



Emerging Trends in Understanding Career Adjustment Of Returning Expatriates : A Review Of Literature

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ABSTRACT

India is the second country in the world to introduce a tax on commodity futures trading. In 1993, Taiwan imposed a transaction tax of 0.05 percent on the value of the commodity futures contract. It was introduced in India to bring commodity market on par with the securities market as well as to increase the Government Revenue. Apart from revenue potential, CTT would enable authorities track transactions and manipulative activities (Dabba Trading) that undermine market integrity. Hence, CTT plays a key role in Government revenue and tracking of manipulative activities. This paper focuses on the pros and consequences of Commodity Transaction Tax in Indian Commodity Derivative Market.

KEYWORDS : career advancement, retention, employee satisfaction, skills, rewards, promotion, job offers, intrinsic rewards, underemployment, organizational commitment, regression, expatriate, repatriate

The modern global corporate paradigm is based on integration of not just the financial, manufacturing, marketing, and operational domains, but also of the people that constitute the organization. Competitive success derives from an organization's ability to leverage full potential of its human resources, by giving them in roles that utilize their talent to the fullest. In this context, increasing expatriation and repatriation of employees, and their successful integration into their work and social spheres has become an important concern for organizations today. The present paper provides an overview of literature pertaining to emerging trends in understanding career adjustment of returning expatriates.

Repatriation to one's home country after completion of expatriate assignment is fraught with challenges as most returning experience reverse culture shock, and need to go through a long process of psychological and career related readjustment (Hammer et al. 1998). Employees who return to their home countries completion of expatriate assignment are referred to as "returning expatriates" or repatriates. In the present paper, the terms "returning expatriate" and "repatriate" are used interchangeably. Further, the researcher attempts to provide a detailed understanding of the challenges faced by repatriates in their career adjustment through a comprehensive review of literature in this area. This paper is divided into four subsections: 1) Repatriate Adjustment 2) Challenges, 3) Knowledge and Competency Transfer and, 4) Career Success of Returning Expatriates. These are presented below.

Repatriate Adjustment

The classical framework of understanding the problem of repatriate adjustment as it relates to their careers in an organization was presented by Black and Gregersen (1992 b). They proposed that repatriation poses a unique set of challenges, quite different from those posed by expatriation. They categorized adjustment into two parts: *anticipatory adjustments* that occur before returning to one's home country; and *in-country adjustments* that take place after the relocation home. Repatriation adjustment was described as a multifaceted phenomenon including adjustment to work, adjustment to interacting with home nationals, and adjustment to the environment and culture.

According to Black and Gregersen (1992 b) repatriate adjustment is influenced by four variables:

- (1) Individual variables include a person's attitudes, values, needs, or characteristics.
- (2) Job variables refer to the tasks and characteristics of the individual's job.
- (3) Organizational variables which are characteristics of the parent organization.
- (4) Non-work variables that involve repatriates' friends, family, and general environment.

Individual variables

Individual variables impacting anticipatory repatriation adjustment include the amount of time spent abroad, the amount of change which has occurred at home during this time, and the number and length of visits home (Black and Gregersen, 1992 b). Further research has shown that individual variables are very important because people change psychologically, as a result of living and working abroad. What repatriates perceive as external changes are sometimes actual changes within themselves (Martin and Harrell, 1996). MacDonald and Arthur (2003) describe work adjustment as the external outcomes associated with the inner realignments that occur during repatriation transition. Repatriates' *perception* of work related losses and gains is more important than the loss or gain itself and this includes the loss of promotional opportunities, professional development, and management positions.

Thus psychological adjustment is an important aspect of work adjustment. Perceptions are also related to the notion of the psychological contract. The psychological contract can be defined as "an individual's beliefs about the terms of the exchange agreement between employee and employer" (Rousseau, 1990). The psychological contract is an equation of equity between the employer and employees: if repatriates feel there is equity in the rewards and recognition they receive from their companies, relative to the contributions they have made, they will likely remain with their organization upon repatriation (Lazarova and Caligiuri, 2001).

Black and Gregersen (1992 b) proposed that similarities in the nature of work facilitate alignment of expectations and repatriate adjustment. However many repatriates experience significant discontinuities between the domestic and international positions, and feel a loss of momentum in their careers (Adler, 1981; Black and Gregersen, 1999b). Briody and Baba (1991) found repatriates who were satisfied with their jobs, utilized their skills and experience, and reported their work was interesting and rewarding; whereas dissatisfied repatriates were in jobs that did not meet their expectations, were not using their skills and experience, and believed their international experience was not career enhancing. In contrast, Feldman and Tompson (1993), found that a significant amount of change in the nature of work upon repatriation was positively associated with adjustment; and they suggest that workers are motivated by challenges and opportunities for job growth.

Role clarity, role discretion, and role conflict are also important dimensions of the job the repatriate returns to (Black and Gregersen, 1992 a). Providing clear job descriptions is necessary for role clarity. Role discretion seems to have the strongest impact on work repatriation adjustment, and those repatriates who reported the highest degree of job discretion were also the best adjusted (Stroh and Caligiuri, 1998). And finally, role conflict, which is discrepancies in what is expected of the repatriate in the new work role negatively impacts

repatriate adjustment. In order to maximize role clarity, role discretion and minimize role conflict, career management of repatriates needs to be planned, supported by management, and must find a match between corporate and individual objectives (Baruch and Altman, 2002).

Organizational variables

During the international assignment, three organizational variables are important for effective anticipatory repatriation adjustment: repatriation training; a sponsor in the home office; and communication (Black and Gregersen 1992 b). Starting repatriation training before the relocation home helps expatriates develop accurate anticipatory expectations of what work and life will be like after repatriation. Suggested goals of re-entry training include: educating returnees that reverse culture shock affects everyone in some way; suggesting repatriates consider changes in themselves, their company, their family, their country/place of residence, and the impact these changes exert; recommending employees plan for their return; and encouraging re-entrers to develop strategies to ease the repatriation transition (Wang, 1997).

Non-work variables

Black and Gregersen, (1992 b) suggest there are three non-work variables that affect repatriate adjustment: cultural distance; decrease in social status and housing conditions; and spousal adjustment (Black and Gregersen, 1992b). It is generally accepted that the greater the difference between the home and host cultures, the more that employees have to change (Black and Gregersen, 1992a; Ward and Kennedy, 1996, 1999). Consequently, the transition home can involve "un-learning", and gaining knowledge about the home culture from a new perspective. Berry (1997) refers to this practice as culture learning, whereby new behaviours are acquired which are appropriate to the new culture, and culture shedding, which involves changing aspects of one's behavioral repertoire that were previously beneficial. For example, Black and Gregersen (1992 a) report most repatriates find it difficult to give up the autonomy they experienced abroad, and are reluctant to relearn bureaucratic ways of doing business upon return. While social status and housing are considered non-work factors, loss of social status is found to negatively impact work adjustment, while suitable housing arrangements upon return are positively related to work adjustment (Black and Gregersen, 1992 a).

Black and Gregersen (1992 b) propose that spousal adjustment is related to general adaptation overall adjustment, and interaction adjustment meaning interactions with home country nationals. Both research and practice underestimate the importance of the spouse and other family members in repatriation adjustment. Survey conducted by GMAC, 2004 shows that approximately 86 percent of married expatriates are accompanied by their spouse during the foreign assignment (GMAC Global Relocation Services, 2004). Also 90 percent of repatriated spouses are female, and women tend to have more difficulty with repatriation adjustment than males (Wang, 1997). Adjustment levels of both the repatriate and the spouse are positively associated with one another (Gregersen and Stroh, 1997), yet research shows 90 percent of spouses receive no repatriation support (Black and Gregersen, 1999 b). This lack of repatriation assistance appears to be a costly oversight for companies, as data suggests that spousal and family repatriation adjustment has an enormous and positive impact on employees' adjustment to work.

Challenges

Adler (1991) summarizes the results from existing research on the problem of repatriate adjustment and states that : (1) one out of every five employees who finish an overseas assignment want to leave the company when they return, (2) less than half of returned expatriate managers receive promotions upon return; in spite of the fact that they were working years in the overseas operation, (3) two-thirds of returning expatriates feel their overseas assignment had a negative impact on their careers: "out of sight, out of mind," and (4) approximately 50% of returning employees felt their re-entry position was less satisfying than their overseas assignment. While Black and Gregersen (1992 b) developed a theoretical framework to understand the problem of repatriate adjustment along four dimensions , i.e. individual, job, organizational and non-work , Hammer *et.al.* (1998) explore the problem from the point of view of reentry satisfaction and difficulties in general arenas not necessarily related to work. Results of their study suggest

that background variables such as age, prior intercultural experience were not related to reentry satisfaction. Neither were host culture related factors like length of overseas assignment, frequency and intimacy of interaction with host nationals. The only variables that was found to be significant was "expectations" (Hammer *et.al.*, 1998) Based on the results of their study Hammer *et. al.* (1998) suggest that reentry training should focus on alignment of expectations with actual situation.

Further, Hammer *et.al.* (1998) emphasize that researchers need to focus on expectancy –value theory (Furnham and Bochner, 1986) in order to understand repatriate adjustment. The expectancy value theory states that a "person's behavior is directly related to the expectations they hold *and* the subjective value of the consequences that might occur following the action" (Furnham and Bochner 1986:173). Thus expectations that violated negatively lead to negative evaluations and poorer repatriate adjustment. Hammer *et. al.* (1998) cite Martin (1993), who proposes six expectation sets relevant to the reentry experience: attitudes and beliefs, social norms and rules, role relationships, effect of sojourn, communication patterns, and discussions about the sojourn experience. It is important to focus on each of these sets of expectations, to minimize the gap between what the repatriates expect upon return to the parent country and what they actually find (Hammer *et. al.*, 1998).

Harvey (1989) states that repatriation is associated with a reverse culture shock, due to sense of loss and isolation resulting from a lack of current behavioral understanding of the repatriates' home country. The returning expatriates and family member miss out on many events, fads and trends in the home country. Family members experience social isolation and loss of connectivity to friends and other family members. The problems repatriates face can broadly be categorized under the following four dimensions:

Organizational/ Career Issues: Ambiguity about the new position and alterations in the career path are of utmost concern to the repatriates. Productivity is hampered due to changes taking place in the repatriate's personal and professional life. Most repatriates have less authority in their jobs back home than they did in their jobs overseas (Carroll, *et.al.*, 1972). Executives also experience disillusionment when they find those who did not take foreign assignments promoted above them. Being placed in a "holding pattern", while the organization decides where to place them also causes loss of self -esteem and damages career aspirations (Murray , 1978)

Financial Pressures: Repatriates lose overseas allowances and this coupled with an increase in the cost of living in the home country while they were away puts a financial strain on them. At the same time the family has to reestablish a home with increased costs for housing, furniture and appliances etc. Foreign allowances for education, travel, country club memberships, etc. may be lost, creating a decline in the family standard of living (Clague and Krupp, 1978)

Family Problems: The children have difficulties in reintegrating themselves into schools and becoming accepted by the peer groups. They may not be able to make an adjustment in academic standards. They also may not be able to participate in extracurricular activities such as sports, cheerleading, band etc. Spouses may also face similar integration problems and may have to start or restart their careers. The stress created due to family life issues may create additional problems for repatriates who already face a multitude of challenges at their workplace.

Executive Psychological Stress: Pressures created by ambiguity of roles in the organization, financial pressure and family issues may create psychological stress for the executive. This stress lowers the performance standards within the organization and this leads to a negative influence on the career trajectory of the employee and a vicious cycle sets in. For executives who experience significant reentry problems the organization may terminate them or accelerate retirement (Tung, 1998).

While companies provide significant pre-departure training and relocation assistance to employees going on expatriate assignments, little or no support is provided to those returning home (Tung , 1998). She suggests the following steps to facilitate transition of repatriates back to their parent organizations : 1) The institution of a mentor-mentee

program, where there is a one-on-one pairing of an expatriate with a member of senior management in the home organization, 2) Where one-on-one pairing is not possible, the establishment of a separate organizational unit with primary responsibility for the specific needs of expatriates, 3) Career planning with the individual about his next assignment at the home office or another foreign location six to eight months prior to his return, 4) The maintenance of constant contacts between the home office and the expatriate to make him or her feel part of the home organization.

Other organizational support practices for the repatriates and their families are discussed in detail in the section on repatriate success. Before that, it is important to enunciate how repatriates add value to their organizations through transfer of valuable knowledge and competencies, and thus why their retention is crucial for any successful organization. The following section elaborates how organizations can and must tap into the knowledge repatriates bring back with them, in order to create competitive success.

Knowledge and Competency Transfer

Repatriates are a valuable resource for any organization due to their unique global expertise, intercultural skills, technical know-how and broader vistas of problem solving in a wider cultural context. Knowledge is a key source of competitive advantage for an organization (Conner and Prahalad, 1996; Grant, 1996; Gupta and Govindarajan, 2000). Exposure to new ideas, business practices, foreign cultures and markets fosters creation of new knowledge and subsequent competitive advantage. Thus "...in the knowledge society, expatriates and repatriates become exporters, importers and local traders of expertise and knowledge, the most precious resource of all" (Inkson et al., 1997:35). Thus expatriate assignment is an opportunity to create, acquire and transfer valuable knowledge both upon expatriation and repatriation. (Oddou et al., 2009).

Oddou et al. (2009) categorized expatriate assets or knowledge into four categories. These four categories of knowledge were: *cognitive* e.g., broader perspectives, cognitive complexity, *relational*, e.g., social networks, *attitudinal*, e.g. tolerance of differences, and behavioral e.g., intercultural skills, management skills. In case studies of a German bank and pharmaceutical firm, Antal (2000) categorized repatriate knowledge into five categories: Declarative knowledge (*know what*), which focuses on knowing facts, is different from procedural knowledge (*know how*), which refers to the skills needed to do something, conditional knowledge (*know when*) signals when and how declarative and procedural knowledge should be utilized, axiomatic knowledge (*know why*) refers to the reasons for and explanations of why things occur, which can also help in knowing when to transfer such knowledge.

Despite empirical studies linking repatriate knowledge transfer to greater innovation (Subramaniam and Venkatraman, 2001) and better overall financial performance (Carpenter, Sanders and Gregersen 2001), most organizations have not paid much attention to repatriate knowledge transfer. In a case study of Spanish banks, repatriates felt that their knowledge was "undervalued or not wanted at all" (Bonache, Brewster et al., 2001: 159). Similarly, Antal (2000) in her study of German repatriates, reported that the parent organization made no attempt towards repatriate knowledge transfer. The repatriates in her study identified the following barriers to knowledge transfer: absence of processes and structures to communicate knowledge, absence of a global mindset and above all failure to deploy repatriates in jobs that utilized the skills they acquired overseas (Antal, 2000). Thus the failure of firms to value and actively draw out knowledge from repatriates greatly limits its successful transfer.

Scholars have suggested human resource and organizational practices that could facilitate repatriate knowledge transfer (Antal, 2000; Blakeney et al. 2006; Lazarova and Tarique, 2005). These include senior management's support to create a framework of organizational learning and creating an organizational culture that fosters such learning (Antal, 2000). Holding employee's accountable responsible for knowledge sharing. Encouraging collaborative assignments, workshops and focus groups where such knowledge can be shared. In order to achieve a smooth transfer of knowledge, the sender and the receiver require a shared field of experience. This shared field creates the context for knowledge transfer (Odd-

ou, 2002). Poor relationships in the shared field hinder knowledge transfer. Hence smoothing out the relationships between repatriates and their work units is very important for successful transfer of knowledge.

Career Success of Returning Expatriates

Despite the challenges of expatriation and repatriation, many employees continue to accept international assignments because they feel these will help them advance in their companies (Mendenhall, 2001 in Mendenhall et al. 2001). In study conducted by Stahl, Miller and Tung (2002), 59% of respondents said they believed expatriate assignment will positively influence their careers within the organization. In order to facilitate career success of both expatriates and repatriates, Bolino (2007) proposes the following practices:

1. The use of connectivity mechanisms: Expatriates often lose touch with the people, events and currents happenings back home (Mendenhall, 2001 in Mendenhall et al. 2001; Harvey 1989). Organizations must evolve connectivity mechanisms that include assigning expatriates back-home mentors and sponsors, or allowing expatriates to visit the home office on a regular basis (Hauser, 1998). An employee's ability to cultivate and maintain important connections and networks is significantly related to their career success (Seibert et al., 2001).
2. Repatriation adjustment assistance: Repatriates face several difficulties in adjusting back to their home organization and their lifestyle back home and this adversely affects their job performance (Harvey 1989, Adler, 1981 and Black et al. 1992 b). To facilitate the transition, organizations must offer repatriate training, realistic re-entry previews, re-orientation programs, financial and tax assistance and similar support practices (Harvey, 1989; Black and Gregersen, 1992 a; Mendenhall, 2001 in Mendenhall et al. 2001)
3. Career development plans: Placing jobs that utilize the knowledge, skills abilities gained overseas is crucial to the career development of repatriates. The companies should not put employees in "holding patterns" and as studies have found that these demotivate the employees and accelerate turnover (Bolino, 2002). Tung (1998) suggests that inadequate career development plans are the principal source of dissatisfaction among repatriates.

In order to support repatriate career success Lazarova and Caligiuri (2001) propose the following organizational support practices:

- Pre-departure briefings on what to expect during repatriation
- Career Planning sessions
- Guarantee/ Agreement on what type of position repatriate will be placed in upon repatriation
- Mentoring and Reorientation programs
- Financial and tax counseling
- Lifestyle assistance counseling
- Continuous communications with the home office
- Visible signs that the home office values expatriate assignment.

Repatriates who perceive they have more support from the organization are more likely to be committed to organization and more likely to stay with the organization (Lazarova and Caligiuri, 2001). The nature of the repatriation challenges has led researchers to conclude that organizations and, specifically, their insufficient attention to repatriates are to blame for the bleak state of repatriate retention. If organizations want to retain their repatriates, they need to develop various support programs catering to repatriate needs (Lazarova and Caligiuri, 2001).

In conclusion we can say that repatriates are a valuable asset to any organization. Organizations that can retain returning expatriates and leverage their skills benefit by gaining competitive advantage over other organizations. Returning expatriates are also an important medium of knowledge transfer and organizational learning. Knowledge is key to gaining an edge over competitors in the present global economy. Organizations need to understand that unless they specifically look at the problems associated with repatriation, and sincerely seek to address them, retention of returning expatriates will remain a problem. Both productivity and, retention of returning expatriates,

can be enhanced by winning their trust and confidence through positive organization support practices.

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