

Re-entry of Expatriate and Multinational Development

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Abstract

The concentrated on the management, and support of international assignments, this research deals with what could be called the post-assignment stage. Re-entry, though, raises issues for both the expatriate and the multinational, some of which may be connected to events that occurred during the international assignment. We treat this stage as part of the international assignment. We examine the process of re-entry or repatriation, job-related issues, social factors including family factors that affect re-entry and work adjustment, multinational responses to repatriate concerns, return on investment (ROI), and designing a repatriation program.

Keywords: Re-entry; International assignments; Repatriate; Expatriate

Introduction

It is evident from the preceding chapters that there have been considerable advances in our understanding and knowledge of the issues surrounding the management and support of expatriates in terms of recruitment and selection, pre-departure training and compensation. Although it is now more widely recognized by managers and academics that repatriation needs careful managing, attention to this aspect of international assignments has been somewhat belated. In fact, an assessment of the literature reveals that repatriation continues to be of lesser important than the other stages of the expatriation process [1]. Re-entry into the home country presents new challenges. The repatriate (returning person) may be coping with what has been termed re-entry shock, or reverse culture shock. Whereas people frequently expect life in a new country to be different, they may be less prepared for homecoming to present problems of adjustment. As a consequence, it can be a traumatic experience for some, even more than what was encountered in the foreign location. From the multinational's perspective, repatriation is frequently considered as the final stage in the expatriation process, but the multinational's ability to attract future expatriates is affected by the manner in which it handles repatriation [2]. In this research, we focus on the key factors associated with re-entry, including how the repatriation process is handled by the individual and the receiving work unit and family adjustment. We will also explore how repatriation affects the successful 'closure' of the foreign assignment, its impact on future career paths within the multinational and the effect on staff mobility. The reasons for the international assignment and its outcomes are assessed, that is, how the multinational recoups its investment in human capital and the process of knowledge and competence transfer upon re-entry. It should be noted that what is written about the re-entry process centers on the traditional expatriate assignment, based predominantly on experiences of repatriated.

The repatriation program

Typically, on completion of the international assignment, the multinational brings the expatriate back to the home country, although not all international assignments end with a transfer home [3]. Some expatriates may agree to become part of the multinational's international team of and thus have consecutive overseas assignments. In the event that one of these consecutive assignments involves the expatriate returning to the home-country operations, it will be treated as 'just another posting' rather than re-entry or repatriation. At some point, members of the international team or 'cadre' will face

repatriation although; as it often occurs at the retirement-from-work life stage, there will be different concerns that need to be addressed. It is possible to divide repatriation into four related phases- Preparation, Physical relocation, Transition and Readjustment. Preparation involves developing plans for the future and gathering information about the new position. The firm may provide a checklist of items to be considered before the return home (such as closure of bank accounts and settling bills) or a thorough preparation of employee and family for the transfer home. However, there is little evidence in the literature that preparation for repatriation is seen by the multinational to be as important as pre-departure training. At best, there may be some inclusion of repatriation issues in the pre-departure training provided to the expatriate. Physical relocation refers to removing personal effects, breaking ties with colleagues and friends and travelling to the next posting, usually the home country [4]. Most multinationals use removal firms or relocation consultants to handle the physical relocation, for both the movement out and the return home of the employee and family, and this may be formalized in their HR policies. According to Forster, comprehensive and personalized relocation assistance reduces the amount of uncertainty, stress and disruption experienced by the repatriate and family. Transition means settling into temporary accommodation where necessary, making arrangements for housing and schooling and carrying out other administrative tasks (such as renewing driver's license, applying for medical insurance, opening bank account) [5]. Some companies hire relocation consultants to assist in this phase also. Readjustment involves coping with such aspects as company, changes, reverse culture shock and career demands. The readjustment phase is the one that seems to be the least understood and most poorly handled.

Moderators of re-entry readjustment: Job related aspects

Around future employment prospects as a consequence of the international assignment, value being placed on the person's international experience, coping with new role demands and the loss of status and financial benefits upon re-entry [6]. When

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surveyed, expatriates consistently list two motivators for accepting an International assignment career advancement and financial gain. It is not surprising, then, that a prime factor in re-entry is career anxiety. This can emerge prior to the physical relocation and can affect productivity during the last couple of months of the international assignment as the person contemplates the re-entry process. No post-assignment guarantee of employment is becoming the reality for the majority of those on international assignments. A fear that the period overseas has caused a loss of visibility and isolation as captured in the phrase, 'out of sight, out of mind'. Again, this fear can commence towards the end of the international assignment as the person begins to consider the re-entry process, and depends on various elements. Anxiety can be exacerbated by informal communication from home-based colleagues about organizational changes [7]. It may be that the multinational is in the process of a major restructuring, the aftermath of a merger or acquisition, or sale of divisions or business units. These changes are usually accompanied by job shedding. Knowledge of such changes and potential or real job loss naturally will add to the level of anxiety, particularly if the expatriate does not have a guaranteed job upon repatriation. Readjustment problems may occur because, although the repatriate is attempting to function back in the home country, his or her role conception remains influenced by that of the foreign assignment. The message being sent by the home company (the role sender) has crossed the cultural boundary. The person has been operating for some time in the foreign location, and consequently may have made significant changes to his or her role behavior. However, it would appear that, for North American companies at least, role clarity and role discretion remain a repatriation issue.

A point that is not directly addressed, but may help to explain the interrelationships between the variables found significant in the above studies, is that the period overseas does alter the person. The experiences of living and working in another country can affect the person's self-efficiency. Learning how to cope successfully with the various challenges encountered during the foreign assignment may give the person more self-confidence, along with a broader perspective. These changes may be subtle for some people; for others they can be profound, and may be influenced by factors such as length of time spent abroad, country of assignment, and individual differences such as age and personality. As a result, the reverse culture shock experienced by the repatriate may be as much a function of the degree to which the person has altered as the changes that have occurred in the home country. The period of time spent overseas is an important aspect. The longer the person is away from the home country, the more likely there "will be readjustment problems upon return. Another contributing factor may be the length of time that the repatriate is kept in a so-called 'holding pattern'. This may be acceptable as an interim measure, but the longer repatriates are treated as temporary, the more likely they are to become anxious about the future, and have less commitment to the home work unit and the parent organization. Other workplace changes may affect readjustment. The repatriate often encounters changes in the formal and informal information channels in the home organization, particularly if there has been widespread restructuring and downsizing. Technological advances in the multinational may render the repatriate's functional skills and knowledge outdated. Usually, the international assignment is a form of promotion [8]. It carries greater autonomy, a broader area of responsibility and, at the top management level, a prominent role in the local community. The result is higher status. Some, expatriates use the term kingpin to describe their positions overseas. Upon return, the repatriate is expected to resume his or her position within the home company, with the loss of status

and autonomy. In effect, the repatriate is treated as just another company executive. This shift may cause readjustment problems. Compounding the problem is the loss of expatriate premiums. Another contributing factor is that the returning manager may no longer be able to afford to buy a home similar to the one sold a few years before. A US study suggests that the current practice of providing expatriates with better housing than they had at home may contribute to repatriation problems. That is, a drop in the standard of housing conditions has a negative impact on the adjustment of US repatriates. This creates somewhat of a dilemma for US HR managers. The amount of support provided for the expatriate and family is critical to adjustment and intent to stay in the foreign location, but may have a negative effect on re-entry.

Social aspects

The familiar surrounds of the home environment may ease the transition, or at least the cultural- adjustment will not be as demanding as that confronted in the foreign country. However, the international experience can distance the repatriate, and his or her family, socially and psychologically. If the expatriate position gave the person a high profile, involving interaction with the social and economic elite, the return home may bring with it some measure of social disappointment, thus reinforcing the kingpin syndrome. The financial loss of the compensation premium, housing subsidy and related benefits can exacerbate these feelings. Naturally, impressions generated about changes in the home country may depend on how effectively the family has been able to keep up-to-date with events back home. One could expect that the coverage by satellite television news channels such as CNN and BBC World, and global-oriented newspapers, make it easier for US and UK expatriates to follow their home events than those coming from smaller countries such as Australia or Norway. The Internet has the potential to provide an avenue for expatriates to stay in touch, although this depends on the availability of, and access to, television cable networks, computer facilities and Internet connections in the foreign location. Re-establishing social networks can also be difficult, especially if the family has been repatriated to a different state or town in the home country. Families who return to their previous domestic locations often find that friends have moved away. Repatriated spouses may find their friends have re-entered the workforce and are no longer available for social activities [9]. There can be a sense of loss as the level of attention and support from the multinational is withdrawn: "The phone does not ring. We went from a very close [expatriate] community to here where everyone is very busy with their own lives. Many repatriates report that people show little interest in hearing about their expatriate experiences, which can make conversation uncomfortable. As one US repatriate relates; 'It was very difficult discussing my experiences with my co-workers and friends because Americans refuse to accept that life somewhere else could be as good as or better than in the USA.

Children may also find re-entry difficult. Coming back to school, attempting to regain acceptance into peer groups and being out-of-touch with current slang, sport and fashion can cause problems. However, there are few reported studies in the literature that focus on children's repatriation. An exception is a study of 40 Japanese children that found the children faced difficulties reintegrating into both their peer groups and the Japanese educational system. One can speculate, though, that the more difficult the re-entry process for the children, the greater is the 'spill-over' effect for the repatriate. A partner encounter difficulties in re-entering the workforce, particularly if the partner has not been able to work outside the home prior to, or during, the

foreign assignment, but now desires to find outside employment, either as part of a re-entry coping strategy or owing to altered family circumstances [10]. Negative experiences during the job search may affect the partner's self-worth, compounding the readjustment process, and even causing tension in the relationship. For those who held positions prior to the overseas assignment, difficulties in re-entering the workforce may depend on occupation, length of time abroad, unemployment levels in the home country and personal characteristics such as age and gender. There is a dearth of research into the effects of the foreign assignment and repatriation upon the partner's career, and many questions surrounding this issue remain unexplored. Given that dual-career couples are on the increase, and that more females expect overseas assignments, the issue of the partner's career is likely to become a major factor determining staff availability for future overseas assignments. Taking into account the increased recognition of the dual career issues and their significance for successful assignments leading to the growth in pre-assignment and on-assignment spousal assistance, this decrease in the support on repatriation was unexpected. Our analysis has revealed how various factors influence re-entry and readjustment at the individual level.

Concerns from the viewpoint of multinational response

The above sections have considered the re-entry and career issues from the perspective of the individual repatriate. We shall now examine the issues from the viewpoint of the multinational. Early studies into the issue of repatriation indicated that it was somewhat neglected by multinationals. For example, Mendenhall et al. concluded that US human resource professionals may be unaware of the challenges facing repatriated managers. Commenting on the results of his 1989 study Harvey noted that even though many executives have experienced difficulties upon repatriation, [US] multinational companies have seemingly not addressed the issues related to repatriation with the same level of interest as preparing executives for expatriation. A 1997 survey found that only 27 per cent of responding firms indicated that they held re-entry sessions to discuss issues, such as career objectives, performance and plan for re-entry [11]. The majority of these firms indicated that they waited up to 90 days before initiating such sessions? There would seem to have been some progress lately 73 per cent of responding firms in the 2002 GMAC-GRS survey held re-entry discussions with expatriates, although this was down from the 83 per cent figure indicated in 2001. Of those who held re-entry discussions, 53 per cent said these were informal, 38 per cent held formal sessions and 10 per cent did not know. The timing of these re-entry discussions also varies, though the majority held them while the expatriates were on assignment. The GMAC-GRS survey did not report on spousal or family involvement in re-entry discussions, but these aspects were raised in the ORC Worldwide 2002 Report. As mentioned earlier in this research, job search assistance, resume preparation and career counseling were the most common forms of assistance. However, the report does not indicate if this was negotiated before or during the international assignment or upon re-entry, and if it was part of a re-entry discussion. Managing the process of repatriation should be of concern to multinationals that desire to maximize the benefits of international assignments and create a large internal labor market. A well-designed repatriation process is important in achieving these objectives, for three main reasons staff availability, return on investment and knowledge transfer [10]. These are now discussed.

A Brief Discussion on Staff availability & ROI

The way in which the multinationals handle repatriation, has an

impact on staff availability for the current and future needs. Re-entry positions signal the importance given to international experience. If the repatriate is promoted or given a position that obviously capitalizes on international experience, other members of the multinational interpret international assignments as a positive career move. On the other hand, if the multinational does not reward expatriate performance, tolerates a high turnover among repatriates or is seen to terminate a repatriate's employment upon re-entry, then the workforce may interpret the acceptance of an international assignment as a high-risk decision in terms of future career progression within the organization. The multinational's ability to attract high-caliber staff for international assignments is thereby lessened, and this can have a negative effect on the multinational's activities in the long term [12]. Getting a return on this investment would appear to be an important objective, but not easy to achieve. First, there is a matter of definition- Respondents in the GMAC-GRS 2002 survey were asked if ROI could be defined as 'accomplishing the assignment objectives at the expected cost'. A total of 96 per cent of respondents agreed with this definition, they were then asked to rate expatriate assignments in terms of ROI 30 per cent rated it as good or excellent, 38 per cent as average and 32 per cent as fair or poor. Difficulties encountered in attempts to measure ROI were receiving feedback from the business unit concerned; tracking international assignments in a systematic way; no formal planning; a lack of objective measures; too many decisions being made without realizing the costs relating to the international assignment. Second, ROI concentrates on the international assignment period, and can be substituted by a cost-benefit analysis to justify a decision to replace expatriates with HCNs, rather than considering gains that accrue to the organization through repatriated staff. It is difficult to measure intellectual capital gains - improvements in the stock of knowledge and competence that result from a successful repatriation process. We will return to some of these aspects when we examine performance management.

Designing a repatriation program

Although there is no simple, quick solution, preparing the repatriate and family for re-entry appears to have some value. The potential for mismatch of expectations regarding the future may be addressed as part of pre-re-entry training before the return, and discussed during re-entry counseling sessions (sometimes referred to as debriefing) between the receiving organization in the home county and the repatriate [13]. In today's parlance, such sessions would enable both parties to 'take a reality check'.

Some companies assign the expatriate a mentor (also referred to as a company contact, sponsor or 'godfather'). The mentor is usually in a more senior position than the expatriate, from the sending work unit, and knows the expatriate personally. The rationale behind the use of a mentor is to alleviate the 'out-of-sight, out-of-mind' feeling discussed earlier through the provision of information (such as workplace changes) on a regular basis, so that the expatriate is more prepared for conditions faced upon re-entry. A mentor should also ensure that the expatriate is not forgotten when important decisions are made regarding positions and promotions.

A survey of re-entry practices in 152 multinational companies from the USA, Europe and Asia found that 26 per cent of respondents provided mentors for their expatriates, although this was related to various organizational factors size of expatriate workforce; which work unit was responsible for the expatriate; Nationality of responding company.

It is reasonable to suggest that the practice of mentoring, to be effective, has to be managed. It may be that having a mentor assists the expatriate to adjust during the foreign assignment but, by itself, does not necessarily help re-entry. Stroh concludes that her study 'did not show that having a mentoring program would make an independent contribution to repatriate retention rate', although there was a suggested link between assignment of a mentor, career development, and repatriate retention. In other words, an effective mentor is likely to alert the firm of the imminent return of the repatriate and thus affect the re-entry position, or the practice is part of a managed repatriation program. Although recognition of the importance of repatriation programs is increasing, and companies are experimenting with other measures such as mentors, other-avenues could be explored, such as using repatriates as an important information source- inviting repatriates to assist in developing repatriation programs may contribute to relevant and effective policies [14]. It may also have desirable side-effect upon readjustment, simply by giving participating repatriates a sense that they are not an underutilized resource, and that the firm recognizes they can make a valuable contribution to the expatriation process. It is, naturally, important that wherever possible the multinational ensures equity of treatment expatriates.

Summary

This research has been concerned with the repatriation process; we have covered; the repatriation process. One may conclude that in re-entry, the broader socio cultural context of the home country takes a backstage position unlike in the expatriation adjustment phase, where the foreign culture can be overwhelming. Cultural novelty has been found to affect adjustment and, for the majority of repatriates, coming home to the familiar culture may assist in readjustment, indeed, given the more profound effect that job-related factors appear to have; re-entry shock is perhaps a more accurate term to describe the readjustment process experienced upon repatriation. Job-related issues centered on career issues upon re-entry. Factors that affected career anxiety were no post-assignment guarantee of employment, fear that the period overseas had caused a loss of visibility, changes in the home workplace that affect re-entry positions and the employment relationship. The re-entry position was an important indicator of future career progression and the value placed on international experience. Coping with new role demands was another factor in readjustment, along with loss of status and pay; Social factors explored were loss of social standing, the kingpin syndrome and the accompanying loss of the expatriate

lifestyle. Family readjustment was also important. A specific aspect was the effect of the international assignment upon the spouse/partner's career, such as being re-employed and having international experience recognized. Multinational responses to repatriates' concerns focused on re-entry procedures. We looked at how repatriation affected staff availability, whether companies were measuring and obtaining a return on investment through international assignments and designing effective repatriation programs, including the use of mentors.

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