mann-Whitney test) between enterprises which have implemented a foreign policy and those that have not, with regard to their reported repatriation turnover rates in year 1 (U=81,00, *ns*), year 2 (U=70,50, *ns*) and year 3 (U=90,50, *ns*).

Table 6.12: Mann-Whitney test

	Repatriation turnover Year 1	Repatriation turnover Year 2	Repatriation turnover Year 3
Mann-Whitney U	81.000	70.500	90.500
Asymp. Sig. (2-tailed)	0.327	0.389	0.634

Assignments fail for a variety of reasons, the most common being: enterprise's not having an expatriate policy in place, a lack of support for the assignee, and personal or family issues, including worries about career disruption (Beargie, 2005:27; Gale, 2005:53).

The enterprise's foreign policy should be a set of guidelines, not rigid rules, for relocating persons around the world while maintaining the corporate culture, meaning the basic assumptions and beliefs shared by the employees of an enterprise (Greenberg, 2009:18; Beargie, 2005:27). The policy should be developed with inputs from various role-players, including global operations managers, tax specialist, accountants, relocation and payroll

professionals and HR consultants, and should provide as much information as possible (Schoeff, 2006:36).

According to Martin and Anthony (2006:622), a recent study suggests that in those instances where senior management is involved in formulating, and not only merely approving, expatriate policy, there is a higher occurrence of best-practice activities. In those cases, it is more likely that there will be career discussions with expatriates, that expatriates are given special attention in succession planning, that mentorship programmes exist, and perhaps more importantly, there is much greater planning for expatriates' return.

The support and participation of senior management in the process is emphasised by Swaak (1997:29) and Solomon (1995:32), who indicate that without top management's involvement, commitment and direction, it is not possible to institute a formal process ensuring that employees and management are educated about the challenges of international assignments.

Where enterprises struggle to implement foreign policies it is advisable to make use of relocation service enterprises (Greenberg, 2009:19; Janush, 2003:52). These enterprises employ skilled relocation counsellors who can help design international policies or interpret the corporate policy between HR and the expatriate.

However, as this study found no statistical significant difference between those enterprises which had implemented a foreign policy and those that had not, with regard to their reported repatriation turnover rates, the null hypothesis H_10 was accepted, which states:

H_10: There is no difference between enterprises that have implemented a foreign policy and those that have not with regard to their repatriation turnover rate.

H_1A: There is a difference between enterprises that have implemented a foreign policy and those that have not with regard to their repatriation turnover rate.

6.6   ASSIGNMENT OF A MENTOR

When looking at the information in Table 6.13 below it can be seen that there is a weak positive correlation (Pearson, 2012:521) between the importance of assigning a mentor to a repatriate for support and assistance and the repatriation turnover rate in year two after returning to the home country ($r = 0.342$, $p < 0.05$) (Spearman's Correlation Coefficient).

Table 6.13: Spearman's Correlation Coefficient

Correlations			Repatriation turnover Year 1	Repatriation turnover Year 2	Repatriation turnover Year 3
Spearman's rho	Assignment of a mentor	Correlation Coefficient	0.125	0.342	0.275
		Sig. (2-tailed)	0.460	0.041	0.105
		N	37	36	36

According to Allen and Alvarez (1998:34), mentors support expatriates during their international assignment and assist with their successful return. Mentors have a role to play during each phase, but should be assigned prior to the assignment (Anderson, 2001:35; Swaak, 1997:30; Oddou, 1991:306; Scelba, 1995:42). This will allow the selected expatriate and mentor to build a relationship and rapport as soon as possible. According to Klaff (2002:42), the mentor's association should continue for six months after the employee returns home, confirming the role of the mentor during each stage of the repatriation process.

The enterprise's objective in creating mentoring services is to establish a formal communications network involving the expatriate, the mentor and corporate human resources (Swaak, 1997:30; Oddou, 1991:306). Such networks help to ensure that the overseas assignments are successful, that expatriate talent is properly identified, developed and utilised, and that management talent is made available to business units around the world.

Therefore the null hypothesis H_{20} was rejected while the alternative hypothesis H_{2A} was accepted, stating:

H_{20}: There is no correlation between the importance of assigning a mentor to an expatriate and the repatriation turnover rate.

H_{2A}: There is a correlation between the importance of assigning a mentor to an expatriate and the repatriation turnover rate.

6.7 ORIENTATION PROGRAMMES

From Table 6.14 it can be seen that there is a statistical significant weak positive correlation (Pearson, 2012:521) between the importance of enterprises which had an orientation programme prior to repatriation and the repatriation turnover rate in year one after repatriation ($r = 0.330$, $p < 0.05$) (Spearman's correlation coefficient). There was also a statistical significant moderate positive correlation (Pearson, 2012:521) between the importance of enterprises which had an orientation programme prior to repatriation and the repatriation turnover rate in year two after repatriation ($r = 0.434$, $p < 0.01$) (Spearman's correlation coefficient).

Table 6.14: Spearman's correlation coefficient

Correlations			Repatriation turnover Year 1	Repatriation turnover Year 2	Repatriation turnover Year 3
Spearman's rho	Orientation programmes	Correlation Coefficient	0.330	0.434	0.098
		Sig. (2-tailed)	0.046	0.008	0.570
		N	37	36	36

According to the literature, since repatriation readjustment is so unexpected, such programmes are lacking upon return and repatriates often feel abandoned – left to fend for themselves. Home enterprises, for their part, seem to believe that the transition back home is such an easy process that there is no need to make any special effort for repatriates or their families. Home enterprises also express concern regarding the cost of such programmes and their lack of expertise in setting them up. Further, it seems that many enterprises are either ignorant of or unconcerned about the growing number of reports of repatriation problems, thereby increasing their probability of making the same mistake made by their predecessors (Allen & Alverez,1998:31, 2004:14; Larson; 2006:46).

Therefore the null hypothesis H_{30} was rejected while the alternative hypothesis H_{3A} was accepted, stating:

H_{30}: There is no correlation between conducting orientation programmes for expatriates prior to their return to their home country and the repatriation turnover rate.

H_{3A}: There is a correlation between conducting orientation programmes for expatriates prior to their return to their home country and the repatriation turnover rate.

6.8   PROACTIVE HUMAN RESOURCE INITIATIVES

From Table 6.15 it can be seen that there is no statistical significant correlation (Pearson, 2012:521) between the importance of proactive human resource initiatives to keep expatriates abreast of changes within the enterprise and the repatriation turnover rate in either year one (r = 0.005), year two (r = 0.179) or year three (r = 0.033) (Spearman's Correlation Coefficient) after repatriation.

Table 6.15: Spearman's correlation coefficient

Correlations			Repatriation turnover Year 1	Repatriation turnover Year 2	Repatriation turnover Year 3
Spearman's rho	Pro-Active HR Initiatives	Correlation Coefficient	0.005	0.179	0.033
		Sig. (2-tailed)	0.977	0.295	0.849
		N	37	36	36

This finding is surprising, considering that according to the literature, keeping up with changes in the organisational headquarters is a challenge for an employee working in an overseas assignment. Normally this is accomplished through periodic distribution of letters of policy and other positions developed at the headquarters (Martin & Anthony, 2006:624; Solomon, 1995:32). Proactive human resource departments can be very helpful in keeping expatriates informed of activities within the organisation that could affect their career plans, while managers at home can serve as advocates by looking for job openings and mentioning their names in discussions (Martin & Anthony, 2006:624; Klaff, 2002:42).

Mentors could also play a major role in keeping expatriates informed of changes, or potential revisions in structure, policies, and strategies that are being implemented in the enterprise (Swaak, 1997:30). In addition, technology like Skype can be used to stay in touch with the home enterprise, as well as returning home for regular office meetings (Frazee, 1997:25).

6.9   REPATRIATION SUPPORT

When looking at the information in Table 6.16 it can be seen that there is a statistical significant moderate positive correlation (Pearson, 2012:521) between the importance of offering repatriation support to repatriates (such as a welcome-home seminar and professional counselling) during repatriation and the repatriation turnover rate in year two after repatriation ($r = 0.446$, $p < 0.01$) (Spearman's correlation coefficient).

Table 6.16: Spearman's correlation coefficient

Correlations			Repatriation turnover Year 1	Repatriation turnover Year 2	Repatriation turnover Year 3
Spearman's rho	Repatriation support	Correlation Coefficient	0.301	0.446	0.168
		Sig. (2-tailed)	0.071	0.006	0.327
		N	37	36	36

The literature emphasises the importance of providing professional counselling to the returning expatriates and their families to help them reintegrate into the domestic environment (Martin & Anthony, 2006:627; Solomon, 1995:32; Hansen, 1997:15). Counselling sessions are conducted for spouses looking for employment opportunities, and specific sessions are designed and presented for expatriates' children. Along with finding jobs for repatriates, enterprises should prepare them for the changes in their personal and professional lives (Black & Gregersen, 1999:61).

Actions as part of the welcome-home orientation can include: 1) an event to welcome and recognise the employee and family, either formally or informally; 2) provide employees with a thorough debriefing with a facilitator to identify new knowledge, insights and skills,

forces to showcase new competencies, and activities that utilise competencies; and 3) arrange a post-assignment interview with expatriates and spouses to review their view of the assignment and address any repatriation issues (Solomon, 1995:32; Frazee, 1997:25-27; Klaff, 2002:42; Scelba, 1996:59; Andreason & Kinnear, 2004:18; Keogh, 2003:38).

Therefore the null hypothesis H_{40} was rejected while the alternative hypothesis H_{4A} was accepted, which states:

H_{40}:   There is no correlation between the importance of repatriation support on return from an international assignment and the repatriation turnover rate.

H_{4A}:   There is a correlation between the importance of repatriation support on return from an international assignment and the repatriation turnover rate.

6.10 START OF THE REPATRIATION PROCESS

From Figure 6.10, it can be seen that 44 percent of the respondents commence with the repatriation process six months before repatriation, followed by 29 percent which commence two to five months before repatriation. Only 5 percent of the respondents start with the repatriation process more than six months before repatriation, while 5 percent provide no repatriation support to their returning expatriates.

Figure 6.10: Start of the repatriation process
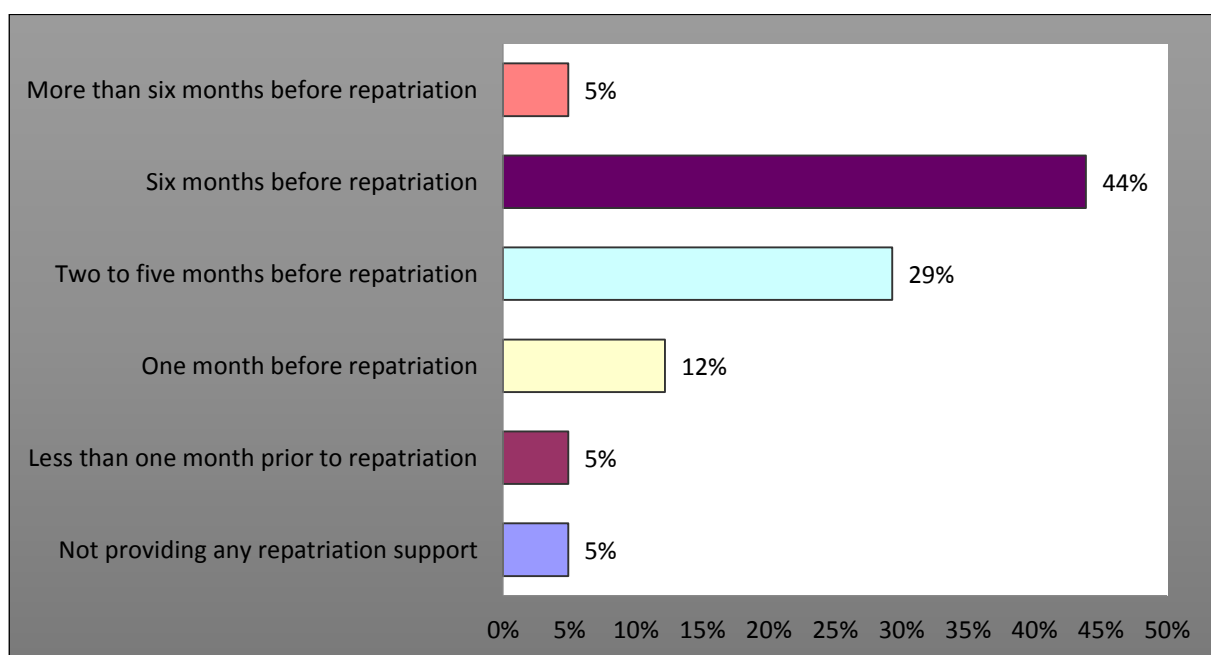
From Table 6.17 it can be seen that there is a statistical significant moderate negative correlation (Pearson, 2012:521) between when (time period) the enterprise starts with the repatriation process and the repatriate turnover rate in year one after repatriation (r = -0.361, $p < 0.05$) (Spearman's correlation coefficient).

Table 6.17: Spearman's correlation coefficient

Correlations			Repatriation turnover Year 1	Repatriation turnover Year 2	Repatriation turnover Year 3
Spearman's rho	Start of Repatriation process	Correlation Coefficient	-0.361	-0.131	0.167
		Sig. (2-tailed)	0.028	0.445	0.330
		N	37	36	36

This finding supports the literature, where it was found that starting the repatriation process six months in advance of the repatriation benefits not only the enterprise but also the repatriate returning home (Keogh, 2003:38, De Valk, 2004:42), resulting in a process that is effective for both parties. For the repatriate, proper planning and communication in advance can help to reduce anxiety, resentment and ultimately an impact on productivity and turnover rates (Vermond, 2001:33). From an enterprise perspective, if the repatriation process is planned well in advance, it can result in improved retention and return on human capital (Jassawalla *et al.*, 2004:40).

6.11 REPATRIATION EFFECTIVENESS AND ASSISTANCE TO PROSPECTIVE ASSIGNEES

From Figure 6.11 it can be seen that South African MNEs are experiencing the repatriation of their expatriates as positive, with 56 percent of respondents indicating that repatriates experience a significant career boost on returning home.

Figure 6.11: Repatriation effectiveness
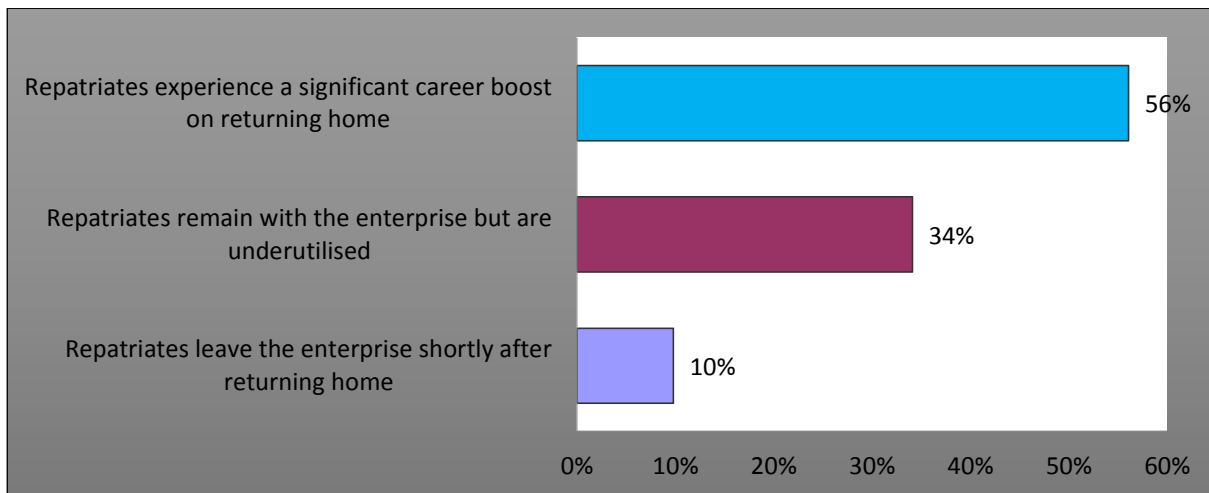
According to Allen and Alvarez (1998:30), "repatriation effectiveness is perhaps best measured not in terms of retain or loss, but as a continuum ranging from returned expatriates' leaving the enterprise at one extreme, through a mid-point where the employee remains with the enterprise but is underutilised, to the other extreme, where the employee experiences a significant career boost". Many MNEs experience significant costs as a result of poor repatriation practices (Allen & Alvarez, 1998:30; Black, 1991:17).

In particular, among the strategies available to accommodate expatriates on their return is the creation of holding patterns whereby the experience can benefit the enterprise and the individual (Allen & Alvarez, 1998:36). Examples of these are: establishing a position as trainer of future expatriates, job sharing, education leave, sabbatical, or lending the expatriate to a non-competing enterprise.

From Figure 6.12 below it can be seen that 71 percent of respondents in this study, sometimes makes use of repatriates to offer assistance to prospective assignees, while 17 percent never do.

Figure 6.12: Repatriates utilised to offer assistance to prospective assignees
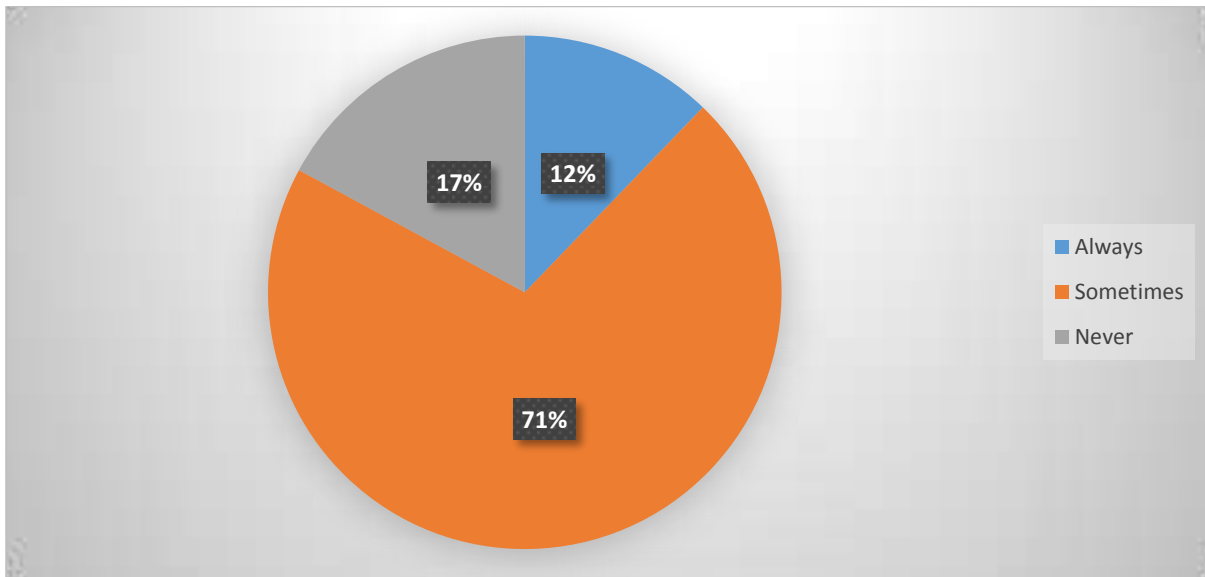
From Table 6.18, however, it can be seen that there is a statistically significant relationship (p = 0.02 (using a statistical significance level of 5 percent) (Pearson's Chi-square) between an enterprise's perception of its repatriation effectiveness and whether repatriates are utilised to offer assistance to prospective international assignees.

Table 6.18: Pearson's Chi-square

Pearson Chi-square	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.674[a]	4	0.020
N of Valid Cases	41		

In particular, from Table 6.19 it can be seen that of the repatriates that experienced a significant career boost on returning home, 17 percent were always used to offer assistance to prospective international assignees. While, 83 percent of repatriates that experienced a significant career boost on returning home were sometimes used to offer assistance to prospective international assignee. This was, however, not the case with repatriates that left the enterprise shortly after returning home, as well as with repatriates that remained with the enterprise but who were underutilised.

Table 6.19: Repatriates utilised to offer assistance to prospective assignees

Action	Frequency	Repatriates leave the enterprise shortly after returning home	Repatriates remain with the enterprise but are underutilised	Repatriates experience a significant career boost on returning home
Always	5	0	1	4
Sometimes	29	2	8	19
Never	7	2	5	0
Total	**41**	**4**	**14**	**23**

6.12 MEAN SCORES FOR REPATRIATION ACTIONS PRIOR TO EXPATRIATION

Though all seven variables testing repatriation activities prior to expatriation had a mean score of above three on a five-point Likert-type scale, selecting high quality employees to fill expatriate positions, with a mean score of 4.54, was the most important action MNEs needed to take prior to the assignment. Interestingly, assigning a mentor for support and assistance was the least important action, according to expatriate managers, with a mean score of 3.07.

Table 6.20:   Mean scores for enterprise repatriation actions prior to expatriation

How important are the following actions from an enterprise perspective, prior to expatriation	Frequency	Mean	Rank
Giving adequate notice of departure, allowing the expatriate and his/her family members enough time to plan	41	4.10	2
Defining future career expectations upon completion of the assignment	41	3.90	3
Providing general orientation for the expatriate and family members on living abroad	41	3.78	4
Providing cultural and language training to facilitate integration into the new environment	41	3.22	5
Assigning a mentor for support and assistance	41	3.07	6
Allowing the expatriate to visit the destination prior to assignment, confirming his/her commitment to the assignment	41	3.78	4
Selecting highly qualified employees to fill expatriate positions	41	4.54	1

The literature agrees in that the selection of potential expatriates is also recognised as a major factor in the repatriation and retention process (Klaff, 2002:42; Cryne, 2009:14). This view is supported by Allen and Alverez (1998:34), who point out that the selection of high-

quality expatriates is the first step in improving an enterprise's repatriation success rate. Employees with an outstanding track record prior to the international assignment will be easier to place on return. At the same time, sending top employees abroad will attract other outstanding performers to the enterprise as long as the successful repatriation is visible to these individuals. When sending top performers abroad, the cost of an expatriate assignment is invested in an individual who is likely to rise in the enterprise.

According to Allen and Alvarez (1998:34), Anderson (2001:35), Swaak (1997:30), Oddou (1991:306) and Scelba (1995:42), mentors support expatriates during their international assignment and assist with their successful return. Mentors have a role to play during each phase, but should be assigned prior to the assignment. This will allow for the selected expatriate and mentor to build a relationship and rapport as soon as possible.

Klaff (2002:42) points out that the mentor's involvement should continue for six months after the employee returns home, confirming the role of the mentor during each stage of the repatriation process. The finding of this study is interesting and in contrast with the literature, as the assignment of a mentor was ranked the least important of actions prior to expatriation, according to Table 6.20.

6.13 MEAN SCORES FOR REPATRIATION ACTIONS DURING EXPATRIATION

From Table 6.21 it can be seen that expatriate managers value the importance of keeping in contact with expatriates while on assignment, as the two variables with the highest mean scores are: proactive human resource initiatives to keep expatriates abreast of changes within the enterprise (3.78) and encouraging regular home office meetings during home leave visits to prevent the out-of-sight, out-of-mind syndrome (3.61).

Table 6.21: Mean scores for enterprise repatriation actions during expatriation

How important are the following actions from an enterprise perspective, during expatriation	Frequency	Mean	Rank
Assisting the expatriate to adjust to the overseas assignment and new environment by assigning them for short periods of time (three to six months) to determine their capability to work abroad	41	2.29	5
Providing counselling to expatriates	41	3.22	3

How important are the following actions from an enterprise perspective, during expatriation	Frequency	Mean	Rank
Encouraging regular interaction between mentor and expatriate	41	2.85	4
Proactive human resource initiatives to keep expatriates abreast of changes within the enterprise	41	3.78	1
Encouraging regular home office meetings during home leave visits to prevent out-of-sight, out-of-mind syndrome	41	3.61	2

As indicated previously, proactive human resource departments can be very helpful in keeping expatriates informed of activities within the organisation that could affect their career plans. Managers at home can serve as advocates by looking for job openings and mentioning their names in discussions (Martin & Anthony, 2006:624; Klaff, 2002:42). Enterprises should encourage regular home-office meetings during home leave visits, schedule regular assignments reviews, as well as career planning reviews well in advance of returning to the home country. These initiatives prevent an out-of-sight, out-of-mind mentality (Hauser, 1998:6).

On the other hand, assisting the expatriate to adjust to the overseas assignment and new environment by assigning them for short periods of time (three to six months) to determine their capability to work abroad was not considered that important, with a mean score of 2.29. This is interesting, given the fact that the literature recommends that employees should be assigned overseas for short periods of time (three, four or six months) to assist in determining their ability to work in a new culture prior to giving them longer assignments (Martin & Anthony, 2006:623). Mentors (mean score of 2.85) can also play a major role in keeping expatriates informed of changes, or potential revisions in structure, policies, and strategies that are being implemented in the enterprise (Swaak, 1997:30). Formal mentors are normally encouraged to ensure that the offshore employee is kept in the information loop and that they come home periodically for meetings and just to hang around the offices and be seen (Allen & Alvarez, 1998:38; Scelba, 1996:57).

6.14 MEAN SCORES FOR ACTIONS PRIOR TO REPATRIATION

As regards Table 6.22, it is interesting to note that creating realistic expectations about the expatriate's work life on return was considered the most important action prior to repatriation by expatriate managers (mean score of 4.02), enterprise initiatives such as an

orientation programme in the form of a seminar to re-introduce the expatriate and their family into the domestic environment was not considered that important, with a mean score of 2.61.

Table 6.22: Mean scores for enterprises' actions prior to repatriation

How important are the following actions from an enterprise perspective, prior to repatriation	Frequency	Mean	Rank
Creating holding patterns in which the newly acquired skills and experience can best benefit the enterprise and individual	41	3.05	5
Creating realistic expectations about their non-work lives on return	41	3.34	3
Addressing possible issues leading to resignation by creating channels for the employee (or mentor) to express any issues / concerns, prior to returning home	41	3.54	2
Increasing the size and flexibility of the re-entry window by allowing a more open time frame of three months to identify the most suitable repatriation date	41	3.32	4
Creating realistic expectations about their work-lives on return	41	4.02	1
Introducing enterprise initiatives such as an orientation programme in the form of a seminar to re-introduce the expatriate and family into the domestic environment	41	2.61	6

The literature has, however, presented strong evidence to show that the way in which expectations are managed will lead to success or failure for both returning expatriate and the enterprise (Martin & Anthony, 2006:627; Oddou, 1991:306; Cryne, 2009:14). This becomes critical during the repatriation phase, since it is during this phase that the former expatriate is predisposed to resign from the enterprise if support mechanisms are limited or absent.

Communicating the enterprise's future intentions for the expatriate and making support available for the family are significant issues that should be addressed as early as possible in the repatriation and retention process (Martin & Anthony, 2006:624-625; Frazee, 1997:25; Klaff, 2002:42; Cryne, 2009:14). Effective communication between the home-country office and overseas office is based upon the premise that accurate information is crucial for the creation of realistic expectations. Repatriate reports highlight the fact that the most important factor is communicating with the home office regarding the detail of the repatriation process (MacDonald & Arthur, 2005:150).

Furthermore, orientation programmes are needed at this time in the form of a seminar, six months prior to the overseas assignment ending. During these seminars expatriates and their spouses, who participate in jointly conducted but separate focused seminars, can ask very specific questions related to their return to the domestic environment (Klaff, 2002:42). Financial counselling is particularly important for the expatriate and the family, as the return to the domestic environment represents a new and sometimes totally different look at expenses to be incurred. The impact of the elimination of foreign allowances, financing options for home and vehicles, and an adjustment in lifestyle need to be explained to returnees (Frazee, 1997:25; Solomon, 1995:32; Roger, 1994:62). It is interesting that the respondents in this study did not regard orientation programmes as that important (mean score of 2.61 and ranked last).

6.15 MEAN SCORES FOR ACTIONS DURING REPATRIATION

From Table 6.23 it can be seen that important actions during the repatriation process are considered to be assigning repatriates to challenging positions to benefit from their newly acquired skills and international experience (mean score of 3.66) and valuing international experience by creating an environment in which international assignments are regarded as a positive career move by prospective expatriates (mean score of 3.66). However, creating a repatriate directory to assist the enterprise to utilise former expatriates for special assignments (mean score of 2.54) was not considered that important.

Table 6.23: Mean scores for enterprises' actions during expatriation

How important are the following actions from an enterprise perspective, during repatriation	Frequency	Mean	Rank
Encouraging employees to avoid comparisons between the host and home country	41	2.93	4
Addressing reverse cultural shock by letting the employees know that they are not alone	41	3.15	2
Managing expectations by understanding the psychological impact of repatriation adjustment, to strengthen the relationship between the host and home country	41	3.12	3
Assisting with repatriation adjustment by allowing sufficient time to adapt to the home country, and changing enterprise circumstances prior to taking up a new position	41	2.83	5
Continuing professional counselling as part of the welcome-home	41	2.76	6

How important are the following actions from an enterprise perspective, during repatriation	Frequency	Mean	Rank
orientation, preparing repatriates (including family members) for the change in their personal and professional lives			
Creating a repatriate directory to assist the enterprise to utilise former expatriates for special assignments	41	2.54	7
Assigning repatriates to challenging positions to benefit from their newly acquired skills and international experience	41	3.66	1
Valuing international experience by creating an environment in which international assignments are regarded as a positive career move by prospective expatriates	41	3.66	1

This finding is supported by the literature, where the importance of career enhancement is emphasised. According to Thompson (1992:64), repatriates should return to a challenging position, not to an undefined job that ignores their newly acquired skills and international expertise. There are plenty of new skills acquired while on the assignment that can post huge benefits upon return (Cryne, 2009:14), if the enterprise looks for ways to capitalise on them.

If the enterprise uses the newly acquired skills of returning expatriates, or demonstrates that the experience gained is valued, the expatriate should respond positively (Martin & Anthony, 2006:628; Oddou, 1991:306; Hauser, 1998:6). However, if the expatriate does not believe the overseas experience is appreciated, the result is normally increased stress that could lead to a repatriate leaving the enterprise. Planning for this aspect of an expatriate's return should commence between six and eighteen months prior to their return to the home country. A key factor in the planning process should be the use of skills gained while on the international assignment (Peak, 1997:9).

The enterprise could find positions and activities that use the repatriates' new skills by allowing them to act as mentors and putting them on assignments in which they can interact with overseas colleagues (Klaff, 2002:42; Scelba, 1996:57). Repatriates can be assigned to serve as a liaison between the subsidiary which hosted them and the head office of the home country or as members of action learning teams. These initiatives cannot capture all the repatriates' knowledge, but will help them to share their expertise after being repatriated (Lazarova & Tarique, 2005:371). This could, however, be a difficult process, given the fact that creating a repatriate directory to assist the enterprise to utilise

former expatriates for special assignments was not considered important by the respondents in this study.

The repatriation process represents a critical process, not just to capitalise on the knowledge developed during the assignment, but also to avoid negative impact of repatriation on international workers and their spouse and family (Schiuma *et al.*, 2006:65; Beargie, 2005:27; Molnar & Loewe, 1997:12). When other employees witness the poor handling of repatriates on their return, this can hamper the efforts of the enterprise to recruit the best available candidates for further international assignments (Lazarova & Caligiuri, 2001:390; MacDonald & Arthur, 2003:3). Poor repatriation has given the offer on an overseas assignment the "kiss of death". Employees watching what happened to repatriates may choose to avoid the international career route (Allen & Alverez, 1998:31; Black, 1991:17).

6.16 REPATRIATION FAILURE REGARDED AS A BUSINESS RISK

From Figure 6.13 it can be seen that the majority of respondents (63 percent) regard repatriation failure as a business risk.

Figure 6.13: Repatriation failure regarded as a business risk
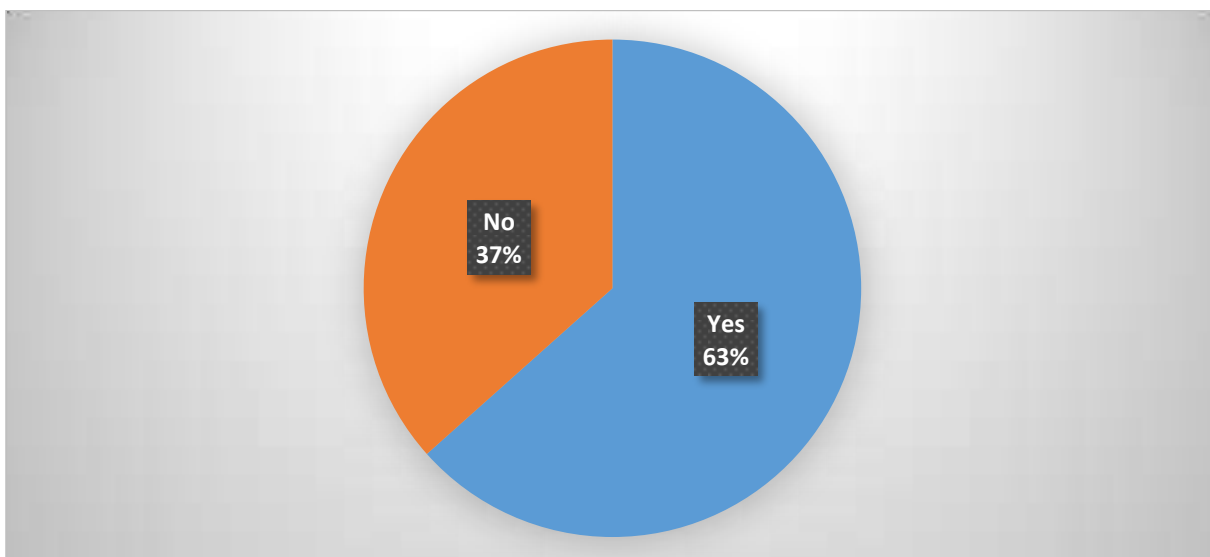
This is a positive finding, as returning repatriates who are not utilised properly can resign and join competitors in the market. The enterprise will then forfeit the return on investment

for the initial investment to send an expatriate abroad for a prolonged period. Retaining repatriates is therefore critical in order to reduce costs and to increase competitiveness (Sanchez Vidal *et al.*, 2008:1684; Fink *et al.*, 2005:35). Once repatriation failure is regarded as a business risk by the remainder of respondents, the possibility exists that these enterprises will initiate action plans to mitigate the risk accordingly.

Repatriates who have completed an international assignment can help to establish and expand the international business as a result of their knowledge of a particular culture, markets and customer preferences. Repatriates understand how the enterprise is perceived in another country and are part of a global social network which can promote the business of the enterprise across the globe (Peak, 1997:9).

6.17 REASONS WHY REPATRIATES LEAVE

From Table 6.24 it can be seen that financial changes (lower domestic compensation) affecting the repatriate's lifestyle are the primary reason for repatriates leaving an MNE after repatriation. This is jointly followed by the fact that newly acquired skills are not utilised by the enterprise, and by a lack of challenging assignments on returning home.

Table 6.24: Reasons why repatriates leave

Variables	Frequency*	Rank
Lost ground in their careers (e.g. colleagues have been promoted in their absence)	9	4
The fact that newly acquired skills are not utilised or valued by the enterprise	21	2
Financial changes (lower domestic compensation) affecting the repatriates' lifestyle	23	1
Lack of interest by the people back home in their foreign experience	6	6
Reduction in job status and autonomy in terms of responsibility and prominent role in the community	18	3
Feeling of isolation and rejection, as repatriates feel they no longer fit in	7	5
Lack of challenging assignments on returning home	21	2
Other	9	4

*Respondents had the option to provide multiple answers

These findings are supported by the literature, where it was found that the loss of personal advantages is often compounded by a corresponding loss of the economic advantages frequently provided by enterprises to their expatriates (Andreason & Kinnear, 2004:14; Larson, 2006:49). Upon return, repatriates experience a financial shock because of being brought home to resume life on a scale that may be significantly less comfortable than that on the foreign assignment. According to MacDonald and Arthur (2003:6), financial changes are a part of the repatriation experience that affects lifestyle, as domestic benefits are normally lower than international compensation packages and are compounded by an increase in tax. A subsequent desire on the part of returnees to maintain the economic lifestyle of the foreign assignment results in ineffective coping strategies, explaining why some repatriates become financially overextended.

On the other hand, repatriates who perceive that their experience is valued and that the enterprise provides the necessary support will be more likely to stay after repatriation (Allen & Alvarez, 1998:36; MacDonald & Arthur, 2005:148). The high cost of an expatriate assignment is squandered when repatriates are placed in assignments not making use of their skills or experience (Sanchez Vidal *et al*., 2008:1686; Klaff, 2002:42). Although the employee may remain with the enterprise, neither the enterprise nor the employee benefit from the international assignment (Allen & Alvarez, 1998:31; Welds, 1991:113). Even where the initial assignment is a match for the newly acquired skills and knowledge, if the development of the expatriate's career is not tracked, the enterprise may lose the investment made. As repatriates return to their home organisations, careful consideration should be given to recognise and utilise the international experience of the repatriate. Findings from Allen and Alverez (1998:33) indicate that repatriates often feel disappointed by the reception and lack of interest at home from fellow colleagues. The repatriate has probably returned from the most challenging assignment to discover that the newly acquired international experience is not valued.

It is, however, interesting to note that the two most important initiatives during repatriation in Table 6.24 above correlate with the joint second most frequent reason for an expatriate to leaving the MNE after repatriation. This shows that the expatriate managers have taken note of this issue in the repatriation process.

6.18 PROVIDING INCENTIVES FOR MENTORS

The majority of enterprises (88 percent) do not provide incentives (see Figure 6.14) for mentors upon the successful completion of an expatriate assignment. There seems to be a trend among expatriate managers, given the responses in 6.12 and 6.13 above, to consider that assigning a mentor for support and assistance to an expatriate prior to an international assignment is not that important (with a mean score of only 3.07, while "encouraging regular interaction between the mentor and expatriate" only had a mean score of 2.85).

What makes these findings interesting is that under 6.5 above it was determined that, though weak, there is a positive correlation between the importance of assigning a mentor to a repatriate and the repatriation turnover rates in year two after returning to the home country.

Other South African expatriate studies have also found that the use of mentors is not considered very popular (Vögel, 2006:137), and that mentors are not appointed by South African MNEs (Muller, 2003:182-188), supporting the findings of this study.

Figure 6.14: Providing incentives for mentors
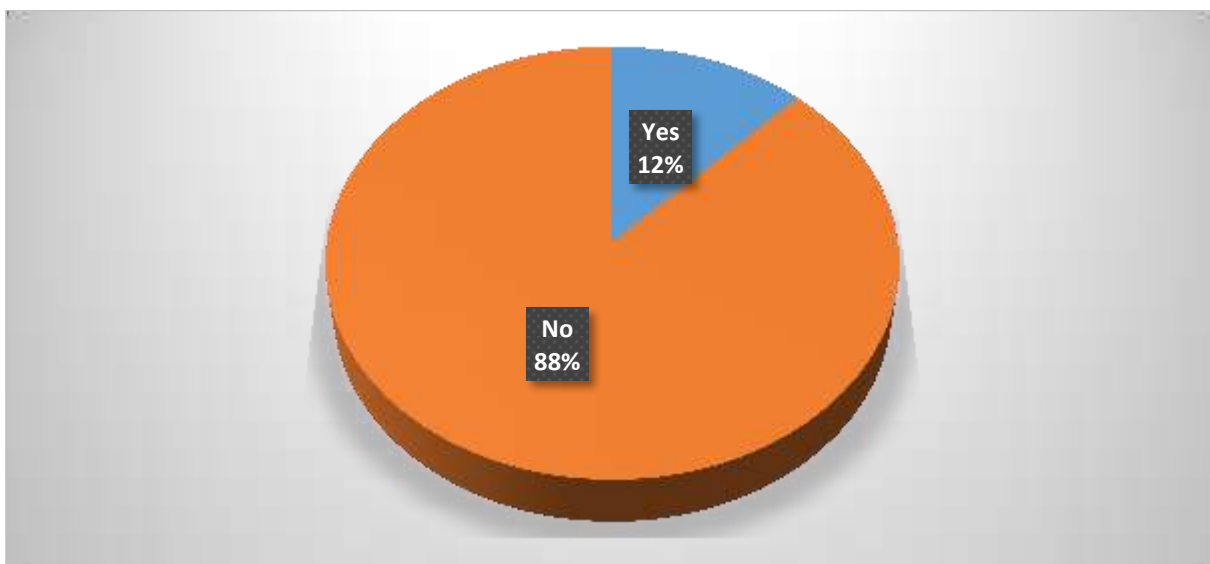
This is in spite of the fact that the literature (Anderson, 2001:35; Swaak, 1997:30; Oddou, 1991:306; Scelba, 1995:42) indicates that the mentor can play a pivotal role in supporting

expatriates on a maiden assignment to adjust; keeping expatriates abreast of changes in the enterprise during the assignment, preparing the expatriates for repatriation and helping them to adjust to the home country after returning home.

Providing incentives to mentors would mean that more commitment and dedication can be obtained from them to ensure a smooth and integrated repatriation process, benefiting both the enterprise and employee from the expatriate phase to the repatriation phase. A key way to ensure the effectiveness of the mentoring process is by tying the mentor's incentive compensation to the successful outcome of the expatriate's development assignment (Keogh, 2003:38).

6.19 IMPORTANCE OF KNOWLEDGE TRANSFER

From Figure 6.15 it can be seen that the majority of enterprises (88 percent) regard knowledge transfer upon repatriation as a valuable source of competitive advantage in the market.

Figure 6.15: Importance of knowledge transfer to gain a competitive advantage
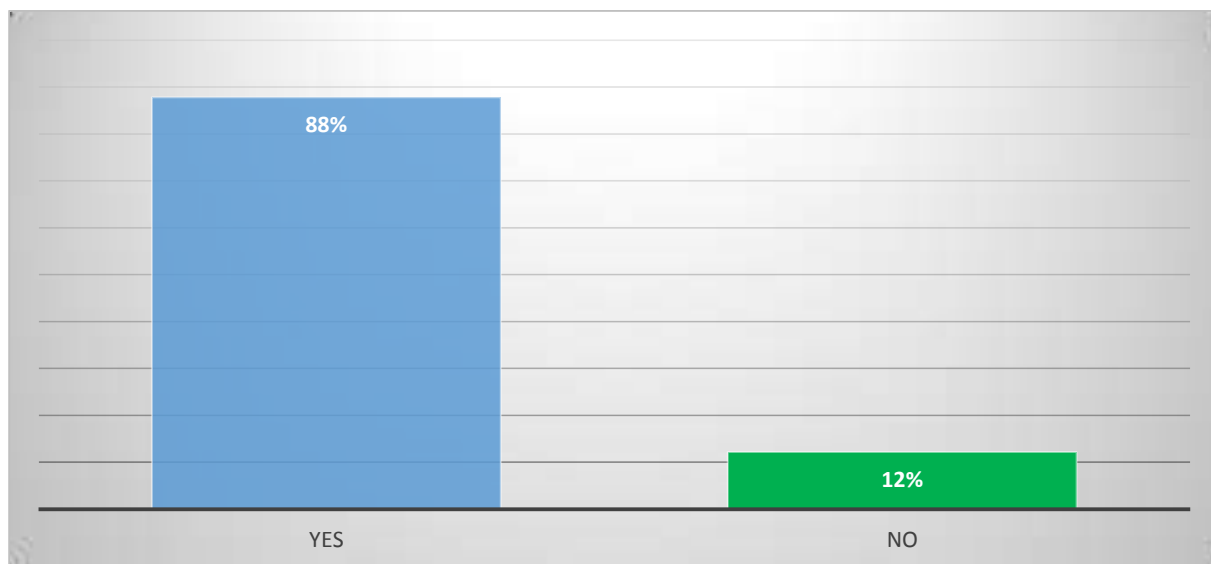
The literature supports the importance of knowledge transfer, reporting that repatriates play an important role in organisational learning, given that they can accelerate the transfer of knowledge from the host country to the home enterprise and vice versa. For this

reason many enterprises view their repatriates as an important human capital investment (Peak, 1997:9; Black & Gregersen, 1999:60).

Developing, exploiting and transferring of knowledge across the enterprise are crucial for the success of MNEs. Knowledge, especially tacit knowledge, is hard for competitors to imitate and can form the basis of a competitive advantage (Lazarova & Tarique, 2005:361; Peak, 1997:9). According to Lazarova and Tarique (2005:361), expatriates have long served as facilitators of knowledge transfer and application.

Traditional research has emphasised the role of expatriates in transferring knowledge rather than receiving knowledge. Recent research has drawn attention to the role of an expatriate in acquiring knowledge and bringing it back to the home country for further dissemination across other subsidiaries (Bonache & Brewster, 2005:3).

6.20 CONCLUSION

The results mostly confirm findings from earlier studies on demographics and extend the employee repatriation literature from a South African MNE perspective. Of the 41 SA MNEs that responded to this survey, the wholesale and retail trade industry was the best represented industry, with 27 percent of the respondents. Africa was the continent to which most expatriates were assigned, while 89 percent of expatriates were reported to be male. The average length of an expatriate assignment was found to be two to three years, and the majority of expatriates were between the ages of 35 and 44 years.

The study further reported on the identified hypotheses of the proposed four-phased employee repatriation process and repatriation turnover rate over a period of three years. The repatriation turnover rate reported varied from 9.21 percent in year one to 10.71 percent in year two and 12.47 percent in year three. The mentioned turnover rates are lower than international trends (which range from 15 to 25 percent for the first year and nearly 40 percent leaving their enterprises after three years) but higher than a comparative South African MNE study with a turnover rate of 2 percent.

In terms of enterprises' foreign policy, no correlation could be established between the implementation of a foreign policy and the repatriation turnover rate. This is in contrast with the literature and a confirmation that the mere existence of a policy does not guarantee a lower repatriation turnover rate, as the majority of the respondents for this study (75.61 percent) reported having an implemented/operational foreign policy. However, when reviewing the mean scores for enterprises where the foreign policy was under development or implemented/operational, a lower turnover rate of 4.23 percent (year one), 3.90 percent (year two) and 1.95 percent (year three) was reported compared to where the foreign policy was reported as not required. The results regarding mentorship (correlation in year two only) are unexpected, as one would assume a correlation in year one instead, as the role of the mentor should subside from year two onwards, if the repatriation process commenced in advance and the repatriated employee was placed immediately in a new role upon return. The role of the mentor is present in all phases of the repatriation process according to the literature, but from a South African MNE's perspective this role seems to be not as important or overlooked, in view of the fact that 87.80 percent of the respondents do not provide incentives to mentors upon the successful completion of an expatriate's international assignment.

The outcome on orientation programmes (correlation in year one and two related to turnover) is encouraging, as actions prior to repatriation are normally disregarded by enterprises or do not form part of the overall repatriation process. Finally, the results on repatriation support (correlation in year two related to turnover) were also interesting, as the enterprise actions in year one, shortly after the expatriate's returning home, should be more prominent, in order to address possible issues leading to resignation, compared with year two.

The next chapter will provide an in-depth discussion of the research findings and make recommendations.

CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

7.1 INTRODUCTION

Cooper and Schindler (2014:18) note that conclusions represent inferences that the researcher should draw from the findings, while recommendations refer to ideas regarding corrective action. They also maintain that, in academic research, recommendations often constitute suggestions for further study that would broaden or test the understanding of the subject area; while in applied research, the recommendations would usually be offered for the purpose of managerial action rather than research.

Each result, according to Gay and Airasian (2000:546-547), should be discussed in terms of its relation to the topic studied and in terms of its agreement or disagreement with the previous results obtained by other researchers, without over-generalisation thereof. They further suggest that the conclusion and recommendations chapter should also discuss the theoretical and practical implications of the findings, as well as making recommendations for future research or action.

This chapter starts with a summary of the literature review, followed by a discussion of the research findings. Thereafter, the chapter presents the recommendations based on the findings, and finally indicates the limitations and future research-related topics.

7.2 LITERATURE REVIEW

Chapter 1 provided the introduction and problem statement of this study. The chapter started with discussing the reasons why MNEs are operating in the global marketplace, the types of foreign direct investment used, international objectives when sending expatriates abroad and the associated challenges of operating in the global marketplace.

Operating internationally is not only beneficial to the enterprise, but can also create several managerial challenges and complexities. One of these challenges is to establish suitable HR practices for expatriates working abroad and to integrate these employees back into the enterprise upon return. MNEs are, however, also experiencing problems with the

retention of employees after returning from international assignments, with attrition rates of between 15 and 25 percent reported for the first year, with nearly 40 percent leaving after three years. Though numerous SA studies have been done focusing on expatriate management, repatriation turnover has not been addressed in these studies; as a result the effectiveness of support of expatriates during the repatriation process in SA MNEs is not known.

Chapter 2 focused on the literature related to International Human Resource Management (IHRM). This chapter started with the difference between HRM and IHRM, followed by reasons for the emergence of IHRM and a framework of key aspects of IHRM. In addition, the chapter discussed the four basic strategies companies use to enter and compete in the global environment, as well as the five different international staffing approaches that can be used to help implement each of the four strategies. The discussion further elaborated on the sources of employees for foreign assignments, selection of global assignees for foreign assignments, training and development aspects from an enterprise perspective, performance management, compensation and tracking of expatriate expenses. Finally, the chapter concluded with repatriation as the final step in the IHRM cycle, emphasising the importance of the repatriation process and how best the enterprise can use the skills and expertise of repatriates upon return.

Chapter 3 elaborated on expatriate management. The chapter started with a discussion on expatriate failure. Next, it highlighted the cost implications of expatriate failure, followed by the need for cultural adjustment and the associated challenges of living and working abroad, and how best to manage the process from an enterprise perspective. The factors that influence expatriate failure were listed and summarised. The discussion further stressed the importance of family/spouse adjustment to preventing premature expatriate returns. The core fundamentals of successful expatriate assignments were highlighted, focusing on comprehensive planning, setting of goals at the outset of the assignment and providing proper support and transition training to expatriates to ensure a smooth integration process back into the home country.

Chapter 4 detailed repatriation and retention, which form the basis of this research study. Firstly, the impact of poor repatriation management on enterprises was discussed and the

possible consequences for the enterprise if repatriation is not managed properly. The discussion then focused on problems of repatriation readjustment on a personal and professional level, and the importance of retaining repatriates upon completion of their assignment to benefit the enterprise. The chapter further reported on the importance of knowledge transfer upon repatriation, and the repatriation and retention process, highlighting the fact that few enterprises execute this process properly. The literature divides the overall repatriation process into phases. Certain critical elements during each phase were highlighted from the literature to showcase the links between the different phases and the actions of the enterprise that could ensure an effective and efficient repatriation process, beneficial to both the employee and the enterprise. The chapter ended with personal expatriate strategies for effective repatriation. These include proactive behaviour on the part of the employee and creating the right climate from the enterprise perspective.

7.3   FINDINGS

The following section will provide a brief summary of the empirical research findings as discussed in Chapter 6.

7.3.1   Demographic profile

When looking at the industry breakdown one can see that the Wholesale and Retail Trade industry represented 27 percent of the 41 respondents, followed by the Information and Communication Technology industry, with 15 percent of the respondents, and the Manufacturing and Construction industries with 10 percent each.

Secondly, the respondent enterprises ranged in size from those with 465 employees to 70 000 employees, while the number of expatriates on assignment ranged from 3 to 6000. Of the 41 respondents, 38 assign expatriates to African countries, followed by Europe, with 19 enterprises, and Asia, with 17.

The majority of SA MNEs assign their expatriates for periods longer than two years, with 25–35 months (37 percent) being the most popular assignment length, followed by 13–24

months, 36–47 months and longer than 48 months, with 17 percent each. As regards the age of expatriates, the majority of SA MNEs make use of expatriates between the ages of 35 and 44, followed by 45 to 54.

Responses on the gender of expatriates on international assignments showed that male expatriates (89 percent) still outnumber female expatriates (11 percent), as was also found by Vögel (2006:138). This was also found to be the case in research by Kraimer *et al.* (1999:33), who found a gender split of 86 percent male and 14 percent female expatriates in a study comprising 88 percent US enterprises and 12 percent enterprises from other countries. A study by Caligiuri and Tung (1999:769), comparing the success of male and female expatriates from the US, found that the gender split was 82 percent male and 18 percent female.

With regard to the status of the enterprise's foreign policy, it was found that the majority of enterprises (76 percent) have an implemented/operational policy governing their international assignments. This is followed by 20 percent whose foreign policy is under development and 5 percent that feel a foreign policy is not required. In a previous study it was found that expatriates often experience corporate IHRM policies and practices as absent, non-strategic and ad hoc (Mendenhall *et al.*, 1987:331). This may be associated with a lack of long-term career planning and enterprise support during the assignment (Stahl *et al.,* 2002:218). Expatriates who perceive corporate IHRM policies and practices as non-strategic see a disconnection between their overseas assignment and their subsequent career advancement in the enterprise (Stahl *et al.*, 2002:222).

Lastly, as regards the repatriation turnover rates for the first three years after repatriation, the average turnover rate increased from 9.21 percent in year one to 10.71 percent in year two and 12.47 percent in year three. This marginal increase over the three-year period is lower than international trends, with reported turnover rates ranging between 15 and 25 percent for the first year, and nearly 40 percent after three years (Andreason & Kinneer, 2004:13-14; Jassawalla *et al.*, 2004:39; Larson, 2006:55; Klaff, 2002:40; Frazee, 1997:24; Richard, 2004:19; Oddou, 1991:306; Martin & Anthony, 2006:626; Black & Gregersen, 1999:57). Muller (2003:235), conducting research on South African expatriates, however, found a much lower repatriate turnover rate of only two percent, compared with the findings of this study.

7.3.2 Factor Analysis

In order to determine the validity of the instrument used, an exploratory factors analysis was conducted on each of the four phases of the repatriation process: actions prior to expatriation, actions during expatriation, actions prior to repatriation and actions during repatriation. Based on the eigenvalues, the following factors emerged:

- Two factors under actions prior to expatriation (construct 1), namely, Factor 1 – Preparation; and Factor 2 – Employee selection.
- Two factors under actions during expatriation (construct 2), namely, Factor 1 – Expatriate support; and Factor 2 – Staying connected to the home country.
- One factor under actions prior to repatriation (construct 3), namely, Assistance prior to repatriation.
- Two factors under actions during repatriation (construct 4), namely, Factor 1 – Repatriation support; and Factor 2 – Utilising and valuing international experience.

Given the findings of the exploratory factor analysis, the instrument is considered valid.

7.3.3 Foreign Policy

The Mann-Whitney test was performed on the status of the enterprise's foreign policy to determine if there was a statistically significant difference between enterprises that had implemented a foreign policy and those that had not, and their reported repatriation turnover rates in years one, two and three after repatriation. Based on the finding of the study, no significant difference could be found; as a result the null hypothesis $H_{10,}$ stating: *There is no difference between enterprises that have implemented a foreign policy and those that have not with regard to their repatriation turnover rate,* was accepted.

The above finding highlights the fact that the mere existence of a policy does not guarantee a lower repatriation turnover rate, as the majority of the respondents in this study (75.61 percent) reported that they had an implemented/operational foreign policy, compared with 24.39 percent who reported that that status was either not required or under development.

7.3.4 Assignment of a mentor

Using Spearman's correlation coefficient, it was determined that there was a weak positive correlation between the importance of assigning a mentor to an expatriate for support and assistance and the repatriation turnover rate in year two after returning to the home country. Therefore, the null hypothesis H_{20} could not be accepted, but the alternative hypothesis H_{2A}, stating: *There is a correlation between the importance of assigning a mentor to an expatriate and the repatriation turnover rate,* was accepted.

Even though a correlation was found between assigning a mentor to an expatriate and reducing repatriate turnover rates, the findings of this study support those of Vögel (2006:137) and Muller (2003:182-188), who found that mentors are not popular in SA MNEs. In particular, assigning a mentor for support and assistance had the lowest mean score of all the actions prior to expatriation (of 3.07), and for actions during expatriation the second-lowest mean score (of 2.85).

As regards providing incentives for mentors, the majority of the enterprises (88 percent) do not provide incentives for mentors upon the successful completion of an expatriate assignment. This contradicts other international studies in the literature, which emphasise the rewarding of mentors to strengthen the overall repatriation process and to increase their level of commitment and support (Keogh, 2003:38; Anderson, 2001:35; Swaak, 1997:30; Oddou, 1991:306; Scelba, 1996:42).

7.3.5 Orientation programmes prior to repatriation

From the Spearman's correlation coefficient it was established that there was a weak positive correlation between enterprises that had an orientation programme prior to repatriation and repatriation turnover rates in year one after repatriation, and a moderate positive correlation between enterprises who had an orientation programme prior to repatriation and repatriation turnover rates in year two after repatriation.

Therefore, the null hypothesis H_{30} could not be accepted, but the alternative hypothesis H_{3A}, stating: *There is a correlation between conducting orientation programmes for*

expatriates prior to their return to their home country and the repatriation turnover rate, was accepted.

Such orientation programmes can be in the form of a workshop or seminar and will prepare the expatriate and family for the return to the domestic environment. This will allow the enterprise to start managing expectations earlier and ensure all issues which might lead to resignation are addressed prior to repatriation. The cost of appointing consultants to fulfil this role may, however, prevent enterprises from benefiting from these sessions, though the cost implication can be overcome if previous expatriates are used to share their repatriation experiences with returning employees (Allen & Alverez, 1998:31; Larson, 2006:46).

From an employee perspective, if the repatriation preparation commences six months or more in advance, it can assist in reducing anxiety, as the expatriate can start to prepare mentally for the return trip, knowing his or her future role upon return to the home country or new international assignment (Keogh, 2003;38; De Valk, 2004:42).

7.3.6 Repatriation support during repatriation

Based on the findings of the Spearman correlation coefficient, it was determined that there was a moderate correlation between the offering of repatriation support to repatriates (such as a welcome-home re-entry seminar and professional counselling) during repatriation and the repatriation turnover rates in year two after the repatriation process. Therefore, the null hypothesis H_{40} could not be accepted, but the alternative hypothesis $H_{4A,}$ stating: *There is a correlation between the importance of repatriation support on return from an international assignment and the repatriation turnover rate,* can be accepted.

In particular, the respondents reported the following actions as part of the welcome-home orientation for repatriates:
1. HR involvement on return: debriefing and orientation, home-country business updates, induction and counselling sessions, group feedback session with all repatriates, training and managing expectations

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2. Family assistance/support offered on return: spousal and children assistance, managing logistics on returning home and ongoing support (work- and personal-related)

3. HR involvement after return: analysis of current situation, action plan and way forward, new role adjustment and HR business partner support in respect of new assignment, career discussions

4. Line management involvement: allocation of tasks and workspace, introduction to the new team and management, integration and adjustment in the new role

5. Special leave: time off with families and allowing time to settle in and then only discussing the way forward

6. Psychological support: psychological de-briefing and continuation of counselling sessions

Only one of the respondents indicated that repatriated employees should fit straight into the new role without any interventions, ignoring the impact of reverse cultural shock as indicated by the literature (Goss & Hynes, 2005:105; Lachnit, 2001:44). The above listed repatriate support actions are in line with the literature (Frazee 1997:25-27; Klaff 2002:42; Scelba 1996:59; Andreason & Kinneer 2004:18; Keogh 2003:38) and an indication that SA MNEs are aware of the issues which can lead to higher turnover rates, if not addressed appropriately.

7.3.7 Proactive human resource initiatives

The literature has highlighted the importance of keeping up with changes in the home country while on an international assignment (Martin & Anthony, 2006:634; Solomon, 1995:32), while proactive HR departments can facilitate this process and ensure a sense of belonging with regular updates (Martin & Anthony, 2006:624; Klaff, 2002:42).

This was also found to be true for SA MNEs, as proactive HR initiatives to keep expatriates abreast of changes in the enterprise had the highest mean score (of 3.78) for actions during expatriation. The Spearman's correlation coefficient could not, however, find a correlation between proactive human resource initiatives to keep expatriates abreast of

changes within the enterprise and the repatriation turnover rates in either year one, two or three after repatriation.

7.3.8   Start of the repatriation process

Integration back into the home country is sometimes more difficult than the expatriation process and should commence in advance, preferably six months prior to repatriation (Klaff, 2002:42; Allen & Alvarez, 1998:36). The findings of this study supported this view, as the Spearman's correlation coefficient test indicated a moderate negative correlation between the time when the enterprise starts with the repatriation process and the repatriate turnover rate in year one after repatriation.

Furthermore, the largest percentage of the respondents (44 percent) commence with the repatriation process six months in advance, while 30 percent start two to five months before repatriation. Only five percent of the respondents reported not providing any repatriation support to returning expatriates.

7.3.9   Repatriation effectiveness

The Pearson's Chi-square test showed a statistically significant relationship between an enterprise's perception of its repatriation effectiveness and whether repatriates are utilised to offer assistance to prospective international assignees. As regards the effectiveness of repatriation in South African MNEs, 56 percent of respondents indicated that repatriates experience a significant career boost on returning home, 34 percent remain with the enterprise but are underutilised, while 10 percent leave the enterprise shortly after returning home. The last-mentioned finding is in line with the average turnover rate of 9.21 percent in year one as reported by the respondents.

7.3.10   Descriptive statistics

7.3.10.1 Actions prior to expatriation

Regarding the mean score for actions prior to expatriation, all seven variables had a mean score of above three on a five-point Likert scale. According to the expatriate managers,

selecting high-quality employees to fill expatriate positions (with a mean score of 4.54) was the most important action prior to the assignment. This finding supports the literature, which indicates that the selection process is the first step in a successful repatriation process (Klaff, 2002:42; Cryne, 2009:14). In addition, the importance of defining future career expectations upon completion of the assignment was rated third (mean score of 3.90), confirming the importance of managing the repatriation process end-to-end. Interestingly the role of the mentor is regarded as the least important action prior to expatriation (with a mean score of 3.07).

7.3.10.2 Actions during expatriation

Analysing the mean score for actions during expatriation shows that expatriate managers value the importance of keeping in contact with expatriates while on assignment, as the two variables with the highest mean scores are: proactive human resource initiatives to keep expatriates abreast of changes within the enterprise (3.78) and encouraging regular home-office meetings during home-leave visits to prevent the out-of-sight, out-of-mind syndrome (3.61). It is, however, interesting to note that no correlation could be found between proactive HR initiatives (although these were rated highest by the respondents) and repatriation turnover rates in years one, two and three. Short-term assignment to assist expatriates to adjust to the overseas assignment was considered the least important action, with a mean score of 2.29. This is in contrast to the literature, which highlights the cost benefit of short-term assignments (Miller, Murray & Shankaran, 2001:26; Reiche & Harzing, 2009:23-24).

7.3.10.3 Actions prior to repatriation

When exploring the mean score for actions prior to repatriation, it is interesting to note that although expatriate managers considered creating realistic expectations about their work-lives on return the most important action prior to repatriation (mean score of 4.02), enterprise initiatives such as an orientation programme in the form of a seminar to re-introduce the expatriate and his or her family into the domestic environment was not considered that important, with a mean score of 2.61.

The first finding related to creating realistic expectations matches the literature, which has presented evidence that managing expectations is important during the repatriation

process and reintegrating repatriates back into their work and non-work lives as smoothly and quickly as possible (Martin & Anthony, 2006:624-625; Frazee, 1997:25; Klaff, 2002:42; Cryne, 2009:14). The second finding is interesting, as it not only contradicts the literature but also the reported correlation between enterprises who have an orientation programme prior to repatriation and repatriation turnover rates in year two after repatriation in this study.

7.3.10.4 Actions during repatriation

The mean score for actions during repatriation makes it clear that career enhancement once an expatriate has been repatriated is considered important by expatriate managers, with a mean score of 3.66. The finding is supported by the literature, stating the importance of creating an environment where international experience and skills are valued and utilised to the benefit of the enterprise (Martin & Anthony, 2006:628; Frazee, 1997:25; Oddou, 1991:306; Thompson, 1992:64; Keogh, 2003:38).

The importance of managing reverse cultural shock (3.15) and expectations on return (3.12) were ranked second and third by the respondents. The creation of a repatriate directory to assist the enterprise to utilise former expatriates for special assignments was not considered that important, with a mean score of 2.54; this indicates that SA MNE's are missing a valuable source of training for future assignees and should be explored further.

7.3.10.5 Other descriptive statistics

The main reasons identified by expatriate managers for expatriates leaving the MNE upon returning were:

1. Financial changes (lower domestic compensation) affecting the repatriates' lifestyle – 56.10 percent of the responses
2. The fact that the newly acquired skills are not utilised by the enterprise, and lack of challenging assignments on returning home – 51.22 percent of the responses
3. Reduction in job status and autonomy in terms of responsibility and prominent role in the community – 43.90 percent of the responses
4. Lost ground in their careers (e.g. colleagues having been promoted in their absence) – 21.95 percent of the responses

5. Feelings of isolation and rejection, as repatriates feel they no longer fit in – 17.07 percent of the responses

6. Lack of interest of the people back home in their foreign experience – 14.63 percent of the responses

Finally, the majority of enterprises (88 percent) regard knowledge transfer upon repatriation as a valuable source of competitive advantage.

7.4 RECOMMENDATIONS

The following section will focus on recommendations for improving the expatriate repatriation process by focusing on each of the four phases of the repatriation process. At the onset it should be noted that this study could not find a significant difference between MNEs who had implemented a foreign policy and those that had not and the reported repatriation turnover rates in years one, two and three after repatriation. This confirms the fact that the mere possession of a policy is not sufficient, if the policy is not properly constructed and implemented. This is supported by the literature, where a high correlation was found between clear policies and repatriate satisfaction (Engen, 1995:38).

Derived from this study, the following recommendations should be considered during each phase of the repatriation process to improve the overall repatriation effectiveness from an enterprise's perspective.

7.4.1 Actions prior to expatriation

Actions prior to expatriation are important from a repatriation perspective, as the success of the international assignment is affected by the practices adopted by the enterprise at the outset of the assignment. When the expatriation process is managed properly, assignees are normally better prepared for the assignment and for what it will be like to be working and living in another culture. It is also likely that well-prepared expatriates will cope better with the changes, deliver results sooner and reintegrate better back into the enterprise upon repatriation (Schiuma et al., 2006:61; Reinhart, 2005:14). Ensuring employees have a good experience right from the start can shape the entire expatriation experience and

ultimately the repatriation experience (Micciche, 2009:36). Managing the actions prior to expatriation properly substantially increases the odds in favour of effective repatriation (Jassawala *et al.*, 2004:40).

Providing prospective assignees with an overview of the selection criteria is important during this phase, as it screens out employees and family members with personal characteristics or family situations that would limit their probability of success, along with those who are unwilling to go on the foreign assignment (Scelba, 1996:58; Klaff, 2002:42). Furthermore, literature findings (Klaff, 2002:42; Cryne, 2009:14; Allen & Alvarez, 1998:34) provide evidence that the selection of highly qualified expatriates is the first step in improving an enterprise's repatriation success rate, as employees with a formidable track record prior to, as well as on, assignment will be easier to place on return. As it will be easier to place these employees in key positions once repatriated, this will send positive signals to future assignees and make it easier to attract top performers for future assignments. In addition to sending out positive signals, when assigning top performers abroad the cost of expatriate assignment is invested in an individual who is likely to rise in the enterprise and not leave the enterprise (Allen & Alvarez, 1998:36; MacDonald & Arthur, 2005:148).

It is further recommended that enterprises provide an overview of the repatriation process during this phase, as repatriation is considered a key process at the end of the expatriate assignment. The repatriation process is critical, not just to capitalise on the knowledge developed during the assignment, but also to avoid negative impact of repatriation on international workers and their family if not properly executed, resulting in repatriation turnover upon return (Schiuma *et al.*, 2006:65; Beargie, 2005:27; Molnar & Loewe, 1997:12). If there are no plans for repositioning them within the enterprise, repatriates can feel as if the assignment was of little or no value to management. For instance, returning expatriates might be expected to resume their earlier roles because management does not know how to use their expertise (Moulik & Mazumdar, 2012:71).

Enterprises should be placing emphasis on the alignment of international assignments with leadership training programmes, as the development of an enterprise's workforce makes good business sense and the costs warrant a thorough development of potential

expatriates (Haslberger & Stroh, 1992:287). Through proper career-path planning, enterprises can better understand how the person who has been sent on an international assignment can use the development experience in his or her next role within the enterprise. Conversations about an employee's post-assignment job should begin before the overseas assignment and continue throughout the expatriate period (MacDonald & Arthur, 2006:623). Enterprises providing more clarity and autonomy and allowing the use of expatriates' diverse skills can benefit from a more satisfying expatriate experience to counter possible repatriation turnover (Moulik & Mazumdar, 2012:62).

Enterprises should ensure that the schedules for relocating employees and their families are realistic. Often enterprises anticipate moving employees faster than is feasible, given all the logistics surrounding the move. If the candidate is carefully picked, if the expectations are clearly communicated, up-front training provided and with the right support in place, the candidate will be more successful while on the assignment and also during the repatriation period (Micciche, 2009:37). How much time is considered adequate should be mutually agreed between the enterprise and expatriate prior to departure. According to a study by Haslberger and Stroh (1992:289) focusing on development and selection of multinational expatriates, the notice period varied from two weeks to three months, with one to two months the most selected option, representing 55 percent of their sample.

A preview trip (within a four- to six-week period) for the expatriate and family members is also recommended during this phase. Sending expatriates and their families on a house-hunting trip before a move helps them to begin to visually transfer their lives to the new country, increasing their personal security (Runnion, 2005:22; Greenberg, 2009:19). According to Forster (2000:68) and Baruch *et al.* (2002:666), a preview trip gives employees and their family the opportunity to assess the new community. The employees should feel comfortable with the cost of housing, and a reputable service provider can provide enough information for an informed decision. Rather than expecting employees to navigate the transition period, providing support services such as finding a home, shipping household goods to the new country, opening bank accounts and securing a driver's licence, as well as information on where to shop and find movie theatres or local parks, can enhance the quality of life and adaptation to the new country. During the preview trip

the employee can decide whether to accept the assignment or not. A non-acceptance at this point will prevent unnecessary expense for the enterprise resulting from early returns (Solomon, 1996:82; Gale, 2005:53).

In particular, the assignment of a mentor for expatriates should receive more attention in SA MNEs, as mentors have a support role to play during each phase of the expatriation process, culminating in the successful return of expatriates to the home country to conclude the repatriation process. The role of the mentor in reducing repatriation turnover is supported by a number of different authors (Anderson, 2001:35; Swaak, 1997:30; Oddou, 1991:306, Scelba, 1996: 42).

Mentors should preferably be members of senior management of the home enterprise. To ensure consistency and for optimal effectiveness, a screening and training programme for mentors should be developed by the enterprise. The best mentors are people who have clout, people who have been expatriates themselves, people willing to put the time into the mentoring process, and people who have a clear understanding of the importance of creating a global talent pool and serving as an advisor and confidant for expatriates (Swaak, 1997:30; Klaff, 2002:42). A key way to ensure the effectiveness of the mentoring process is by tying the mentor's incentive compensation to the successful completion of the expatriate assignment (Keogh, 2003:38). Findings from this study, however, reflected the fact that the majority of enterprises (87.80 percent) do not reward mentors. This is perhaps an aspect to be revisited by SA MNEs in order to attract the best available mentors according to the criteria listed, ensuring a continuous connection between the enterprise and the expatriate. Also, if mentors are rewarded, more commitment and dedication could be forthcoming from these individuals, helping to establish an effective mentorship programme, supporting the objectives of the enterprise to retain these employees upon completion of an assignment.

Enterprises should also focus on the importance of career-path discussions from the start of the assignment, detailing the type of job the expatriate can expect on return. According to Tinder (n.d.:7), one transition strategy for professional re-entry is the use of repatriation agreements, whereby enterprises give candidates preparing for international assignments written guarantees as to the length of the foreign assignment, expectations regarding job

performance while abroad, and availability of a mutually acceptable position on return. Guaranteed placement will make the returning repatriate more confident about the process, reducing stress levels and facilitating the effectiveness of the overall repatriation process and a possible reduction in repatriation turnover.

7.4.2 Actions during expatriation

Actions during expatriation are important for repatriation, as an effective repatriation experience is supported by the initial enterprise's actions during the transition period abroad. If home support is visible and appreciated by the expatriate, it will ultimately result in a positive repatriation experience. Also, repatriates report heightened feelings of loyalty and greater interest in fitting in upon return when they see clear evidence of enterprise support during their international assignment (Jassawala *et al.*, 2004:42).

Enterprises should thus focus on the following during this phase. Firstly, enterprises should keep expatriates abreast of developments and changes within the enterprise for the duration of the assignment. Enterprises should increase communication initiatives during this phase (Goss & Hynes, 2005:99). This can be done by ensuring expatriates have access to the enterprise's network to receive important enterprise-wide information on strategies, structural changes and other informal information disturbed by the Communication Division to all corporate employees. Other pro-active HR initiatives can include expatriate newsletters directed specifically at the enterprise's expatriates, and online forums to share experience and foreign issues, which can be coordinated by HR, as these issues, if not addressed properly, can lead to repatriation turnover.

Secondly, the role of the mentor should continue during this phase to strengthen the flow of communication between the enterprise and the expatriate if the listed communication channels are not available. The support provided by mentors should be consistent throughout the duration of the assignment (Allen & Alvarez, 1998:35; Tinder, n.d.:7). The expatriate's mentor and HR department are two of the most important vehicles for matching an expatriate with good, available job opportunities in preparation for repatriation.

7.4.3   Actions prior to repatriation

Enterprises should plan in advance of the repatriation to prepare expatriates for the forthcoming changes in their personal and professional lives. Planning should commence six months prior to the return to the home country, as supported by Black and Gregersen (1991:61), Klaff (2002:42) and Lazarova and Cerdin (2007:411-412). The findings from this study showed that 43.90 percent of the respondents start the repatriation process six months in advance of the repatriation. Actions which can form part of the orientation programme can include a workshop or seminar session where expatriates can direct specific issues related to their return, placement opportunities and other general repatriation aspects to a panel consisting of HR, management and their mentors.

Financial counselling should also be incorporated into these sessions, as the return to the domestic environment represents a totally different look at expenses to be incurred. Subsequent to the scheduled workshop or seminar, the enterprise should attend to all logistic issues for the repatriate's return, and determine the most cost-effective timeframe for departure, shipment of personal goods, temporary living back home, tax- and HR-related matters to ensure a smooth integration back into the home country (Frazee, 1997:25, Solomon, 1995:32; Roger, 1994:62).

The role of the mentor should still continue during this phase as an important support mechanism to communicate in advance to the enterprise possible issues that might lead to repatriation turnover. The mentor is responsible for updating the expatriate regarding career opportunities and communicating the career interests of the expatriate to the home country. In addition, mentors play a key role in reducing conflict, particularly prior to the return to the home country, and ensuring that the decision about repatriates' duties upon repatriation is not left until they are actually home (Jassawalla *et al.* 2004:41-43).

7.4.4   Actions during repatriation

Repatriation support can vary from enterprise to enterprise, but the following basic actions should be covered. Firstly, professional counselling sessions should be provided for returning expatriates and their families to help them reintegrate back into the home country

and to prepare them for the changes in their personal and/or professional lives. Counselling may be for spouses looking for employment opportunities, or specific sessions for expatriates' children related to adaptation in a new school environment. These sessions should continue from one month after return up to six months, as part of a "safety net" to support the reintegration process. Re-entry counselling is important where the repatriated employee is not placed immediately or, worst-case scenario, if no positions are available. Stress management training should be incorporated into these counselling sessions for the repatriate and family members to ensure a smooth transition period back home (Goss & Hynes, 2005:99; Scelba, 1996:59).

Secondly, enterprises should also plan for the return of expatriates and facilitate a smooth re-integration through a welcome-home orientation consisting of an event to welcome the employee back home and to recognise the employee and family, either formally or informally. In addition, the enterprise can assist spouses with job-search information, resumé writing, interviewing techniques, finding schools for children and providing training in workplace changes, as practical examples. Furthermore, repatriation support groups can be established to minimise reverse cultural shock upon return to the home country (Solomon, 1995:32; Klaff, 2002:42).

Thirdly, a debriefing session is proposed, led by a facilitator, to enable expatriates to showcase and use their new competencies back home. Also a post-assignment interview should be conducted as part of the debriefing session, to establish the expatriate's view of the assignment and to address any repatriation issues which could lead to turnover, as highlighted in the literature (Black & Gregersen, 1999:61; Frazee, 1997:25-27; Keogh, 2003:38).

Although the role of the mentor was not listed by the respondents as part of repatriation support actions, a correlation was found between the appointment of a mentor and reduced repatriation turnover rates. As a result, the mentor should work together with HR and line management to look for exposure opportunities for the repatriates upon return, mentioning their names in broader discussions and investing time and energy in the expatriate's personal well-being and long-term career, ensuring the skills of these returning employees are used to the benefit of the enterprise (Jassawalla *et al.*, 2004:43).

Furthermore, it is recommended that repatriates be used to provide assistance and training for future expatriates. When enterprises use the skills of repatriates – value their international experience – it is more likely that the overall repatriation experience will be more positive (Martin & Anthony, 2006:628). Repatriates have first-hand knowledge to share with prospective assignees regarding culture, markets and networks abroad and can accelerate the transfer of knowledge from the host country to the home country, and vice versa.

Lastly, enterprises should link the career expectations of expatriates with a positive career experience in which the repatriates return to challenging positions upon return, benefiting from their newly acquired skills and international experience. If this is done, the enterprise will communicate a strong message that it values international skills, creating an environment in which prospective expatriates will regard overseas assignments as a positive career move, resulting in the best available candidates applying for international assignments and creating a cadre of international employees for its international operations (Sanchez Vidal *et al.*, 2008:166; Klaff, 2002:42).

To conclude, the initial post-assignment HR actions should continue in conjunction with line management to facilitate the integration and adjustment into the new role.

7.5   LIMITATIONS AND FUTURE RESEARCH

A limitation of this study was the relatively small sample size, as the study focused on SA MNEs that made use of expatriates and had their headquarters in South Africa. The study also relied on single-source data collected using a survey; while a triangulation approach could have strengthened the research through a qualitative method such as an interview with the respondents to explain the responses, this was unfortunately not possible.

In terms of areas of future research, this could firstly focus on the weak positive correlation between the importance of assigning a mentor to an expatriate for support and assistance and the repatriation turnover rate in year two after returning to the home country. Why was the correlation weak, and why was there a correlation only in year two and not in years one and three? And why did "encouraging regular interaction between mentor and

expatriate" score low in importance with expatriate managers, yet there was a positive correlation between assigning a mentor to an expatriate and reducing repatriation turnover rates?

Secondly, future research should investigate the weak positive correlation between enterprises that had an orientation programme prior to repatriation and repatriation turnover rates in year one after repatriation, and the moderate positive correlation between enterprises who had an orientation programme prior to repatriation and repatriation turnover rates in year two after repatriation. Why was the correlation weak in year one and moderate in year two, and what about year three? Why would offering such an orientation programme score low in importance based on the responses of expatriate managers, despite the positive correlation between offering such a programme and reducing the repatriation turnover rates?

It would also be of interest to investigate the moderate correlation between the offering of repatriation support to repatriates (such as a welcome-home re-entry seminar and professional counselling) during repatriation and the repatriation turnover rates in year two after the repatriation process. Why was there a moderate correlation only in year two and why not in years one and three?

In addition, future research should aim to determine why there was only a moderate correlation between when the enterprise started with the repatriation process and the repatriate turnover rate in year one after repatriation, and why was the correlation only in year one, what about years two and three?

Lastly, future research could focus on why pro-active HR initiatives to keep expatriates abreast of changes within the enterprise score high on importance with expatriate managers, yet there was no correlation between such initiatives and repatriate turnover rates. Moreover, why should there be no correlation although yet the literature highlights the importance of such initiatives? In view of the importance of these topics to enterprises which regularly send expatriates abroad and experience repatriate turnover, such research would be rewarding.

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APPENDIX A: RESEARCH QUESTIONNAIRE

Page 1 of 6

Page 2 of 6:

Page 3 of 6:

The page displays a questionnaire titled "GUIDELINES FOR THE MANAGEMENT OF THE EMPLOYEE" with the following sections:

12. How important are the following actions from an enterprise perspective, PRIOR TO EXPATRIATION?

(Rating scale items with five response options)

13. How important is the following assistance from the enterprise, DURING EXPATRIATION?

(Rating scale items with five response options)

14. How important is the following assistance from the enterprise, BEFORE REPATRIATION?

(Rating scale items with five response options)

Page 4 of 6:

The page displays a questionnaire titled "GUIDELINES FOR THE MANAGEMENT OF THE EMPLOYEE" with the following sections:

15. How important are the following initiatives from an enterprise perspective, DURING REPATRIATION?

(Rating scale items with five response options)

16. Indicate the attrition rates per year (repatriates leaving the enterprise on returning home after staying the full duration of their assignment) for your enterprise.

17. Does your enterprise regard repatriation failure as a business risk?

○ Yes
○ No

18. Which best describes your enterprise's repatriation effectiveness.

○ (response option)
○ (response option)
○ (response option)

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