

Emerging Themes in International Management of Human Resources



Philip G. Benson, Editor

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ORGANIZATIONAL SCIENCE**

Emerging Themes in International Management of Human Resources

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INTRODUCTION

The Emerging View: Managing Human Resources in the International Firm of the Twenty-First Century

Philip G. Benson

In academic settings, we typically codify knowledge into new areas of enquiry only when there is an appropriate level of interest by a critical mass of scholars. However, often the issues are not new at the time the “new” discipline emerges. Scholars of management history have long noted that human resource management (HRM), often seen as a twentieth-century phenomenon, was used in the earliest of recorded history. Bureaucracies certainly existed long before Max Weber outlined their nature. Late in the twentieth century, increasing attention has been focused on the role of international human resource management (IHRM), and again, as long as there has been international trade, there have been people managing human resources in international contexts.

At the same time, the academic literature on IHRM is vastly more extensive today than it was even 1 or 2 decades ago. And all of this is not to suggest that no progress has been made in our understanding of such issues and problems. This volume represents some of the creative think-

ing in IHRM that is emerging as we move into the globalized world of the twenty-first century.

For several decades, the International Human Resource Management Conference has been held in numerous locations around the world. This conference typically brings together scholars from 30-40 countries, who present a variety of papers on the topic of IHRM. In 2007, the conference was held in Tallinn, Estonia, and the chapters in this volume were selected and developed from the best of the conference papers. They represent the direction of IHRM in the early twenty-first century.

As with the field of HRM generally, much of the early work on IHRM was driven by very practical concerns. Studies of expatriate managers (usually Americans, working overseas and typically in Europe) showed that the failure rate in such assignments was extremely high (Tung, 1981). Given the costs that can easily be attributed to such employee failures a major question arose as to the best methods for selecting, training, and otherwise supporting such individuals. Such practical concerns have their value and an appropriate place in the IHRM literature, but retrospectively it seems that the angst of American managers was too much the driver of IHRM in its early years.

Critics have raised the need for theory in early IHRM (e.g., see Ghoshal & Westney, 1993), but recent scholarship has begun to bridge from practice to theory (and in turn, from theory to practice, the relevant side of this issue). In some cases, theorists have addressed very fundamental questions (e.g., Clegg & Grey, 1996), while others have discussed theory within the specific confines of IHRM (e.g., Schuler & Tarique, 2007). Indeed, true progress in IHRM is only likely to follow when the fundamental underpinnings of our field are clarified and better understood, and this is likely to occur when theory drives practice, instead of our initial model of practice driving theory. The chapters in this volume represent the broader issues for explaining processes of multinational employment, and such theories can even help to define the true domain of IHRM.

CONTEXTUAL ISSUES IN IHRM

The first three chapters in this volume deal with contextual issues in IHRM. Many scholars have recognized that moving from HRM to IHRM is not simply applying the same techniques in a slightly different setting; rather, the setting fundamentally alters the nature of the questions to even be asked (Dowling, 1999; Evans, Pucik, & Barsoux, 2002). Indeed, some forms of international organizations, such as the United Nations, represent unique organizational challenges due to their very nature

(Toomey & Brewster, 1999). Understanding IHRM requires new models and theories, and asks new questions, moving beyond merely expanding the traditional HRM functions.

Thus, it seems appropriate to open this volume with several such contextual issues. The first chapter, by Charles Vance, shows that the issues in being an effective person in a cross-national/cross-cultural encounter are not new. Long before IHRM was an academic buzzword, real people in real international encounters were required to perform the various tasks that are requisite for success in bridging various cultures. Much of historical importance can be found with relevance for the organizations of the twenty-first century.

In Vance's chapter, the role of host country nationals (HCNs) in facilitating organizational knowledge flows is critical. *Sacagawea* and *Squanto* represent two forms of interpersonal contact that can facilitate knowledge management from the external environment to the organization, and flows of needed information within the organization, respectively. Both serve as archetypes for the process of knowledge management in cross-national or cross-cultural contacts.

The chapter by Peter Ross represents an important contextual issue: as the Soviet Union dissolved about two decades ago, many countries were faced with the task of transforming from a controlled economy to a free marketplace. This transition has been at the center of organizational change throughout the former Soviet states, and has relevance for other emerging economies as well.

Ross considers two distinct telecommunications companies, one in Australia and one in the Czech Republic. While both went through a period of deregulation and privatization, the prior experiences of the two firms were embedded in very different systems. The question to be raised is the degree to which former organizational structures and cultures create a form of organizational inertia that impacts their responses to current situations and demands.

While Soviet practices do indeed have lingering impacts it is also the case that the industry demands can become more critical over time, and eventually organizations do change in ways needed to engage their new environmental context. Ross collected interview data over a substantial period of time to show the similarities and differences of these two forms of emerging private firms.

Judy Weisinger sets an important contextual dimension for HRM, by considering the role of EEO and numerical employment tracking versus the use of diversity management techniques. Such approaches are either representational or pluralistic diversity, respectively, and the latter are broader in nature, focusing on organizational functioning through interpersonal relationships. This approach, as she notes, is most successful

only when a longer term time perspective is incorporated to build such critical human capital in the organization.

Extending these concepts into the management of social capital, Weisinger shows that efforts to manage pluralistic diversity can lead to benefits to the organization. The social diversity in the broader organizational context can be mirrored within the organization, and result in positive changes to the social functioning within the organization.

Taken together, these chapters make a general case that the broader context in which IHRM operates cannot be ignored as we move into the twenty-first century. This serves as a backdrop to other issues in the international management of human resources.

STAFFING ISSUES IN THE MULTINATIONAL FIRM

Issues in organizational staffing, broadly defined, have long constituted a core functional area of the field of HRM. All organizations must find new workers, and must at times reduce staffing levels by terminating workers. Such questions raise myriad practitioner questions, but there are also fundamental theoretical issues that must be addressed for progress in applied HRM and IHRM.

It is not appropriate to think of international staffing as a direct extension of domestic staffing (Dowling, Festing, & Engle, 2009). The international context adds dimensions not found in domestic staffing, especially related to issues of political risk/terrorism, needs for visas or other forms of official “permission” to work abroad, and so forth. In addition, most firms only send managers overseas after a fairly long period of employment in the company; the negative impacts resulting from errors are too great to trust external recruits with many of these assignments. For these reasons, and others, we need to think of international staffing as a unique problem in the HRM collection of methods and techniques.

Alan Fish, Ramudu Bhanugopan, and Julie Cogin address what is in fact a long-standing issue in the IHRM literature; how do we select employees for international assignments? These authors have developed a model of the expatriate manager, and focus on two dimensions of people. Managers can be high or low on two dimensions, national identity and cross-cultural business focus. Those who are high for both dimensions are termed “internationalists,” those who are low for both dimensions are termed as “transitionalists,” those high for national identity but low for cross-cultural business focus are termed “ethnocentrists” and those low in national identity but high for cross-cultural business focus are termed “transnationalists.” They find the transnationalists make the best choices for cross-border business assignments.

Fundamentally, this approach represents a shift from use of traditional personality measures, toward the use of a manager's value system. Fish and his co-authors argue that too many personality variables can be considered, and in the complexity of cross-border assignments, this approach becomes far too difficult to manage.

In the literature on HRM and staffing, whether based in international research or based in single nation studies, one could easily make the argument that the flip side of the process is relatively understudied. We have looked at staffing much more carefully than we have looked at the process of separating employees from a firm. Colette Darcy and Thomas Garavan look at employee claiming behavior in response to employment termination. While they focus on the context of Ireland, the issue of employee separations is one that needs attention in the HRM and IHRM literature.

Darcy and Garavan distinguish between perceptions of justice, and the actual behaviors that result from such perceptions. Specifically, what are the antecedents of employee claiming, specifically claiming for unfair termination of their employment?

Darcy and Garavan note that the prior literature on perceptions of organizational justice has been heavily biased toward North American samples, in particular from the United States. By extending this research into the Irish context, broader conclusions are allowed. In addition, it is clear that employee claiming behavior does result from very specific antecedents, and that organizations can take actions to reduce the probability of such claiming.

This extension of research on claiming behavior into the Irish context adds a new dimension to this literature; next it would be especially useful for such research to be further extended into a wide variety of world cultures. Clearly, claiming behavior, common in the United States, may be far less prevalent in other parts of the world, and the generalizability of these behaviors is an area ripe for further investigation. Indeed, how employers treat termination is a critical factor in understanding the employment relationship and the role of organizational justice.

In general, even though staffing related questions have long been part of the IHRM literature, these chapters show that more can be done in this realm.

GENDER DIVERSITY IN INTERNATIONAL CONTEXT

A major theme of research in HRM generally is the importance of diversity efforts in organizations. Beyond the research done in HRM, a huge literature exists on this topic in the literature of sociology, and also

applied social psychology. Papers in this volume also address the issue of diversity in the international firm.

Christiana Ierodiakonou and Eleni Stavrou consider the role of flexible work arrangements as a means of enhancing employment opportunities for women. They extend previous research by looking at the role of such practices with women who are currently unemployed, whereas the bulk of previous research in this area of investigation considers the impact of flexible work on women who are already working.

The women in their study largely find traditional work to be incompatible with their existing family obligations, a finding that is not surprising. But women found some of the options for flexible work arrangements more appealing than others, and part-time work was especially attractive. Not all approaches to making work attractive work equally well.

Astrid Reichel, Julia Brandl, and Wolfgang Mayrhofer discuss differences in women and men as HR managers. Although HR, as a profession, is often seen as female-dominated, it is still the case that many men work in the field, and there are notable differences in the roles women and men play as HR managers.

Reichel and her coauthors suggest that traditional HRM has often had women providing the administrative functions, whereas men more typically are assigned work in the more strategic aspects of the field. As organizations internationalize, they increasingly become more egalitarian, and break down some of these barriers. However, this can only be understood in the context of specific national and cultural contexts. Using Cranet data (Brewster, Mayrhofer, & Morley, 2004) from over 7,000 organizations in 22 countries, they look at degree of gender egalitarianism in the top management levels of HRM. One notable finding is that cross-national differences in gender-based differentiated roles are better explained by cultural differences than by institutional equalization. In short, culture matters.

ISSUES IN CULTURAL TRANSITIONS

The final section of the present volume looks at a critical component of understanding IHRM. Fundamentally, IHRM deals with those workers who are required, as part of their job, to cross numerous cultural boundaries. Issues of culture shock have long been discussed, and more recently there has been growing recognition of the role of repatriation and its resulting reverse culture shock.

Although the fundamental process of cultural transitions has long been a core issue for IHRM, important work continues on this topic. Both expatriation (Cerdin, 1999) and repatriation (Doherty, Brewster, Suutari,

& Dickman, 1999) are relevant to understanding these intercultural processes. Three chapters here address these issues, especially regarding repatriation.

Maike Andresen and Markus Göbel look at a critical aspect of the international work experience. We know that large numbers of expatriates, after their return home, leave their employing organizations. The general view, however, is that employees with international experience should be highly valued, and organizations should be taking steps to retain such repatriates. Andresen and Göbel consider the problem through violations to the employees' psychological contracts.

Using a qualitative approach, they studied managerial psychological contracts, especially regarding expectations surrounding reciprocity. They found that reciprocity has more dimensionality than is typically assumed in the literature, and that both utilitarian and moral elements can be found. The theoretical findings lead clearly into practical implications, especially as regards career planning and the management of repatriates.

Jane Menzies and Ann Lawrence consider the impacts of repatriation management practices and their impacts on a wide variety of organizational/HRM outcomes. Using theories drawn from the literature of academic psychology, they show that specific repatriation practices can reduce the negative impacts that typically occur during the repatriation process.

The final chapter in this volume was written by Gráinne Kelly and Michael Morley, and develops a theoretical perspective of the repatriation process. Using concepts proposed by Weick (1995, 2001), they consider the repatriation process to be a complex arrangement by which an employee deals with the inherent ambiguity of the process of entering what is essentially a new social environment.

The disorientation and surprise of the repatriation process can be managed, however. Kelly and Morley suggest managerial practices and social support practices that can be utilized to ease this inherently ambiguous transition for the person who is experiencing it. Essentially, the sense making approach adds substantial theoretical richness to our understanding of the repatriation process, and this richness in turn suggests both theoretical and practical aspects of managing the repatriation process, potentially reducing such unwanted events as repatriate turnover.

WHAT HAVE WE LEARNED?

The final issue to address in summarizing these chapters, then, is how do these contributions enlighten the discussion of IHRM? Each chapter here in its own way addresses an important aspect of IHRM, and all of the

chapters have implications for both the theory and the practice of international management. While no collection of chapters such as this volume can be the final word on the topics addressed, incremental contributions can be found in these chapters.

One common theme seems to emerge from this set of chapters. While some of the chapters take a primarily practical orientation, and others emphasize a theoretical issue, in the final analysis all of the chapters address both. Theory is useful in so far as it informs practice, and practice is more likely to be fruitful when grounded in theory. While the interplay of theory and practice is not new in the field of academic management (e.g., see Daft, Griffin, & Yates, 1987), it is refreshing to see that modern scholarship uses both components to inform our thinking.

Modern IHRM remains an active area for scholarly investigation, and will continue to do so for the foreseeable future. The theoretical and practical significance of the field is continuing to grow, and as international business models become increasingly significant, the role of IHRM will increase.

These chapters show the breadth of the field. They show the increasing interplay of theory and practice that is found in modern IHRM, and suggest future areas for investigation.

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PART I

THE CONTEXT OF INTERNATIONAL HUMAN RESOURCE MANAGEMENT

CHAPTER 1

ENHANCING ABSORPTIVE CAPACITY AND MANAGEMENT KNOWLEDGE TRANSFER THROUGH HOST COUNTRY WORKFORCE TRAINING

Lessons From Sacagawea and Squanto

Charles M. Vance

Past research in international management, with its predominant focus upon expatriates, generally has failed to identify important contributions that can be made by host country nationals (HCNs) to absorptive capacity and the effective transfer of knowledge and management practices through out the multinational organization. Effective HCN training can serve to enhance overall absorptive capacity and knowledge transfer between subsidiary and multinational headquarters and across organizational units. Early Native Americans Sakagawea and Squanto serve as insightful HCN arche types in contributing, through external knowledge acquisition and internal

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transfer, to the survival and success of an entity that was attempting to expand into a foreign environment beyond its national borders. Twelve major categories of potentially beneficial forms of HCN learning are identified and discussed relative to their contributions to increased organizational absorptive capacity.

An increasing trend promoting strategic knowledge management in multinational enterprises (MNEs) is based on the assumption that competitive advantage is to be enjoyed by organizations that widely distribute knowledge and capability throughout their internal units and to all employees, rather than entrusting knowledge and decision-making capability to only a relatively few executives and managers (Dixon, 2000; Takeuchi & Nonaka, 2004). Traditionally, expatriates have been sent abroad for diverse purposes, primarily for providing direct supervisory control of international operations but also to promote expatriate development and broader organization development (Edstrom & Galbraith, 1977). Yet as we increasingly become a global information economy where effective knowledge acquisition, transfer, and application are crucial, there has been a dramatic change in perceptions of the role of the expatriate manager (Harzing, 2001; Hocking, Brown, & Harzing, 2004; Doz, Santos, & Williamson, 2001). By means of their international assignments, expatriates are able to transfer knowledge from headquarters to the foreign subsidiary for strategic control purposes, and also can acquire new potentially valuable knowledge and know-how from the foreign operation to be transferred back to headquarters and throughout the MNE's global operations (Downes & Thomas, 1999, 2000; Dunning, 2003; Riusala & Suutari, 2004).

However, the general body of research in MNE knowledge management renders the impression that the expatriate is alone in his or her liaison role between foreign operation and headquarters, as if members of the host country workforce (predominantly host country nationals or HCNs) were insignificant in the total picture of MNE knowledge management. On the contrary, MNEs that neglect attention to HCNs and maintain an excessive dependence upon expatriates for foreign market knowledge generation, acquisition, and transfer back to headquarters may greatly limit the MNE's knowledge management potential.

In this chapter the potential value of training HCNs for enhancing company capacity for beneficial knowledge acquisition and transfer will be discussed and illustrated initially by the examples of early pre-Native Americans, Sakagawea and Squanto. Each historic figure serves as an HCN archetype in contributing, through external knowledge acquisition and internal transfer, to the survival and success of an entity that was

attempting to expand into a foreign environment beyond its national borders. Twelve major categories of potentially beneficial forms of HCN learning will then be identified and examined relative to their contributions to MNE knowledge management within the theoretical framework of absorptive capacity. Finally, building upon the unfortunate personal outcomes for these two Native American HCN archetypes, important ethical considerations for managing HCNs in the context of globalization also briefly will be examined.

ENHANCED ABSORPTIVE CAPACITY THROUGH HCN LEARNING

The overall ability to take advantage of external knowledge to spawn new ideas for problem-solving and goal attainment contributes to a firm's innovative capability, which is essential for competitive survival and success (Sharkie, 2003). This ability of the firm to exploit external knowledge has been termed "absorptive capacity," and is greatly influenced by the firm's previously held basic assumptions, beliefs, and knowledge (Cohen & Levinthal, 1990; De Long & Fahey, 2000). These already existing knowledge assets are important because they influence the receptivity to and interpretation of external information, as well as the organization's ability to assimilate and utilize the information deemed valuable. Absorptive capacity involves not only the potential intake of external knowledge, but also its flow across organizational units through to eventual productive application. This internal transfer of knowledge can be affected by the nature of interunit "homophily," or the degree to which two or more interacting individuals or groups are similar or harmonious in certain critical attributes, such as values, goals, beliefs, education, and priorities (Bhagat, Kedia, Harveston, & Triandis, 2002; Gupta & Govindarajan, 2000).

These characteristics of similarity are associated with both cognitive and affective domains of learning (Krathwohl, 2002; Krathwohl, Bloom, & Masia, 1964), and can be achieved through both formal activities in employee training and development, and informal organizational processes of socialization (Bartlett & Ghoshal, 1989; Black & Mendenhall, 1990; Van Maanen & Schein, 1979). Beyond common conceptual knowledge, common unwavering commitment to priorities and values within the affective domain are fundamental to MNE efforts to enhance global integration that transcends national cultural differences (Gupta & Govindarajan, 2002; House, Javidan, Hanges, & Dorfman, 2002; Rowden, 2002). The fostering of these common values and shared commitment contributes to an MNE's interunit homophily, and each party's motivational disposition to both accept and offer useful knowledge, thus

promoting the free flow of information and increasing overall absorptive capacity (Gupta & Govindarajan, 2000).

An organization's collective absorptive capacity is built on the absorptive capacity of its individual organizational members, and, as an extension, upon the absorptive capacity of the various organizational groups and units (Cohen & Levinthal, 1990). In addition to expatriates, HCNs also working in a foreign operation represent a potential group of individuals that can acquire and share pertinent external knowledge that is beneficial to the MNE. Therefore, purposeful investments in HCN training and management development directed at building HCN employee knowledge, skills, and values can promote individual absorptive capacity, potentially contributing to improved organizational innovative capability, knowledge management, and competitive strength.

Expatriate training to enhance understanding of cultural differences and ability to work with HCNs is intended to facilitate management knowledge and know-how transfer from the headquarters to foreign subsidiaries. A similar training objective also should be directed toward HCNs. Their increased knowledge of company goals, practices, procedures, and organizational culture, as well as their increased commitment to the success of the company, can enhance HCN openness and receptivity to expatriate knowledge and information as well as knowledge flowing from other company organizational units. Likewise, improved HCN understanding of the needs and purposes of the expatriate and company as a whole, along with favorable motivational disposition, can facilitate their critical role in valuable knowledge acquisition and information flow to the individual expatriate, to MNE headquarters, and to other units within the MNE network of operations (Cohen & Levinthal, 1990; Dunning, 2003; Gupta & Govindarajan, 2000).

LESSONS FROM SACAGAWEA AND SQUANTO

The potential value of the active role of HCNs in building an organization's absorptive capacity can be powerfully illustrated by scenes from the beginnings of American history. The early pre-Native Americans, Sacagawea and Squanto, represent HCN archetypes in contributing, through the facilitation of external knowledge acquisition and internal transfer, to the survival and success of an entity attempting to expand into a foreign environment beyond its national borders. Sacagawea represents a significant HCN resource for acquiring and making sense of knowledge and information from the external environment, while Squanto serves to illustrate the role of the HCN in facilitating the transfer of knowledge and practice within the organization.

Sacagawea's childhood was with her village of Shoshones in the Rocky Mountains located in today's U.S. state of Idaho. In 1800, when she was about 12 years old, Sacagawea was kidnapped by an enemy war party of Hidatsa Indians and taken to the Hidatsa-Mandan villages near modern Bismarck, North Dakota. There she was later sold as a slave to a French-Canadian fur trader, Toussaint Charbonneau, who eventually claimed Sacagawea, along with another Shoshone woman, as his wife. Sacagawea entered the early American history stage at age 17 in early 1805 when she and Charbonneau were hired as an interpreter team (she speaking Shoshone and Hidatsa and he speaking Hidatsa and French) for the famed Lewis and Clark Expedition setting off to explore America's North-Western largely uncharted territory. During her trip with the expedition, spanning over 17 months and carrying her infant son who was only 55 days old at the start, Sacagawea proved an invaluable asset to the group of 33, as described in Clark's and Lewis' detailed journal entries. The fact that she, the only woman in the group, was placed with her infant in a prominent position within the party helped to send a disarming message and convince concerned indigenous tribes that the group came in peace. Much of her work involved digging for roots, collecting edible plants, and picking berries—all of which were used as food and sometimes medicine for the group. She also served as a valuable guide, especially when nearing her homeland, for which Clark praised her as his "pilot." Among the Shoshone and other indigenous groups who spoke the language, her interpreter skills were very useful. And her "know-how" turned into extremely propitious "know-who" when they encountered a band of Shoshone from whom they greatly desired to purchase some horses, and found that their leader was none other than Sacagawea's dear brother from whom she had been separated for 5 years.

Squanto (who's actual Wampanoag tribal Indian name was Tisquantum) lived about 1590-1622, with most of his relatively short life among Europeans and aboriginals who were foreign to his Patuxet village near what is now Plymouth, Massachusetts. He spent his late teens and early adult years travelling with British explorers and tradesmen, with an apparently voluntary initial trip to England. When he returned to his homeland he found that his entire village was now extinct due to a devastating illness brought on by the Europeans for which the indigenous tribes had little natural immunity. Soon thereafter he was kidnapped and shipped to Spain, where he was nearly sold into slavery were it not for the merciful intercession of Catholic priests, who thereafter were dedicated to converting Squanto to their religion. He eventually made his way back to England where he was reunited with an earlier friend and sponsor, Thomas Dormer, from his original trip to England, and with whom he had previously spent considerable time charting maps of the New

England coastline. Squanto eventually returned with Dormer to his homeland, and began living with a related group of Wampanoags near his original village. It was from this point in an early spring that Squanto, based on his more advanced English fluency and familiarity with European cultures, was summoned by other local native leaders (namely Massasoit and Samoset) to the aid of a new Plymouth colony of English Pilgrims who were in desperate straits after losing nearly half of their party due to starvation and illness of the previous winter. Squanto's first contributions to the Pilgrims were to teach them how to use fish fertilizer with their crops and to help them arrange a treaty of alliance binding the Pokanokets and Nemaskets to the Plymouth colony, securing the group's safety and survival. He also helped the Plymouth colony secure treaties with some Wampanoag villages on Cape Cod and some Massachusetts Indians north of Plymouth. As a reward for his work, the Pokanokets allowed Squanto to live among the English, whom he preferred, at the site of his native Patuxet village. The Plymouth colony likely would not have survived had it not been for the involvement of Squanto.

Both HCN archetypes, Sacagawea and Squanto, were extremely valuable to the success of their respective foreign entities that were attempting to expand beyond their national borders. Sacagawea was particularly instrumental in orienting the newcomers to and acquiring essential knowledge and information from the external environment, while Squanto was especially helpful in facilitating the internal transfer of practical know-how to support survival and knowledge for building supportive alliances with otherwise devastating competitors (tribes). Both had obtained knowledge and skills very early in life that later influenced their ability to perceive and share information (i.e., absorptive capacity) that proved very valuable to their future organizational partners. Sacagawea and Squanto had experienced very early powerful developmental experiences among foreign cultures that broadened their perspectives. Squanto's extended developmental experiences in Europe, involving both English language acquisition and significant European acculturation, increased the degree of similarity or homophily that he shared with the future Plymouth colony, strengthening his ability to understand them and make his valuable HCN contribution in facilitating the internal transfer of knowledge and practice.

Through their previous learning experiences and ongoing positive and meaningful interactions, both Sacagawea and Squanto developed an increased understanding and homophily with their foreign organization, as well as an increased affinity and motivational disposition toward their foreign partners that increased their (1) receptivity to knowledge from the foreign organization, (2) inclination and ability to scan the external environment and gain valuable information for the organization, and (3)

willingness to transfer useful knowledge and information within the organization. Thus, the overall cognitive and affective learning experiences of Squanto and Sacagawea enhanced their individual absorptive capacities, which in turn increased the absorptive capacity of the new organizations with which they affiliated.

FORMS OF HCN LEARNING FOR ENHANCING ABSORPTIVE CAPACITY

With these historical archetypes in mind, and based on validated qualitative field research (Vance & Paik 2005) and more general field experience of the present author, we now will examine potentially valuable forms of HCN learning through purposeful training and development activities, leading to enhanced individual and organizational absorptive capacity. These forms of HCN training and development are organized by three HCN primary employment categories of operative, managerial and professional, and upper management, and are listed in Figure 1.1.

HCN Employee Level	HCN Learning
Operative Level	<ul style="list-style-type: none"> • New employee orientation • Entry job skills • Parent company predominant language • Expatriate and MNE home country cross-cultural awareness
Supervisory & Middle Management	<ul style="list-style-type: none"> • Supervision and technical operations management • MNE home country cross-cultural awareness supporting expatriate interaction • Expatriate coaching • Liaison role between parent company expatriates and lower level HCNs
Upper Management	<ul style="list-style-type: none"> • Advanced technical system operations • Subsidiary business level strategy • Parent company (MNE) strategy • Parent company (MNE) culture

Figure 1.1. Forms of HCN learning for enhancing foreign subsidiary performance and absorptive capacity.

Operative Level

At the operative employee level, four major categories of potentially beneficial forms of HCN learning contributing to absorptive capacity include (1) new employee orientation, (2) entry job skills, (3) parent company predominant language (i.e., the language most commonly spoken at MNE headquarters), and (4) expatriate and MNE home country cross-cultural awareness. These categories of HCN learning can contribute directly to and facilitate immediate and longer-term absorptive capacity within the MNE by increasing HCN openness to external knowledge in the host country market environment, as well as by building similarity to the expatriate, thus leading to increased homophily and harmony promoting successful flow of information between HCNs and expatriates. Most of these categories can be seen in our HCN archetypes of Squanto and Sacagawea, whose orientation to the goals and objectives of the new organizations, accompanied by an increased understanding of the new culture and language, facilitated their ability to obtain and share information and knowledge that would be useful to their new associates. Both also quickly noted how their new association could be personally beneficial to them in the future, thus increasing the motivational disposition to provide helpful information.

New Employee Orientation and Entry Job Skills

This orientation activity for new employees addresses both cognitive and affective learning objectives. This two-pronged cognitive and affective learning focus includes (a) basic performance expectations, skill requirements, and rules associated with the new job and workplace, (b) a big picture of where the employee fits in and contributes to the global efforts of the MNE, and (c) the development of positive expectations and confidence in, especially through development of effective entry job skills, how successful performance on the job can contribute to fulfillment of the employee's immediate and long-term needs, including career advancement where such is a perceived need.

Parent Company Predominant Language

The provision of parent company language instruction for employees at the operative level (such as through tuition support for courses offered during off-work hours by external language education providers) increases the degree of inter-unit similarity between HCNs and MNE headquarters, as well as their expatriate representatives, and thus absorptive capacity through increased potential to communicate and share information. Although language acquisition often is not directed at affecting job performance at the operative employee level, it may be used to build

common alignment by communicating the incentive of upward mobility opportunity within the parent company by using those language skills in higher level positions of supervision and management, which would likely require significantly more communication and interaction with expatriates and the parent company. The lack of MNE official language instruction for HCNs would likely decrease the level of inter-unit similarity and even trust, and therefore interfere with absorptive capacity and flow of knowledge between expatriates and HCNs.

Expatriate and MNE Home Country Cross-Cultural Awareness

Researchers have discussed socioeconomic level as important in determining the content of HCN training at the operative level (Vance, Wholihan, & Paderon, 1993). In their research, Vance and Paik (2005) reported that Mexican HCNs were more focused than their U.S. HCN counterparts upon the instrumentality of entry-level skill training and orientation in maintaining employment that would meet immediate survival and safety needs. The Mexican HCNs generally had much less interest in learning about the national culture of their MNE's home country. In contrast, the U.S. HCNs, most likely because they were less driven by short-term survival and safety need fulfillment, were much more curious and motivated to learn about the national culture of expatriates and the parent company. Such increased cross-cultural awareness and understanding can potentially enhance individual personal attachment, trust, and cooperation toward the expatriate, and thus provide increased receptivity to information from the expatriate and MNE headquarters (Bresman, Birkinshaw & Nobel, 1999; Luo, 2001; Maznevski, 1994). In fact, one American human resource director of a Japanese bank in Los Angeles once indicated to the present author that the *lack* of such HCN cross-cultural understanding led to wasteful negative stereotyping, distrust, and latent conflict directed at Japanese expatriates and Tokyo headquarters—all contributing to an unfavorable motivational disposition that would decrease HCN absorptive capacity, with suboptimal knowledge acquisition and transfer.

Supervisory and Middle Management

Categories of beneficial HCN learning at the supervisory and middle management level include (1) supervision and technical operations management, (2) MNE home country cross-cultural awareness supporting expatriate interaction, (3) expatriate coaching, and (4) skills related to the often informal liaison role between parent company expatriates and lower level HCNs. These forms of HCN learning involve close interaction with

and support of expatriates in ensuring efficient operations and an unobstructed flow of knowledge and information within the foreign subsidiary. With regard to our HCN archetypes, it is clear that Squanto's previous experience living in Europe and England increased his understanding of the culture of his new associates. His role as a coach for these new expatriates was especially evident in his assistance in providing practical information on farming and other helpful knowledge to assist them in coping with their new challenges with nature. And with her interpretation skills, Sacagawea presents a particularly fitting model as a liaison between her new American associates and various indigenous groups encountered during the expedition.

Supervision and Technical Operations Management

HCN employees promoted to first-level supervisory positions typically receive training in general supervision and technical operations management. Those in middle management also may receive technical training, particularly for planning and management of technical system operations. This technical training typically is provided on an in-house basis through on-the-job training and coaching, and occasionally at parent company headquarters for a short period (e.g., one to three weeks). These types of training activities facilitate future expatriate knowledge transfer and HCN receptivity since HCNs become more equipped with commonly-held basic technical and company operations skills, terminology, and shared work performance goals (Luo, 2001). However, the following field account reflects the frustration of a Mexican manager working for a Korean company where larger goal understanding and alignment are not promoted:

We have neither authority nor respect as managers. Decisions have already been made at the top management level. So Mexican managers are only implementing a designed plan. We only know what to do to meet the goal, but we do not know why we are doing it.

The limited information about the overall plan and big picture provided to middle HCNs in the above scenario led to potentially low absorptive capacity within the host country unit due to at least three reasons. First, the lack of a big picture regarding company operation goals predisposed HCNs to be unaware of important factors within their vision and relevant to company strategy and implementation that could otherwise be relayed back to the MNE and used to appropriately adjust plans and avoid misguided efforts. Second, the HCN managers' perceived lack of trust and respect and uncomfortable state of ignorance and uncertainty decreased their motivational disposition and receptivity to new knowl-

edge. Finally, the MNE headquarters' tendency to not share the bigger picture with middle HCNs communicated its lack of trust or confidence in that source of knowledge, and thus led to mutual low motivational disposition that ultimately decreased the MNE's overall receptivity and absorptive capacity.

MNE Home Country Cross-Cultural Awareness Supporting Expatriate Interaction

Cross-cultural learning at this middle HCN level is aimed at supporting much closer, interdependent work interactions with expatriates. Vance and Paik (2005) heard from several Mexican HCN managers who regularly interfaced with expatriates that it would be very helpful for them to receive cross-cultural training related to the parent company and expatriate home country culture to increase understanding and to decrease the likelihood of misinterpretation of cues leading to offense and lowered motivational disposition to share information. In the previous dissatisfying situation of incomplete "big picture" company goal information from the Korean MNE, it is possible that the damage to HCN motivational disposition and absorptive capacity could have been lessened had the Korean company at least provided instruction to Mexican managers about its management philosophy, and thus not raise false impressions and expectations.

American HCN managers in Japanese subsidiaries have indicated that they basically rely on an unpredictable trial-and-error approach, as well as advice from their more experienced American HCN peers, to try to understand and get along with their expatriate bosses. A more purposeful training effort would help them better comprehend and predict their expatriate superiors' perceptions and behavior, and thereby help improve work interactions through reduction of costly inefficiencies due to miscommunication and misunderstanding and resulting dissatisfaction and conflict (Luo, 2001; Matveev & Nelson, 2004). This increased understanding achieved through training and reinforced by close interactive work experience over time can help build trust and a more positive motivational disposition among HCNs that would encourage greater sharing of helpful information back to expatriates (Bresman, Birkinshaw, & Nobel, 1999).

Training in expatriate parent company culture, as well as in skills and practices for promoting cross-cultural understanding (e.g., reflection, social interaction, empathy), could be useful for HCNs in relationship building and optimizing the productivity of interactions with expatriates in the same way that such skill development can be valuable for expatriates in promoting adjustment and achieving foreign assignment success (Paik & Sohn, 2004; Suutari, Rahario, & Riikkila, 2002). Vance and Paik (2005) interviewed several HCN managers who believed that such enhanced cultural

understanding through training would help them better support and clarify the behavior of the expatriate executives in the eyes of the lower-level HCN operatives. Thus, we see that this cross-cultural learning would not only increase the receptiveness and absorptive capacity of this level of employees, but subsequently also lower-level HCNs through the midlevel HCN's mediating influence.

Expatriate Coaching

A U.S. human resource manager in a Korean shipping firm with operations in California reported that his company had success in increasing expatriate open-mindedness and cross-cultural understanding by using a formal mentoring program that assigns U.S. managers to Korean expatriates. In this program, and similar to research findings of Feldman and Bolino (1999), American managers were able to provide ongoing one-on-one coaching and mentoring to help Korean expatriates avoid costly mistakes and engage in the most productive behavior possible for the host country operation. However, this Korean MNE's successful practice would require the presence of coaching and mentoring skills on the part of the HCN managers involved, and therefore points to the need, where competence does not already exist, of training for developing these skills.

HCN representatives have indicated the value of training on how to provide on-site coaching for new expatriates to help them avoid costly errors due to their unfamiliarity with the host country environment. Here we can clearly note how an increase in the skill level of HCNs (i.e., coaching skills) can in turn generate useful information directed toward expatriates for improving adjustment and performance, thus improving the two-way knowledge transfer and absorptive capacity of the overall host country operation (Zimmermann, Holman, & Sparrow, 2003). However, in countries with high power distance, additional and specialized cross-cultural training may be necessary for HCNs who would otherwise find their task of giving coaching advice and direction to higher-level expatriates very uncomfortable and daunting (Paik & Sohn, 1998; Sargent & Matthews, 1998).

Skills Related to Liaison Role

Several U.S. human resource directors and managers interviewed by Vance and Paik (2005) indicated that much of their time is spent in an intermediary role between expatriates and lower-level HCN operatives, a professional role that they did not anticipate when they first took the job, and for which they had received no formal training. Whereas the previously mentioned coaching skill would be directed at expatriates, HCN intermediary influence is typically directed toward lower-level HCNs. One human resource director of a Japanese bank subsidiary in Los Angeles reported

that she spends considerable time correcting potentially damaging rumors among HCNs, countering negative cultural stereotypes, and dealing with other forms of latent and overt conflict from lower-level American HCNs directed toward Japanese expatriates and Tokyo headquarters. She believed that she and other American managers had an important but unofficial liaison role in managing inevitable cross-cultural conflict within the foreign subsidiary and often directed toward parent company headquarters. She stated that this liaison should be clearly recognized, and ongoing training should be provided to managers such as herself to support this important productive climate building and communications management responsibility among HCNs. Thus, improved skills for HCNs in carrying out this critical liaison role could lead to improved motivational disposition and understanding among the entire host country workforce, and therefore enhanced overall absorptive capacity.

Upper Management

Categories of beneficial HCN learning at the upper management level include (1) advanced technical system operations, (2) subsidiary business level strategy, (3) parent company strategy, and (4) parent company corporate culture. These forms of HCN learning relate to strategic and deep structural factors tied to company viability at both the local subsidiary level and the broader corporate-wide MNE level. As MNE leadership still generally tends to be dominated at home and abroad by parent country nationals, relatively few HCNs are found at this upper-level, especially with foreign operations in developing countries where MNE control may be more paramount for achieving strategic objectives. Squanto in particular represents a useful HCN archetype at this upper level. Although he did not serve in an official leadership capacity among his new Pilgrim friends and associates, due to his frequent interactions and actual living among them that increased his understanding of their culture and strategic objectives he nevertheless was able to bear a significant influence by providing information and advice for guiding this new organization through potentially dangerous and difficult paths of tribal treaty negotiations and other ongoing challenges.

Advanced Technical System Operations and Business Level Strategy

In their research involving Mexican-border maquiladora operations, Vance and Paik (2005) interviewed upper-level Mexican managers who periodically received advanced technical systems operations management and host country business level strategy training at parent company headquarters in the United States from periods of one or two weeks to six

months. This increased understanding among these HCN executives about MNE standard operational procedures and business goals for the host country facilitated the flow of knowledge between expatriates and host country managers, and thus contributed to absorptive capacity.

However, despite the development among upper-level HCNs of advanced company technical and strategic knowledge, the subsequent sharing and transfer of knowledge can be impeded in some cases by MNE practices and strategic orientations. For example, some MNEs may purposely follow a multidomestic strategy and minimize the interactions between foreign operations and representatives from company headquarters with the priority of managing host country operations according to unique local market requirements (Fenton-O’Creedy, Gooderham, & Nordhaug, 2008; Harzing, 2002). Yet this approach has its costs in overall knowledge management. One American human resource director of a Japanese automobile plant in Los Angeles mentioned to the present author that the lack of Japanese expatriate local visibility created a sense of isolation among the HCNs, almost to the degree of perceived abandonment by the parent MNE. This HR director stated that when on rare occasions Japanese expatriates were assigned to their plant, these expatriates did not become an integral part of its operations, and both expatriates and HCN senior management missed a great opportunity to share information and learn from each other.

Parent Company Strategy and Corporate Culture

Vance and Paik (2005) found three cases of Mexican and U.S. HCN managers who were sent to MNE parent company headquarters to work for over two years prior to returning to their country for upper-level management responsibility in the MNE’s foreign subsidiary operations. This form of longer-term HCN management development experience in an MNE’s home country, often referred to as an “inpatriate assignment” (e.g., see Reiche, 2006), can potentially provide for the HCN manager a helpful exposure and source of alignment to the predominant corporate culture and strategic management practices of MNE headquarters (Begley & Boyd, 2003; Harvey, 1997). When the HCN manager returns after a few years of inpatriation experience to his or her own country and to a top-level assignment within the MNE’s host country operation (perhaps even replacing previous expatriate management), this senior HCN manager should now be able to work more effectively within the context of the strategic priorities, goals, and culture of the parent company (Harvey, Price, Speir, & Novicevic, 1999). This resulting shared company mindset with MNE headquarters is a critical source of absorptive capacity with its ability to greatly facilitate knowledge transfer from headquarters to the local subsidiary, as well as the return flow of valuable HCN perspective field-based knowledge

to headquarters. But this common mindset and concomitant increased absorptive capacity will likely not be achieved without HCN learning through significant direct inpatriate work experience and long-term interaction with MNE expatriates and other headquarters personnel (Marquard & Horvath, 2001; Novicevic & Harvey, 2004).

With this increased HCN executive thought alignment, the MNE likely will have more strategic knowledge management control over the foreign operation than over other operations whose HCN managers have not had this in-depth parent company culture/strategy learning experience (Kobrin, 1988). This level of strategic knowledge management control will likely not be attained in MNEs like one Korean auto manufacturer that would allow significant autonomy in local decision making, but never invite a HCN executive to work for an extended period of time at MNE headquarters in Korea. The development of the HCN at this level is particularly important in achieving a truly global orientation for the firm, rather than focusing solely upon developing an elite cadre of MNE parent country expatriates (Begley & Boyd, 2003; Gupta & Govindarajan, 2002). And with HCN executives' greater understanding of and commitment to MNE strategy and purpose, as well as their awareness of their recognized and valued role and that of their HCN employees in two-way knowledge exchange, they will be in a much stronger position in knowledge and motivation to obtain pertinent information from the foreign operation and host country external environment conditions and share beneficial knowledge with MNE headquarters (De Long & Fahey, 2000; Vance & Ensher, 2002). Finally, overall MNE absorptive capacity can be increased where executive HCNs in the various MNE host country operations, based on their cognitive and affective alignment, hold common priorities and share information freely, constituting a vibrant knowledge sharing global network (Dunning, 2003).

DISCUSSION

With an almost exclusive focus in the international management literature upon the preparation and training of expatriates for international assignment success, there has been a major neglect of attention to HCN learning needs contributing to the optimization of foreign subsidiary performance. We argue that such a neglect hampers the absorptive capacity of HCNs and the MNE as a whole, limiting HCN ability to acquire pertinent information and therefore restricting the MNE's intake sources of potentially valuable external knowledge. This neglect also serves to impede the effective transfer of new knowledge and know-how between HCNs and expatriates, and throughout the MNE. For today's organizations to build a truly global orientation, MNE investments in employee learning must also include significant learning investment plans for the

HCN segment of the MNE's global workforce. Managers should recognize the long-term imperative of such an HCN learning investment, even if only because in the long run it will be more cost-effective and politically viable to greatly diminish or even phase out expatriate managers, replacing them with local managers.

This chapter examined 12 forms of HCN learning at three major employee levels that can contribute to enhanced absorptive capacity through the development of (1) pertinent knowledge and skills among HCNs, (2) a more favorable HCN motivational disposition toward expatriates and the MNE, and (3) greater HCN-expatriate similarity. This increased absorptive capacity potentially in turn results in greater HCN receptivity to MNC-based knowledge and know-how for productive host country operation application, increased HCN motivation to acquire new external knowledge perceived of importance to the MNE, as well as a stronger HCN tendency to share potentially beneficial knowledge with expatriates and other MNE representatives. This potential increase in useful information sharing by HCNs can in turn result in increased absorptive capacity of expatriates and the MNE as a whole. For example, when HCN professionals and managers have developed valuable coaching skills, they are able to provide useful on-site information and guidance back to the expatriates, thus increasing expatriate understanding and absorptive capacity to promote further learning and insight development. In particular, the ability of the MNE to generate accurate information for improving the validity of expatriate pre-departure training can be dramatically increased by gaining and improving access to the input of its HCNs (Vance & Ensher, 2002). For example, specific HCN workforce perceptions of positive and negative managerial behaviors affecting their work performance could be useful in providing input for more precise and valid pre-departure cross-cultural training based upon unique foreign workplace needs, which could in turn improve the expatriate's ability to interact with HCNs and impart important knowledge affecting productivity (Vance & Paik, 2002).

The 12 forms of HCN learning examined here can be useful in guiding planning efforts for HCN training at various employee levels leading to increased individual and HCN unit absorptive capacity. However, this model provides only a general framework as a beginning basis for guiding future theory development and prescriptive research. The present model has not examined which forms of HCN learning can result in the greatest "bang for the buck" in terms of creating beneficial MNC absorptive capacity. It is possible that liaison and intermediary role training focused primarily on HCNs at the supervisor/middle manager level can contribute to greater overall HCN unit absorptive capacity than training interventions aimed directly at lower-level HCNs. And while the present research focuses

mainly on training content objectives (e.g., what are the necessary skills and competencies for HCNs), future research also should examine HCN training methods and processes that achieve learning objectives in the most cost-effective manner. For example, it is not clear under what conditions cross-cultural awareness training for lower-level HCNs would be most beneficial, or how and at what HCN levels a company's core values can be most cost-effectively taught to build positive motivational disposition and homophily, thus building receptiveness and the capacity for effective transfer of knowledge and practice.

As we return to our HCN archetypes, Squanto and Sacagawea, who contributed so much to the success of their respective foreign associates, we might be struck by their tragic personal ends, with Squanto dying of a violent fever in his early 30s associated with some European disease contracted while living among the Pilgrims, and Sacagawea dying in her 20s due to some suspected congenital problem that was aggravated with the birth of her second child. Indeed, the European migration into the Americas is filled with instances of inhumanity and tragic outcomes for the indigenous hosts. Nevertheless, the grateful Pilgrims were actually able to prolong Squanto's life by forcibly rescuing him from local native captors who thought that Squanto had favored the Europeans in a previous treaty negotiation (as is often the concern about expatriates who might form greater allegiance to their host country operation, this angry indigenous tribe believed that this native of the Americas had "gone native"). And after Sacagawea's untimely death, William Clark followed up on his developed emotional commitment and became the legal guardian of her children and supported their further education. Likewise, MNEs should carefully consider their ethical responsibility toward their HCNs, including when the host country workforce is not technically employed by the MNC but is in the form of contingent or contracted services. These ethical considerations include the provision of training and developmental opportunities, which in turn redound to enhanced absorptive capacity for the organization. Other considerations involve HCN health and safety, meaningful work, and ongoing training and career development supporting employability, all of which may contribute to HCN goodwill toward the organization and therefore favorable motivational disposition, again supporting absorptive capacity.

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CHAPTER 2

TELECOMMUNICATIONS DEREGULATION AND PRIVATIZATION IN THE CZECH REPUBLIC AND AUSTRALIA

A Comparative Study of Česky Telecom and Telstra

Peter K. Ross

This chapter examines and compares the deregulation and privatization of telecommunications in the Czech Republic and Australia. It considers how management at the incumbent telecommunications companies (Telcos), Česky Telecom (ČT) and Telstra responded to this changing environment. This included changing approaches to employment relations (ER) practices at both firms as they sort to reduce costs within more competitive environments. By comparing ČT with Telstra this chapter considers the extent to which historical factors associated with the former socialist system have constrained and/or influenced ČT's strategies vis à vis its Western based counterpart. It concludes that by 2005 telecommunications sector specific factors were having a greater influence on ČT's strategies than its historical context.

Česky Telecom (ČT)¹ and Telstra² provide excellent settings to compare employment relations (ER)³ in former government-owned telecommunications monopolies. Both had formerly been wholly state-owned enterprises (SOEs) that were induced to compete in more deregulated operating environments as their respective governments opened up their telecommunications sectors to competition. With total populations of approximately 10 million and 20 million people respectively, the Czech Republic and Australia also have relatively small populations, although Australia is far larger in terms of its physical size. Despite these apparent similarities the two countries have very different historical, political and economic backgrounds. Being located in the Czech Republic, ČT was formerly linked to a socialist political and economic system. Telstra in contrast is located in Australia, which has a long liberal democratic tradition. Comparing management strategies at the two firms therefore gives some insights into the extent to which the Czech Republic's former socialist past appears to have influenced ČT's strategies vis-à-vis Telstra. If major differences can be sheeted home to vestiges of this earlier socialist system, then telecommunications firms entering the Czech market need to be fully cognizant of this heritage. But if similar "Western style" strategies are being successfully introduced into both firms then it suggests that telecommunications sector specific factors—including new products, services, technologies and increasingly competitive markets—rather than historical factors are the main driving forces influencing ČT's ER strategies.

This chapter begins by outlining the methodology behind this research. It then discusses issues in the telecommunications sector and considers path dependency, path making and strategic human resource management (SHRM) issues. It examines and compares management strategies at ČT and Telstra and considers the importance of historical and contextual factors in influencing management strategies at the two firms.

METHODOLOGY

This research adopted a case study approach. The two firms were chosen for their ability to provide data that allowed for comparisons between Telco management strategies in an European Transition Economy (ETE) with those of Telco managers operating in a relatively affluent "Western" style liberal democracy. While a case study of only two firms limits theory testing, it does allow for the collection of rich detailed data on the telecommunications sector that can be used to build on previous research and theoretical perspectives on changing approaches to ER in the ETES. It further provides evidence that compares and contrasts how Czech ER

practices have changed since the initial transformation stages of the 1990s.

Between 1996 and 2005⁴ semistructured interviews were conducted with a broad range of stakeholders including past and present managers at Telstra and ČT, managers of associated and/or competitor firms, telecommunication consultants and trade union officials. Further interviews were also conducted on similar issues in neighboring countries to the Czech Republic. During interviews, particular attention was focused on decisions made by management in relation to:

- Strategic Human Resource Management (SHRM) issues—including work organization, training/skill formation, recruitment, employee retention and remuneration;
- Collective bargaining versus individual contracts;
- Organizational and workforce restructuring—including downsizing, outsourcing and the implementation of new technologies.

The interview data were supported, cross-checked and compared with data from a range of secondary sources including company annual reports; internal company reports supplied by ČT and Telstra managers; government reports; Supranational organizations—for example, International Labour Organisation (ILO), European Industrial Relations Observatory (EIRO) and World Trade Organization (WTO) reports; union documents; journal articles, theses, book chapters; newspaper and magazine articles; Internet and other electronic data sources.

Telecommunications Sector

Until the 1980s, Telcos in most industrialized market economies (IMEs) were fixed line public-sector utilities enjoying ‘monopolies’ in their home market. However, many IMEs subsequently deregulated their telecommunications industries, exposing them to competition (Katz, 1997; Ross, 2003). This process gained further impetus in the late 1990s when most WTO member countries committed to an agreement—the fourth General Agreement on Trade in Services (GATS) protocol—that ensured competition within their telecommunications sectors (WTO, 1998). Induced to compete in the market place, these former monopolies then had to change their corporate culture towards a commercial outlook. Many Telcos subsequently embarked on international acquisitions and/or entered into global alliances in order to better meet the challenges of this new environment—for example, to share costs associated with R&D and the introduction of new technologies. To reduce costs, incumbent fixed

line Telcos engaged in downsizing strategies supported by new technologies and work practices, outsourcing agreements and strategic alliances (Ross, 2003).

Telco organizational restructuring strategies were further linked to rapid technological change, as the plethora of new products and services entering the market required Telcos to act quickly in order to stay ahead of—or at least match—their competitors. For example, mobile telephone technologies created a substitution effect as voice traffic increasingly shifted from fixed to mobile service providers. This substitution effect was particularly pronounced in Eastern European countries, which had relatively low fixed line penetration rates under former socialist regimes. Between 2000 and 2006 the number of fixed telephone lines in the Czech Republic fell by 26%, with increased mobile phone usage given as the main reason for this decline (Willoughby, 2006). Tremblay (2002) considers that changing technologies, products and services in the telecommunications sector are leading to new forms of work organization and career patterns that better fit the demands of knowledge-based economies. This includes the emergence of “nomadic” workers, who may increasingly gain skills that allow them to build career “capital,” rather than career paths within the one firm (p. 7).

Path Dependency, Path Making and Strategic Human Resource Management (SHRM)

Some researchers suggest that the concept of HRM originated in the United States and that many Western human resource management (HRM) practices are essentially derived from U.S. concepts and culture (Greenwood, 2003, pp. 268-269; Mills, 1998, p. 178). Given this Western context, path dependency theories consider that historical and institutional factors within the ETEs may limit the ability to introduce Western style human resource (HR) practices into countries such as the Czech Republic (Bandelj, 2003; Hausner, Jessop, & Nielsen, 1995, pp.136-138). Researchers have argued that the free market “triumph of capitalism” approach to the fall of communism, whereby the collapse of the former regime led to an institutional vacuum that could then simply be filled with Western management concepts and practices, presents an overly simplistic view of events (Hausner et al., 1995, p. 6). Rather, they suggest that historical institutional practices, that were built into the system over time, tend to re-assert themselves even if they lead to suboptimal performances at both the macroeconomic and micro- (firm) levels (pp. 5-6). Put simply, the old order tends to reassert itself. Lamberg and Parvinen (2003) link this concept of path dependency to strategic

management theories by considering how historical decisions and contexts impact on current strategies (pp. 551-552). Differing local institutions—including laws, regulations and customs—may therefore lead to different HR strategies being implemented among various countries (Harzing & Ruysseveldt, 2004, p. 61). Taylor, Beechler, and Napier (1996) consider this idea from the perspective of context specific and context generalizable HRM competencies, with the former being confined to local contexts while the latter may be usefully exported across different countries and cultures (p. 964).

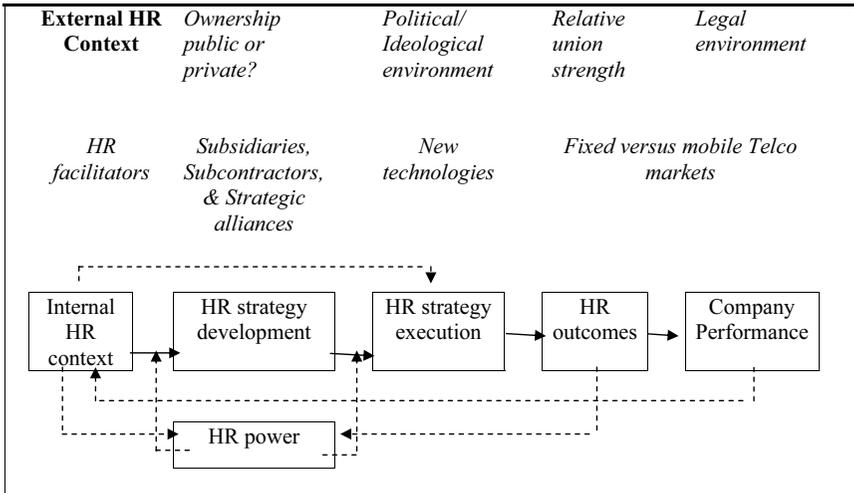
Research on Czech ER practices in the early 1990s supports the premise that vestiges of former socialist institutions and practices influenced and/or limited the diffusion of Western style HRM practices (Clark & Soulsby, 1995; Koubek & Brewster, 1995; Mills, 1998; Soulsby & Clark, 1996; Tung & Havlovic, 1996). But the ETEs are dynamic environments and by 2005 many younger workers had little recollection of the former political and economic system. The Czech Republic's admittance to the European Union (EU) in 2004 also signaled that it had moved towards a more mature post-transition economic and political system. Entry to the EU along with the forces of globalization have also encouraged a shift to a more strategic ER perspective within the ETEs through increased competition, changing markets and the diffusion of new technologies (Ross, 2006b). Intuitively this suggests a shift from path dependency toward path making, as ETE managers increasingly break free of former socialist attitudes and institutions and shift towards a more SHRM approach to ER.

SHRM approaches have been associated with the decentralization of collective bargaining and the development of the HRM function—changes that have occurred in the telecommunications sectors of both the Czech Republic and Australia (Bamber, Shadur, & Simmons, 1997, p. 123; Katz, 1997; Ross, 2003; Ross, 2006a; Storey, 1992). The SHRM viewpoint was further influenced by the resource view of the firm. If managed properly, workers could be trained into valuable, rare, nonsubstitutable and difficult—or costly—to imitate human resources that provided the firm with a sustainable competitive advantage (Gannon, Flood, & Paauwe, 1999, p. 42).

Critics of the SHRM perspective argue that if the major industrial relations parties are limited in their actions by external operating environments there can be relatively little scope for managers to exercise strategic choice (Hyman, 1987). But Debrah (1994) counters that the interaction between managers and the changing external environment is an integral part of management strategy and decision making (pp. 49-55). Far from acting as a constraint, the external environment provides a changing dynamic context within which differing strategic choices can be made. Debrah further states that “HRM processes and outcomes are

determined by a continuously evolving interaction of environmental pressures and the responses—including, choice and discretion—of employers, unions and government” (p. 53). This suggests that the ETE’s changing political and economic contexts may provide opportunities for HRM practitioners to better contribute to corporate decisions. Likewise, the deregulation of the Australian labor market arguably allowed local Telco managers to take a more strategic approach to ER, albeit a more unitarist orientation (Ross, 2003). Thus the strengths and weaknesses of SHRM reflect its conceptualization of management’s roles. In the SHRM paradigm ER becomes more integrated into the overall objectives of the firm. Rather than being reactive, management takes the initiatives in ER policy and moulds it to better achieve corporate objectives. Its weaknesses, however, include the limitations placed on management by the external context within which the firm operates.

Figure 2.1 integrates Zupan and Kaše’s (2005) conceptual model of SHRM policies in ETE firms (p. 894), with an earlier Telco ER model developed by the researcher that includes constructs which influenced Telco management strategies in Australia and New Zealand (see Ross, 2003). In line with much of the SHRM literature, Figure 2.1 links HR outcomes to company performance (see also Burack, Burack, Miller, & Morgan, 1994; Kogut, 1991; Martell & Carroll, 1995). The model considers the external and internal context of the ETEs and how these



Source: Developed from Zupan & Kaše (2005, p. 894) and Ross (2003, 2008).

Figure 2.1. Conceptual SHRM model for Telcos in ETEs.

influence the ability of firms to implement Western style SHRM practices. External factors include “HR facilitators” such as external information, knowledge and resources that are available to help facilitate the implementation of SHRM practices (Zupan & Kaše, 2005, p. 895). For example the existence of HR orientated professional organizations and the proliferation HR tertiary courses in ETEs such as the Czech Republic. Other external factors include, firm “ownership” (public or private?), the “political/ideological environment,” “relative union strength,” the “legal environment,” outsourcing to “subsidiaries, subcontractors and strategic alliances,” the introduction of “new technologies” and “fixed versus mobile Telco markets.”

Zupan and Kaše (2005) differentiate between strategy development and strategy execution. They conclude that HR strategy execution tends to be weak in ETE firms because HR departments are often not linked into overall company strategies (pp. 895-896). This concurs with earlier research on the role of HR departments in the Czech Republic (Tung & Havlovic, 1996, p. 6). The model links this problem to HR power, which is defined as “both the presence and quality of HR strategy development” (Zupan & Kaše, 2005, p. 896). Low HR power therefore reduces the effectiveness of SHRM policies in ETE firms, which implies that the execution of HR strategies may not gain the intended results. This in turn may negatively impact on company performance (see Figure 2.1). The chapter therefore uses the external and internal factors outlined in the above model to assist in the analysis and comparison of ER strategies at ČT and Telstra.

Česky Telecom (ČT) and Telstra

Český Telecom (ČT)

Table 2.1 outlines a chronology of the deregulation of the Czech telecommunications sector. The forerunner to ČT was an SOE under the former Czechoslovakian socialist government. Following the Soviet model for economic development, this government neglected service industries, such as telecommunications, in favor of heavy industry (Michalis & Tackla, 1997, p. 89). Former ČT managers advised that money and materials were also regularly skimmed off from the firm and directed to the military. High ranking party officials were also linked to special telecommunications lines that allowed them to bypass the public network, which had become severely run down (Interviews with former ČT managers, 2004-2005). By the early 1990s the waiting list for fixed line telephones in the Czech Republic had grown to approximately 600,000 applications with a penetration rate of around 15% of the population (McClune, 1999; Michalis & Tackla, 1997, p. 89; Interviews with former ČT managers, 2004-2005). Interviews

suggested that under the socialist system it was easier to get fixed lines connected in new estates, as the SOE was required to build new telephone exchanges. However waiting lists in older established areas could be up to 20 to 30 years old, with little likelihood of an eventual connection (Interviews with former ČT managers, 2004-2005). Governments in the post socialist era therefore recognized the need for sector reform.

Following the creation of the Czech Republic in 1993, postal and telecommunications services were split, with a new SOE, SPT Telecom assuming responsibility for telecommunications. However, SPT Telecom's mobile telephone services were shifted to a joint venture firm, EuroTel. In 1994 the Czech government partially privatized SPT Telecom and then sought a strategic international investor to provide capital investment and introduce new technologies and managerial skills. The following year the government awarded this tender to a European Telco consortium, TelSource, which purchased 27% of the firm's shares (Michalis & Tackla, 1997, p. 93). TelSource was required to modernize the network and by the late 1990s the fixed line penetration rate had risen to 37% of the population (McClune, 1999). However, in 2003 TelSource sold its stake in ČT, as members of the consortium consolidated their operations elsewhere in Europe (Interview with former TelSource manager, 2004).

SPT Telecom faced the prospect of the full deregulation of the Czech telecommunications market in 2001. In response it engaged in a major marketing campaign, which included changing its name to 'Český Telecom' (McClune, 1999). The Czech government was required to fully privatize ČT as part of the guidelines for its admittance to the EU. Interviews with former ČT managers and more general conversations with Czech colleagues, suggested that there was some resistance from the general public to the proposed sale. In particular people were worried that the new owner would engage in asset stripping and "tunnel" the money out of the country. This had been a common problem during the initial privatization drive in the early to mid-1990s (see Ross, 2006a). Despite these concerns, in 2005 the Czech government sold its remaining shares to the Spanish Telco, Telefonica, for €2.7 billion (see Table 2.1); the offer was well above market expectations (Bouc, 2005, p. A12).

Following deregulation ČT remained dominant in the Czech fixed line sector. Its main competition included relatively small firms in niche areas and the loss of voice traffic to mobile phones; although its subsidiary, EuroTel, consistently gained around 40% of the mobile telephone market. As outlined above, the relatively low fixed line penetration rate created a substitution effect as customers opted for a mobile telephone rather than waiting to get a fixed line connected. Mobile telephone tariffs in the Czech Republic were also relatively low and compared favorably to fixed line rates, which were often timed. By 2005 ČT was focusing on the sale of

Table 2.1. Chronology of ČT

<i>Year</i>	<i>Event</i>
1990	SPT Praha (Správa pošt a telekomunikace Praha (SOE responsible for Czech region); SPT Bratislava. (Správa pošt a telekomunikace Bratislava (SOE responsible for Slovak region)
1990	EuroTel Praha Joint venture signed between the Federal Ministry of Post and Telecommunications and U.S. West International and Bell Atlantic Inc. for the provision of a cellular network
1992	Limited competition introduced into some telecommunication services, such as the sale, installation and maintenance of terminal equipment.
1993	Former Czechoslovakia split into Czech and Slovak Republics; SPT Praha split into two new SOEs: Česká pošta (responsible for postal services); SPT Telecom (responsible for telecommunications services). SPT Telecom inherits a majority (51%) ownership of EuroTel Praha
1994	SPT Telecom vouchers distributed in 1994.
1995	SPT Telecom vouchers converted into shares; SPT Telecom becomes a joint stock company listed on the Prague Stock exchange; Government seeks an international “strategic investor;” Swiss Dutch Consortium, TelSource, ¹ wins government tender and buys a 27% stake for US\$1.45 billion; Government retains a majority 51% share ownership.
1996	Two new mobile Telco licences granted to new competitors.
2000	SPT Telecom renamed as “Český Telecom” on January 1, 2000
2001	Czech telecommunications market becomes fully open to competition.
2002	Government rejects offer for the sale of its remaining 51% stake
2003	TelSource consortium member sell their shares in Český Telecom in December 2003
2005	Government accepts offer from Telefonica for its remaining 51% stake: Český Telecom becomes 100% privatized firm.
2006	Český Telecom renamed as O ₂ ; EuroTel absorbed into core firm on September 1, 2006

Note: 1. TelSource was a consortium of PTT Telecom Netherlands and KPN telecommunications; along with a minority partner Swiss Telecom and a non equity partner, AT&T.

Sources: Michalis & Tackla (1997, pp. 89-102); McClune (1999); Red stars.com (2000); Euroweek (2002); Bouc (2005); Telefonica Press Releases (2006); Interviews with ČT & TMCZ (2004, 2005).

broadband data services, where it considered it had a competitive advantage over mobile services. In 2006 Telefonica changed ČT's trading name to O₂ and integrated the subsidiary EuroTel back into the core firm.

Telstra

Table 2.2 outlines a chronology of the deregulation of the Australian telecommunications sector. In 1989 Telstra was corporatized by the Australian Labor Party (ALP) federal government and required to operate on a more commercial footing. This included providing dividends to its owner, the federal government, raising its own investment capital and paying taxes (Evans, 1988, pp. 7-22). In the early 1990s the ALP government then introduced limited competition for fixed line and mobile telephony services (Brown, 1996).

Despite these initial reforms this ALP government remained opposed to the privatization of Telstra. This opposition reflected at least three considerations. First, Telecom's universal service obligations required it to provide customers with reasonable access to telephone services throughout Australia. Talk of privatizing Telecom inevitably provoked a voter backlash from regional and remote areas, with people concerned that a privatized firm would give a lower priority to less profitable and/or uneconomic services. Second, left-wing factions of the ALP and the unions were opposed to any sale on ideological grounds. Unions feared that privatization would lead to redundancies and the potential loss of members. Third, because Telstra continued to pay substantial dividends to its owner, the federal government, many commentators argued against selling off a seemingly successful and profitable SOE.

Despite these objections the incoming 1996 conservative coalition⁵ government made no secret of its preference for Telstra to operate on a more commercial basis. In 1997 Telstra was partially privatized—one third of its shares sold to the public (Australian National Audit Office [ANAO], 1998) — while the telecommunications sector was opened up to full competition. In 1999 the coalition government sold a further 16.6% of Telstra shares, leaving it with a 50.1% majority ownership (ANAO, 2000). In 2004 the coalition government was reelected and won a majority of seats in both houses of the Australian parliament. It then passed legislation in 2005 allowing for the future full sale of the government's remaining majority share ownership. In this regard in 2006 the federal government sold 35% of Telstra shares, while the remaining 17% of Telstra shares were transferred to the Federal government "Future Fund"⁶ to be sold down over time. By 2006, therefore, Telstra was in majority private ownership.

In contrast to ČT—where mobile telephony services were hived off to a newly created firm—Telstra retained control of both its fixed and mobile

services within its core firm. Telstra's fixed line services face similar challenges to ČT, in that voice traffic is shifting to mobile telephones. This is of particular concern for Telstra as most Australian homes have traditionally had a fixed line connection, with local calls providing the firm with some of its highest profit margins. In line with fixed line providers worldwide—including ČT—Telstra's strategy has been to place greater emphasis and investments in broadband and data services. But these are highly competitive markets with lower profit margins. Telstra's mobile phone division has provided increasing revenue for the firm, but again this is a far more competitive market than for fixed line calls.

Table 2.2. Chronology of Australian Telecommunications Sector

<i>Year</i>	<i>Event</i>
1901	Postmaster General's Department (PMG) established.
1946	Overseas Telecommunications Commission (OTC) established monopoly on international calls.
1975	PMG divided into "Australia Post" and "Telecom Australia" monopoly on provision of telecommunications services throughout Australia.
1981	Aussat established monopoly on domestic satellite operations.
1989	Telecom Australia is corporatized.
1992	Limited competition Optus begins operations.
1992	Limited competition Vodaphone granted a licence for mobile telephone services.
1992	Telecom Australia merged with OTC to become the Australian and Overseas Telecommunications Corporation (AOTC)
1993	AOTC renamed Telstra
1997	Telstra partially privatized one third of its shares sold to the public.
1997	Cable and Wireless becomes majority owner of Optus
1997	Telecommunications sector deregulated open to full competition.
1999	Federal government sells a further 16.6% of Telstra's shares.
1999	Federal government retains 50.1% majority ownership of Telstra.
2001	SingTel purchases Optus as a wholly owned subsidiary.
2005	Federal government passes legislation for the sale of its remaining 51% majority ownership of Telstra.
2006	Federal government sells a further 35% of Telstra shares; Remaining 17% of Telstra shares are transferred to the Federal government "Future Fund" and will be sold down over time.

Sources: Telstra annual reports; Brown (1996, p. 3); Haynes (2006).

Employment Relations (ER) Strategies

Organizational Culture

During the initial transition stage in the early to mid-1990s the culture at ČT remained linked to its socialist SOE past. Interviews suggest that managers, who were formerly linked to the Czechoslovakian communist party, still maintained their government connections and retained influence within the firm. Clark and Soulsby (1999a) concur that during the economic transition period these extended personal networks remained an important component of Eastern European management (pp. 159-184). Interviews also elicited a degree of frustration with political processes and a perceived lack of transparency in government decisions in relation to ČT. This included allegations that successive governments continued to appoint high level jobs within ČT on the basis of political connections rather than telecommunications experience and expertise.

ČT managers spoke at length about the problems that older workers had in changing from the former socialist era mindset towards a more market orientated approach. In this regard older employees often lacked initiative and would not take responsibility for their actions. This accords with earlier research that describes how managers under the previous economic system “were administrators of instructions” (Koubek & Brewster, 1995, pp. 224-225), with little room for personal decision making and responsibility. Interviews infer that ČT increasingly targeted older workers for redundancy, as part of a strategy to change this corporate culture.

Telstra’s organizational culture during the early 1990s exhibited some similarities with that found at ČT. During its long history as a government monopoly it had operated with a bureaucratic, hierarchical structure. In the late 1980s Telstra’s ER policies and workforce structure reflected this public sector background. This included a large and stable workforce, relatively low employee turnover and high unionization rates. In 1990 Telstra employed around 87,000 permanent staff and the average years of service for its workers was almost 13 years⁷ (Telecom, 1990, pp. 153-171; Interviews with CEPU, 1998).

Following corporatization in 1989, Telstra attempted to shift its work practices towards a more commercial orientation. However many Telstra managers were inexperienced in organizational change and lacked effective communication skills. Given Telstra’s long history as a public-sector organization, its managers also faced entrenched worker attitudes. In contrast, Telstra unions were relatively strong and retained considerable loyalty from their members. Management then found itself ill prepared for the subsequent industrial disputes in which they became embroiled. In response, Telstra entered into an agreement with the unions that led to the adoption of a “participative approach” with the unions. Senior managers

hoped that greater participation with the unions would produce a “win-win” situation for all stakeholders. But the unions and Telstra managers differed in their interpretation of this approach and both sides remained unhappy with its implementation. The election of the federal conservative coalition government in 1996 and the partial privatization of the firm heralded its demise. Telstra then entered a new ER phase that saw it move towards a more unitarist approach that excluded unions from the decision-making process. This shift was in part a result of its new operating environment that included a new conservative government owner and further labor market deregulation. The assertion of managerial prerogatives also reflected a changing mindset on the part of senior Telstra managers. Anecdotal evidence further suggests that as with ČT, Telstra targeted older workers for redundancy and favored hiring younger non-unionized workers who were less conditioned by the former public sector work ethos.

Strategic Human Resource Management (SHRM)

In 2001 ČT hired a Czech national who had formerly worked as a HR executive in a large multinational corporation (MNC) based in the United States. ČT’s goal was to hire somebody with experience in Western HR processes who could reorganize HR operations at ČT to better meet the demands of a soon to be privatized firm. The HR department subsequently re-engineered its work practices. This included changing many of its HR processes and training programs into electronic format and shifting more HR procedures to line management. The HR department was streamlined and between 2002 and 2005 the number of workers in the section was reduced from 420 to 105 employees (Interview with ČT, 2005). This accords with SHRM literature that suggests a link between downsizing, delayering and the decentralization of HRM functions (see Gennard & Kelly, 1997; Martell & Carroll, 1995, p. 255).

ČT’s HR department took on a more strategic role as its new goal became “to add value to line management” (Interview with ČT, 2005). Under this model the HR department was a business partner for the rest of the firm that would assist other sections to achieve their goals. This new strategic role was in contrast to its previous personnel management type function. HR managers advised that the department attempted to align its strategies with the following four organizational strategies:

1. creation of a customer service culture—in 2003 the firm created its first separate marketing department;
2. increased cost cutting and profit orientation;
3. improved product development and associated increased speed to the market;

4. organizational restructuring in line with the above.

Despite these goals, ČT managers spoke at length about the problems inherent in trying to shift the firm towards a customer service culture and to impress cost cutting imperatives on to staff. Many of these problems were linked to the former Czech SOE culture. This implied that local contextual issues were still providing some challenges for ČT's SHRM policies.

Telstra also hired a new director of human resources from the external labor market to assist in changing the organizational culture and orientation of the firm. In particular Telstra wanted to shift the firm from a technical to a customer focused outlook. The new director was appointed the mid-1990s and brought some associates with him from his previous job where he had challenged the role of unions at the firm "Comalco," which was an Australian subsidiary of the U.S. based MNC, Rio Tinto (RTZ-CRA) (see McDonald & Timo, 1996; Interviews with CEPU, 2002). Within Telstra the new human resources director and his associates became known as the "Comalco Mafia" (Interviews with Telstra, 2002). Telstra's new senior ER managers took the view that the ER section contained too many entrenched attitudes that were not conducive to organizational change, and consequently many long term Telstra ER managers were targeted for redundancy (Interviews with Telstra, 2002). This streamlining of the ER section has similarities to ČT's above policies.

Telstra's ER personnel distanced themselves from the day to day ER issues of individual workers, as the section assumed a more strategic and advisory role that provided specialist advice to line managers (Interviews with Telstra, 2002). As with ČT, Telstra then implemented many of its ER changes through their lowest management level, the team leaders. This delegation of greater ER responsibilities to line managers meant that they were the main contact point for their staff in relation to general ER issues and problems. For example, workers that had complaints about their pay were forbidden to contact the payroll section directly. Rather they were required to approach their immediate manager who would then contact the payroll section and resolve the issue on the worker's behalf (Interviews with Telstra, 2002). Telstra also released new organizational principles which specified that ER issues were not to be delegated to third parties, such as unions (Barton & Teicher, 1999a, p. 26).

Training

ČT managers advised that training had taken on a more strategic role. To begin, an analysis of any training activity started with the analysis of the overall company strategy. The role of the HR department was to link HR training programs to company strategy and transfer these programs

into other ČT departments (Interview with ČT, 2005). One senior HR manager advised, "We are trying to make sure in training that we don't train only the skills that are needed at the moment but we are trying to see where we are going to be in 6 months or a year." This again accords with a SHRM approach to ER. In this regard ČT concentrated its training on marketing and sales, as these areas were seen as being vital for the firm's future success (Interview with ČT, 2004). The need for such training was heightened by the Czech Republic's previous socialist economy, which did not allow for the development of such skills. ČT also engaged in extensive training of line managers in HR processes to allow them to take greater responsibility for this area (Interview with ČT, 2005). In contrast to the expansion of sales and marketing training, ČT reduced its technical training programs. This was linked to the firm's goal of eventually outsourcing much of this work.

A further distinguishing feature of ČT's training strategies was a relatively high emphasis on e-learning. In 2005 the firm provided around 100 e-learning courses for its staff, with about 60-70 courses created in-house and the rest purchased from other companies and/or from abroad. Advantages of this approach included cost effectiveness and the fact that most ČT workers had access to a computer; a situation that was less common in other Czech firms (Interview with ČT, 2005). Easy access to these courses also facilitated the demands for new skills and continuous learning often associated with the changing nature of work (see Coates, 2002, p. 2). ČT managers advised that the firm first developed e-learning courses for legal type issues, such as state and company regulations, before developing sales and marketing courses for new products and services; the latter being the main focus of the company. E-learning then became better aligned with overall company strategies.

Telstra also shifted its training orientation towards customer service focused programs. This was in line with its shift from a technical to a customer based orientation that focused on sales revenue (Interviews with Telstra, 2000). Telstra also had a history of supporting employees to complete higher education programs. This support included time off from work and other allowances. Prior to the 1990s the study programs undertaken by these workers were not always related to the telecommunications industry (Interviews with Telstra, 2000). This was in line with the public sector type arrangements at that time. However, during the 1990s support for study programs became linked to business drivers, such as how will this study help the business? (Interviews with Telstra, 2000). Thus tertiary training became more specific to the needs of the firm. More generic training, such as basic computer skills, was outsourced to specialist training firms (Interviews with CEPU, 1999). Training at Telstra, therefore, shifted from broad based, comprehensive training towards a narrower,

job-specific focus, as broad based training is expensive and workers can more easily leave and use their wide skill base elsewhere.

Prior to the 1990s Telstra was one of Australia's leading trainers of tradespersons and it trained apprentices in skills that were not always directly related to telecommunications. Some former Telstra managers suggested that the federal government saw SOEs, such as Telstra, as playing a significant role in providing apprenticeships to help upgrade the skills of the Australian workforce. However, during the 1990s this comprehensive large-scale in-house training was phased out. In its place Telstra either outsourced this work or recruited workers from technical colleges, where they had already gained some generic technical skills. Upon employment at Telstra workers would be taught the specific skills required to perform their job, such as how to use a particular piece of machinery or equipment (Interviews with Telstra, 2000-2002).

Workforce Restructuring, Outsourcing and Downsizing

During the period of economic transition Czech SOE managers were required to "reduce employment levels, output, product-range and social-welfare functions in order to focus on core activities" (Clark & Soulsby, 1999b, p. 549). ČT subsequently engaged in extensive downsizing programs linked to new cost-cutting financial imperatives. ČT employed external independent consultants to assist in workforce restructuring strategies, as it was felt that many older managers could not be relied upon to give objective assessments on areas within the firm that could be downsized and/or outsourced. This again reflected the previous culture under the socialist system, when large numbers of workers were essentially artificially employed to soak up employment (Soulsby & Clark, 1998, pp. 82-83). Between 1997 and 2005 workforce numbers at ČT were cut from 25,000 to 9,000 employees, while a further 2,000 mostly technical jobs were scheduled to be cut during 2006 (Cowhey & Klimenko, 1999, p. 23; Interviews with ČT, 2005).

Job cuts were achieved by centralizing activities, increasing productivity through new technologies and work practices, and outsourcing. Downsizing was further linked to business process reengineering (BPR) concepts, as the firm examined why they were performing various tasks and questioned whether they were still necessary and/or could be better performed outside of the firm? A "transformation" division was created to design and facilitate these organizational changes. By 2002 the network was fully digitized and the firm switched its focus to marketing and sales, which was then considered to be core business (Interview with ČT, 2005). Work that was not linked to these functions was considered for outsourcing. These functions were divided into "asset management," which included generic work such as

security, catering and transport, and “network maintenance,” which included work performed by ČT technicians.

Long term workers found downsizing decisions difficult to accept. Under the former command economy SOEs had provided jobs for life, so many workers had difficulties with the concept of an independent career outside of the firm. HR managers advised that ČT offered courses for workers facing redundancy that would allow them to gain new qualifications that would better prepare them for a job either outside of the firm or in another area within the firm—for example shifting from a technical orientation to marketing or sales. But many workers refused to believe that a company where they had worked for 20 years would sack them. This “retreat” strategy—where employees attempt to maintain the status quo (Dif, 2004, p. 314)—was understandable given the institutional context of the former socialist system. In the event many workers refused to enroll in retraining programs and were subsequently shocked when they lost their jobs (Interview with ČT, 2004).

ČT also engaged in a number of strategic partnerships to access skills that weren’t readily available in the Czech Republic. As outlined above, this included the sale of 27% of the firm’s shares to TelSource, which was then required to modernize the network. ČT also entered into a joint venture with US West International and Bell Atlantic to build a cellular network that became the subsidiary, EuroTel.

Telstra also engaged in extensive downsizing as it shifted towards a leaner more market driven, customer based model. Between 1989 and 2003 Telstra reduced its permanent workforce from around 84,000 to approximately 37,169 employees. Somewhat akin to what occurred at ČT, this extensive downsizing was supported in part by the outsourcing of work that was no longer considered “core business.” This included such work as advertising (Yellow & White pages), operator services, IT support services and much of the design, building and maintenance of the network. Telstra also entered into strategic partnerships that complemented rather than replaced existing services; for example some external firms provided content for Telstra’s Internet services. Telstra also took a 50% equity in the firm, Foxtel, which provided pay-TV services via Telstra’s fibre optic cable network (Telstra, 1995, p. 4). New technologies and “better” work practices—including work intensification—also played key roles in cutting the size of Telstra’s permanent workforce (Interview with Telstra, 2002).

Collective Bargaining, Individual Bonuses, and Remuneration

Under the previous political system workers at SOEs were expected to join the union, which acted as the “transmission belt” for the communist party. Thus successor unions, such as the Trade Union of Employees in

Postal, Telecommunications and Newspaper Services of the Czech Republic (OSZPTNS⁸) at ČT, faced perception problems during the political transformation period, particularly among younger workers. Nevertheless in 2005 around half of ČT's workforce remained unionized and the firm continued to collectively bargain with the union (Interviews with ČT, 2005). But union officials reported that negotiations with management were becoming more difficult as management had taken a more hardline approach to collective bargaining. Anecdotal evidence further suggested that overt and covert pressures were sometimes placed on new ČT workers to not join the union. This increasing antagonism to the union has some parallels with what was occurring at Telstra. Despite this the union was successful in bargaining for increased redundancy payments for ČT workers. These payments ranged from between six and 10 months pay depending on length of service, which was well above the two month statutory minimum.

Most ČT workers were covered by a collective agreement, but the firm also paid variable bonuses based on individual and company performance. Although negotiated with the union, these payments did not form part of the collective agreement but rather formed part of company policy. ČT managers advised that their preferred long term strategy was to increase the variable remuneration component and reduce the flat fixed component, so as to better align worker pay to individual performance. ČT workers also received one weeks extra holiday, and meal vouchers and sickness benefits that were above the statutory minima. ČT maintained a "cafeteria system," whereby, employees accrued points that they could spend on activities such as sport, the theatre or education. This "cafeteria system" was linked to similar institutions that had been in existence during the socialist era.

ČT managers stated that it was their goal to form "more individual relationships with their employees"; such phrases are often code for shifting away from the union towards an eventual policy of individual contracts (Ross, 2003). While there is a provision under Czech law for workers to establish local company based workplace councils, ČT had not established these forums, with managers citing a lack of worker interest. Interviews further suggested that ČT management discouraged moves in this direction.

This desire to form more individual relationships between management and workers was more pronounced at Telstra. In the late 1990s Telstra management split the previous single collective contract into three separate collective agreements, which helped to fracture the workforce. In late 2000, Telstra then negotiated four new collective employment agreements which further split the workforce. These new agreements covered in total approximately 31,000 workers or around

70% of the workforce at that time (Telstra, 2000). The unions would have preferred to negotiate a single agreement. However, they recommended acceptance on the grounds that the general employment conditions were similar for all the separate collective agreements; they also included substantial pay increases (Interview with CEPU, 2000; Telstra, 2000).

Workers employed in Telstra's joint ventures and subsidiaries were employed under more flexible employment agreements than Telstra's core workers. For example employees of the subsidiary NDC worked a 38 hour week rather than the Telstra standard 36¾ hour week, although they received a negotiated pay adjustment. Employment conditions for operators at the joint venture firm, Stellar, also differed from those enjoyed by Telstra operators. The Stellar collective agreement included performance bonuses that had to be earned, rather than received as an automatic entitlement, while the spread of hours was increased (Barton & Teicher, 1999b, p. 34; Interview with Telstra, 2002). Unions alleged that some Telstra's outsourcing policies were simply strategies to bypass Telstra's wages and employment conditions (Interviews with CPSU & CEPU, 2002).

The conservative coalition government introduced the Workplace Relations Act (WRA) 1996, which contained provisions for individual employment contracts called Australian Workplace Agreements (AWAs). Telstra then shifted workers onto AWAs to increase workforce flexibility and reduce union influence. Because Telstra had already placed its senior managers on common law individual contracts AWAs were initially directed at middle managers (Interviews with CEPU, 1999). For example, managers being paid more than \$50,000 per annum were "strongly encouraged" to go on to individual contracts. Telstra then targeted the lowest management rung, the Team Leaders, and many of these workers subsequently shifted on to individual contracts. Telstra managers advised that part of the reason for targeting these groups was to shift their allegiance away from the union towards the firm. Because many middle managers were union members, AWAs became a senior management strategy to bring this group more on side (Interviews with Telstra, 2002).

Telstra was quite successful in its drive towards individual agreements. By 2002 individual AWAs covered approximately 11,000 workers, or around 25% of the workforce (Interviews with Telstra, 2002). The percentage of workers on individual contracts continued to increase and by 2007 more than half the workforce were covered by individual AWAs (Interviews with CEPU; Telstra, 2007). Most of these workers were initially in management and/or administration, however, interviews suggested that Telstra was increasingly targeting other worker classifications, including technicians (Interviews with Telstra, 2007).

The Australian labor market was further deregulated through the introduction of the Work Choices Act (2005), which established five minimum conditions of work. These included minimum pay, annual leave, sick leave/carer's leave, unpaid parental leave and maximum working hours (Baird, Ellem, & Page, 2006). All other conditions must be negotiated (Baird, Ellem, & Page, 2006). The challenge for Telstra unions is to try and retain previous conditions and provisions in new collective agreements. Given the shift in the attitudes of Telstra management this will not be an easy task.

Unions

Under the previous Czech socialist regime all SOE employees were required to be union members, as the union was allied to the Communist Party. Following the collapse of communism OSZPTNS distanced itself from the Communist Party and became a member of the peak union body, CMKOS, which had led protests against the previous regime. In the early 1990s the Czech government invited peak union and employer groups to join a state sponsored tripartite organization, the Council of Economic and Social Agreement of the Czech Republic (RHSD), which proved reasonably successful in helping to maintain industrial harmony in the first half of the 1990s (Cox & Mason, 2000; Dvorakova, 2003, p. 425). But Dvorakova suggests that by the late 1990s the Czech government had suppressed the emergence of any neo-corporatist ER system, as it did not believe that this ER framework was compatible with its liberal economic policies (p. 425).

Interviews suggest that around 60% of ČT workers remain union members but this will decrease as the firm outsources its technical work. As a "successor" union, OSZPTNS was reasonably successful at retaining existing members. However, it has been far less successful in recruiting new workers either at ČT or its competitor firms. Interviews infer that this is in part due to the negative association that younger workers have of the union's former links to the communist government. Anecdotal evidence further suggests that senior managers at other Czech Telcos have actively sought to keep unions out of their workplaces. Wages among Telcos in the Czech Republic are also among the highest in the country, which makes it more difficult for unions to convince younger worker of the need to join (Ceske Noviny, 2005).

OSZPTNS negotiated redundancy payments for ČT workers affected by the above downsizing programs of between 6 and 10 months (Union Network International, 2003, p. 3). As outlined above, it still engages in collective bargaining and has been able to negotiate a series of long term collective bargaining agreements with ČT (Interview with OSZPTNS, 2004). It claims to have good working relationships with the other social

partners, under tripartite arrangements, and to have negotiated shorter working hours and longer holidays for its members (OSZPTNS, 2004). Despite these apparent successes, union officials report that ČT has been distancing itself from OSZPTNS, while resolving issues with management has become more difficult. While it is too early to predict the effect that full privatization will have on ER at ČT, the privatization of Telcos in other countries, such as Australia and New Zealand, has been associated with management adopting a more unitarist approach to ER (Ross, 2003). Changing management attitudes, falling membership rates and privatization, therefore, point to difficult and challenging times ahead for OSZPTNS.

Unions at Telstra faced similar problems and issues to those faced by OSZPTNS. Unions had traditionally played a large role in ER at Telstra and its forerunners. During the 1980s union density rates at Telstra were well above 90% and included most white collar workers and a large proportion of managers. As well as these more formal processes Telstra unions were active in informal, day to day ER issues and problems. Interviews indicated that there was a relatively strong loyalty between members and their unions. Thus the unions began the 1990s with a history of being important and influential stakeholders in Telstra's ER processes. Telstra dealt with two main unions, the Community and Public Sector Union (CPSU) and the Communication, Electrical and Plumbing Union (CEPU). The CEPU tended to cover field workers—such as technicians and linesman—and operator services, while the CPSU generally covered white collar workers. However, some overlaps occur in their coverage.

In the early to mid-1990s the unions at Telstra had the strength and membership support to mount effective industrial campaigns that aimed at resisting initial moves by Telstra management to restructure and downsize its workforce (see Gray, 1992, p. 4; Head, 1992, p. 3). As outlined above, in a bid to counter rising industrial disputes Telstra management introduced the “participative approach” which aimed at some form of collaboration between management and the unions. However this approach was short lived. By the late 1990s Telstra had become more aggressive in its ER dealings, which in many instances required unions to take legal action if they wished to contest Telstra ER policies (Interviews with CEPU & CPSU, 1999-2002). This required the unions to devote large amounts of time and resources simply to retain existing conditions. As discussed, the WRA contained provisions for individual employment contracts through AWAs. The white-collar workers targeted for individual AWAs were often union members, but after signing individual contracts, many of these workers subsequently left the union. The introduction of AWAs, therefore, limited industrial action by splitting the workforce into non-union workers on individual contracts and unionized workers covered by

a collective EBA. When the unions initiated strike action in the late 1990s Telstra management were able to keep many areas operating by using skeleton staff made up of nonunion AWA workers (Interviews with CEPU, 1999). Workers on individual contracts who remained union members also took up more union resources, as servicing these members was more labor and resource intensive.

During interviews a general theme was that unions retained many existing members, but were less successful in recruiting new employees. The unions have also had little success in recruiting members in Telstra's subsidiaries and subcontractor networks. Again, there are similarities to OSZPTNS's experiences here. The unions were however able to negotiate significant wage increases for their members—between 1995 and 2002 wage increases totaled 27%. In return for these wage increases the unions were required to make tradeoffs. These included the introduction of more flexible working conditions and the breaking down of demarcation lines between technicians and linesman. The unions also agreed to split up the single collective agreement.

Interviews suggested that many long term union officials were discouraged by the events that transpired at Telstra following corporatization and partial privatization. However, given the changing political, regulatory and technological environment of the 1990s the unions survived relatively well. Despite the large scale organizational and workforce changes that occurred throughout the 1990s the majority of Telstra's workers remained union members (Interviews with CEPU, CPSU, & Telstra, 1998-2002). However, the successive reelection of the federal conservative coalition government in 2001 and 2004, with its agenda of continued workplace deregulation and the full privatization of Telstra, placed additional pressures on the Telco unions. In late 2007 the Australian Labor Party (ALP) won the federal election but at the time of writing it is too early to tell the extent to which this may or may not assist the Telco unions. Despite its historical union links the incoming ALP government is a "center left" party committed to conservative economic policies. Despite enacting legislation to phase out AWAs the incoming government appears likely to maintain many of the former conservative coalitions' decentralized ER policies. Telstra has maintained its anti-union stance and as a fully privatized firm its ER strategies are less influenced by its former owner, the federal government. This suggests that the Telco unions will continue to operate in a challenging environment.

CONCLUSION/DISCUSSION

One striking feature of the ČT and Telstra experience following deregulation and privatization is that despite the differing historical, political and

economic backgrounds of the Czech Republic and Australia, senior managers at the two firms often engaged in comparable and in some instances parallel strategies. In this regard, policy differences between the two firms were often a matter of degrees or levels of implementation rather than being opposing strategies. This does not appear to support path dependency theories, which suggests that differing historical factors should lead to differing managerial practices. While issues linked to the Czech Republic's socialist past—such as the difficulty older workers had in adjusting to the new system—did impact on its ER strategies, Telstra had somewhat similar problems as it attempted to shift its organizational culture away from its public sector past. Given its historical context it could be argued that ČT faced more profound problems with its older long-term workers than Telstra, but this is a subjective judgment on the degree of the problem—it is not a different issue. In the event, both firms targeted older workers for redundancy in a bid to change their former SOE work cultures and practices.

Figure 2.1 outlined a number of external and internal factors that may assist in examining and comparing management ER practices at ČT and Telstra. External factors included “HR facilitators,” firm “ownership” (public or private?), the “political/ideological environment,” “relative union strength,” the “legal environment,” outsourcing to “subsidiaries, subcontractors and strategic alliances,” the introduction of “new technologies” and “fixed versus mobile Telco markets.” By 2005 ČT managers appeared to have widespread access to “HR facilitators.” Many had some formal training in Western HRM strategies and concepts, while the firm was implementing ER policies that were similar to those being introduced by Western based firms. Anecdotal evidence also suggested that ČT managers often discussed HR issues with colleagues in other firms and there had been an increase in networking via Czech management associations and seminars. The purchase of the firm by the Spanish MNC, Telefonica also provided another conduit for the introduction of new ER processes and practices. Telstra managers were similarly well informed on new ER ideas and practices. Australia has a well developed tertiary system along with specialist employer groups and associations that deal with ER issues.

Zupan and Kaše (2005) however advise that simply accessing this HR knowledge and formulating SHRM policies does not in itself guarantee better firm performance. Rather, they suggest that HR strategy *execution* tends to be weak in ETE firms because HR departments are often not linked into overall company strategies. This theoretical perspective suggests that Telstra, located in a Western liberal democracy, should have better HR strategy execution than ČT, which is located in an ETE. But interviews with ČT and Telstra managers instead point to many commonalities. In a bid to change their organizational cultures, both firms

brought in new HR directors from the external labor market. They then engaged in relatively similar SHRM practices. This included downsizing, outsourcing and shifting towards a customer driven focus. This was reflected in changing approaches to training at both firms as they reduced and/or stopped technical training in favor of a marketing and sales orientation. Much of the former in-house technical work then began to be outsourced. In the case of ČT, the new directives were to specifically align HR strategies with overall company strategies. While interviews did ascertain some problems in trying to convince ČT workers of the need to shift towards a customer driven model, interviews elicited similar complaints from Telstra managers. This does not necessarily mean that Zupan and Kaše are wrong. Rather the interview data suggested that problems associated with weak HR strategy execution were more pronounced at ČT during the initial transition period in the early to mid-1990s. However by 2005, ČT, as with many firms in the Czech Republic, was in the post-transition stage and some of these former HR problems were no longer so apparent.

Until relatively recently both firms remained under majority government ownership. In the Czech Republic this led to allegations of cronyism, with ČT executives being appointed on the basis of political links. Such allegations provide some support for path dependency theories, as the need for good political connections was a hallmark of the socialist era. Government interference in the running of Telstra was less overt, although Telstra board appointments reflected the government's majority shareholdings, while CEO appointments were routinely discussed with government ministers. The reasons for the delays in the eventual sale of the two firms differed. The Czech government had held off selling ČT until it received a high enough bid. However by 2005 estimates for the sale of ČT had already been included in the Czech government budget for that year, which all but guaranteed that the sale would proceed. The Czech government was fortunate in this regard in that the eventual winning bid from Telefonica was well above market expectations. In contrast, delays in the sale of Telstra were linked to Australia's large geographical area, which led to fears of a rural political backlash if Telstra was sold—rural voters believed that a privatized Telstra would neglect regional areas in favor of more lucrative city markets. In the event the conservative coalition government achieved control of both federal houses of parliament in 2004 and passed the legislation for Telstra's full sale in 2005. This was in line with the political/ideological platform of the coalition's dominant partner, the Liberal party.

This political/ideological platform had a strong influence on management strategies at Telstra. Following the election of the conservative coalition in 1996 Telstra had a new government owner that

was in many respects antagonistic to union interests. The ensuing labor market deregulation changed the legal environment and helped to facilitate a shift to a unitarist approach to ER at Telstra. This included shifts towards individual employment contracts and the exclusion of the union from company decisions. ČT also faced a changing political/ideological environment, most noticeably the shift from a socialist to market driven economy. Successive Czech governments then embarked on a course of market liberalization and ČT management strategies shifted towards a more SHRM approach over time. During interviews with Czech union officials in 2005 they concurred that even under the then social democrat government—considered more supportive of union interests—ČT management continued to shift towards a more managerially orientated agenda that was less inclined to consider union interests. However ČT still engages in collective bargaining with the union.

Unions at both firms however face a difficult future. While they began the 1990s in positions of apparent relative strength, large scale downsizing combined with an inability to recruit new members within ČT, Telstra and/or other telecommunications related firms in either country reduced their strength. The challenge for OSZPTNS, the CEPU and the CPSU is to therefore make themselves relevant to a new generation of younger workers. In the Czech Republic this is made more difficult by historical factors, whereby the previous links between unions and the former socialist government tarnished their image. In Australia these problems were compounded by changing labor laws that aimed to marginalize unions from ER negotiations. The Work Choices Act 2005 also restricted the unions' right of entry into Telstra's premises, which then restricted union recruitment drives. As outlined above, the election of the ALP in late 2007 does not guarantee any change in union fortunes, but may provide further institutional support for union activities at Telstra.

To conclude, an examination of the above two firms suggests that from an ER perspective, by 2005 the Czech telecommunications sector had entered a maturing or post transformation stage. The chapter provided some examples of management ER strategies at ČT and Telstra being influenced by local contextual factors. But the evidence suggests that over time the influence of the previous socialist system on ČT's management strategies has markedly decreased. Rather, ČT appears to be engaged in similar SHRM practices to those being implemented at Telstra. This suggests that telecommunications specific factors now have a greater influence on ČT's ER strategies than historical factors. ČT has also reabsorbed its mobile Telco subsidiary back into its core firm, in a bid to counter the transfer of voice traffic to mobile telephones. In this environment new technologies—including fixed-line broadband and wireless Internet applications—will be crucial to the success or otherwise of

ČT and Telstra. The effect of these new product markets and technologies on ER practices in the telecommunications sector should provide an expanding field for future research.

NOTES

1. In mid 2006 Český Telecom's name was changed to Telefónica O2. However, except where otherwise stated this chapter generally uses the name Český Telecom (ČT) to refer to the firm as this was the TelCo's name during much of the period examined.
2. At various times in its history Telstra has been known as the PMG, Telecom Australia and the Australian and Overseas Telecommunications Corporation (AOTC). To avoid confusion, this chapter always identifies the organization as Telstra.
3. This chapter uses the term employment relations (ER) to refer to both human resource management (HRM) and industrial relations (IR) issues.
4. Interviews in the Czech Republic and neighboring countries were conducted in 2004 2005.
5. Liberal and National Party coalition.
6. The "Future Fund" was created by the conservative coalition government as an autonomous "financial asset fund with the defined purpose of accumulating sufficient financial assets to offset the Australian Government's unfunded superannuation liability" (AGFF, 2006).
7. The average years of service for Telstra technicians was close to 18 years.
8. OSZPTNS (Odborového svazu zaměstnanců poštovních, telekomunikacních a novinových služeb) The Trade Union of Employees in Postal, Telecommunications and Newspaper Services of the Czech Republic.

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CHAPTER 3

TRAVERSING THE SOCIETAL-ORGANIZATIONAL CULTURAL DIVIDE

Social Capital and Organizational Diversity in the United States and the European Union

Judith Y. Weisinger

As both societies undergo tremendous demographic shifts, a key challenge facing the United States and the European Union is maintaining social unity while integrating diverse workers into society and organizations. Equal employment and organizational diversity efforts address different aspects of this challenge, although it is only through serious and concerted diversity management efforts, which are not compliance related, that real progress can be made. This chapter proposes a social capital framework as a useful way to understand both representational and pluralistic diversity in organizations, and to effectively address these issues.

One of the key challenges facing organizations in the United States and the European Union (EU) is the issue of social unity among diverse citizens

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and workers. As both U.S. and EU societies become more culturally diverse, one important human resource management (HRM) challenge will be the effective management of diversity. In both societies, the management of organizational diversity has been accepted, at least rhetorically, as one way to enhance business performance. This “business case” for diversity suggests that organizations need a diverse workforce to capitalize upon new market opportunities stemming from diverse consumer demographics, and to enhance competitiveness and value creation.

On the other hand, some have argued that such an approach can effectively pigeonhole employees of particular identity groups, effectively limiting their ability to participate more widely in organizational efforts that are not directly related to diversity (Thomas & Ely, 1996). The implication of this is stalled career progression, or the so-called “concrete ceiling.” Thus, a broader, more inclusive approach to diversity is desired, wherein the different worldviews brought by diverse employees has the capacity to fundamentally change, beneficially, the way the organization conducts its business in order to enhance effectiveness (Thomas & Ely, 1996).

In fact, a distinction can be made between *representational* and *pluralistic* diversity—the former concerns the tracking of numbers of workers from various underrepresented racioethnic/cultural groups for equal employment purposes, and the latter emphasizes the inclusion or integration of these diverse workers (and their worldviews) into the organization’s core activities and processes through the building of mutually respectfully relationships (Weisinger & Salipante, 2005). In the United States, contemporary management researchers and consultants have been careful to conceptually distinguish diversity from equal employment opportunity (EEO), in part because EEO is based upon a legal compliance imperative, while diversity is not. In practice, however, many organizations roll their diversity and EEO efforts together. Further, many diversity detractors suggest that the term diversity is but a “codeword” for EEO, or even more insidiously, for the preference of “minority” workers over majority workers. However, pluralistic diversity moves beyond equal employment tracking and towards efforts to include and reflect diverse employees into the organization’s culture and ways of working.

Organizational diversity efforts can include many aspects such as mentoring and development, newsletters, town hall meetings, and most centrally, diversity training (Jayne & Dipboye, 2004). But many of these efforts have fallen short of delivering on promised benefits, and in fact, in most U.S. organizations, these benefits are not systematically measured. Some organizations have created new positions such as chief diversity officer or vice president for diversity. But a recent conference board study points out that “[t]hough many businesses know that they want someone in charge of diversity efforts, they’re not necessarily sure what they want

her to actually do” (Lieberman, 2006, p. 18). The author goes on to state that another problem is that diversity officers should be spending more time actually *making* the business case for diversity, rather than “moralizing” the issue. Interestingly, a recently published longitudinal study on the workforces of over 700 private sector firms between 1971 and 2002 found that “responsibility structures” (such as affirmative action plans, diversity committees and diversity staff positions, such as those referred to earlier) were actually associated with increased managerial diversity, while programs such as diversity training were not (Kalev, Dobbin, & Kelly, 2006). However, there is admittedly much more to managing diversity, and while that study provides a more systematic look at diversity results, it still views outcomes in terms of representational diversity—which is only a part of the whole diversity picture.

This critique notwithstanding, diversity training, sensitivity training and other more traditional diversity approaches do tend to be short term oriented and typically do not engender any lasting commitment to longer term effective work relationships among diverse individuals and groups. In fact, such training can actually backfire, causing a backlash because such training is ill-conceived (Mobley & Payne, 1992) and/or results in disparaging majority group participants while reinforcing biases and stereotypes of minority group participants (Hemphill & Haines, 1998; Nemetz & Christensen, 1996). A pluralistic diversity approach is instead focused on long term relational processes that can be developed through a focus on collaboration around core organizational activities and the mission; in this sense, learning how to work effectively with diverse others occurs tacitly (Weisinger & Salipante, 2005), rather than explicitly as is proffered in most diversity training programs.

In both the United States and in the EU, the tension between multiculturalist and assimilationist views of culture underlie much of the debate about diversity and its role in society, as well as in organizations. The unasked questions are: How much diversity is too much? When does a multicultural society lose its national identity? This latter question is one that is particularly relevant in the EU, wherein member states that have heretofore enjoyed unique cultural identities now find themselves amidst a significant demographic transition, as well as a major institutional transition brought about by the formalization of the EU. Further, both societies are struggling with balancing the uniqueness of diverse social groups with a broader common identity.

Thus, human resource managers both in the United States and in the EU face considerable hurdles in terms of traversing the terrain between rapidly shifting demographic forces within broader society and strategic imperatives within organizations. This challenge might be framed in terms of incorporating both representational *and* pluralistic diversity.

However, it is the underemphasized pluralistic diversity that has the capacity to leverage diversity for organizational and social advantage. A potentially useful concept for accomplishing this balance is that of social capital. Adler and Kwon (2002) define social capital as follows:

Social capital is the goodwill available to individuals or groups. Its source lies in the structure and content of the actor's social relations. Its effects flow from the information, influence, and solidarity it makes available to the actor. (p. 23)

Thus, one approach to balancing representational and pluralistic diversity involves developing social capital among individuals and groups. This chapter explores the role that building social capital can play in effecting both representational and pluralistic diversity in organizations, in particular the relationship between bonding social capital, reflecting strong ties within social groups, and bridging social capital which reflects weaker ties across them (Putnam, 2000).

EQUAL EMPLOYMENT VERSUS DIVERSITY

The EU is facing what Kwasniewski (2005) calls “unparalleled demographic changes that will have major implications for prosperity, living standards and relations between the generations” (p. 54). While the author was citing an EU green paper on diversity that centered on age disparities within the European population (by 2030 the working age population will have decreased by nearly 7%, while the over-65 age group will increase some 52%), another prominent issue within the EU and the United States has to do with cultural diversity.

In 2000, the EU's equal treatment directive—Article 13—was adopted by the European Commission's Employment & Social Affairs unit to be implemented in two phases in 2003 and 2006. Legal experts at the time suggested that companies begin to revise their recruitment practices in order to be in compliance with the new directive, including reviewing the sorts of questions asked in interviews that may give rise to charges of direct or indirect discrimination (Taylor, 2000). The original equal treatment initiative was adopted in 1976 and banned indirect or direct discrimination based on sex, especially with regard to marital or family status. The 2000 equal treatment initiative extended this ban to include race and ethnicity, and later, sexual orientation, disability, religion or belief, and age. It is important to note that many EU member states already had antidiscrimination legislation before the EU directives were passed.

In the United States, the original employment legislation banning discrimination and more generally ensuring civil rights in the workplace was passed in 1964 and protected employees of a vast number of U.S. companies from discrimination on the basis of national origin, religion, color, race, and sex. This Act was amended in 1991 to include U.S. companies operating abroad, among other provisions. In the United States, it has already become standard practice in many HRM textbooks to discuss the kinds of questions that should/should not be asked in the recruitment and selection process in order to avoid discrimination charges.

However, many U.S. management researchers distinguish between equal employment and diversity. Equal employment refers to organizational compliance with aforementioned antidiscrimination laws, while “diversity,” at least conceptually, typically refers to the degree of acceptance or inclusion of people from diverse backgrounds into organizations (or into society). Thus equal employment is a legal imperative while diversity is largely voluntary. In fact, a recent report on diversity that was published by the European Commission (2003) describes organizational diversity policies as “voluntary initiatives by businesses to recruit, retain and develop employees from diverse social groups” (p. 3). These voluntary efforts may be called diversity, inclusion, pluralism, or the preferred term here, *pluralistic diversity* (Weisinger & Salipante, 2005).

In practice, however, “diversity” still often refers to “headcounts” of employees, especially those from “underrepresented” groups. The term used in this chapter for this is *representational diversity* (Weisinger & Salipante, 2005). Such groups are defined in the United States in part through “affirmation action” efforts by organizations (medium and large U.S. organizations are typically included) to recruit, hire, and promote members of statistically underrepresented groups to remedy past discrimination against them. These groups reflect classes of workers protected from discrimination by EEO laws. In the United States, such groups include women, certain racioethnic minorities, and those with disabilities (who are covered under the separate Americans with Disabilities Act, passed in 1990). It also refers to those protected from discrimination on the basis of religion and age. There is no federal government discrimination protection in the United States for employees on the basis of their sexual orientation or gender identity, although various state laws do afford such antidiscrimination protections.

Although it is recognized that certain aspects of diversity, such as age diversity, have become more salient in both societies, the focus in this chapter is on cultural diversity, centered on race and ethnicity. The current EU population level is being sustained by immigration (Kwasniewski, 2005). This has led to significant challenges within various member states related to social cohesion, which refers to the goal of balanced

development within the EU through reduced structural disparities and the promotion of equal opportunities for all (EUROPA, 2007). In the United States, it is estimated that somewhere between 7 and 12 million undocumented immigrants live and work there, a figure that does not include legal recent, second and third generation immigrants, as well as more established social identity groups such as African Americans, Native Americans, and some Latino populations. These demographics have posed considerable hurdles for society as well as for organizations in terms of achieving pluralistic diversity.

THE BUSINESS CASE FOR DIVERSITY

In the United States, diversity is a generally accepted concept for increasing business results, particularly through increasing growth and market share by accessing previously underserved populations (“new markets”). For example, many “mainstream” U.S. organizations have begun to recognize the significant purchasing power of African Americans and Latinos, and thus now do targeted marketing to those communities, and concomitantly, hire more marketing and other professionals from these communities to enhance these efforts. However, if one moves beyond the marketing or customer service functions per se, there is much less agreement, theoretically speaking, on the value of diversity. In fact, similar to the EU, there is much conflict and debate about its value in society and in organizations. Despite the fact that organizations make the business case for diversity, there has been little empirical evidence documenting these benefits.

The European Commission has also made a strong business case for diversity, asserting that social protection and economic growth are “not only compatible, but mutually reinforcing” (Sinclair, 2000). Further, in a recent EU press release, the Commissioner responsible for Employment, Social Affairs and Equal Opportunity reinforces the notion that diversity and equality initiatives are good for business by stating that:

The growth of such initiatives is to be welcomed, not only for ethical reasons, but also because improving diversity in recruitment and retaining a skilled workforce leads to the enrichment of a business’s human capital. (Špidla, 2006)

However, a 2003 report on the benefits and costs of diversity published by the Employment and Social Affairs unit indicates that despite said benefits, which also include intangible assets such as organizational, human

and knowledge capital, investments in workforce diversity are nonetheless “embryonic and fragmented” (European Commission, 2003).

Thus, while a business case for diversity can be made, real, documented and measured efforts to realize such benefits are found lacking in both the United States and the EU. Furthermore, there are different ways of conceptualizing diversity. One such view is the multicultural view, which typically means that social identity groups retain their ethnic/cultural identities while also becoming integrated into society as a whole. Rocca (2006), in his article profiling the multicultural environment at the College of Europe in Belgium, the premier graduate training ground for future EU officials, states that Europe is moving away from a “melting pot” view of diversity to one where “conserving national identity” is important. Similarly, in the United States, diversity proponents have moved away from the “melting pot” metaphor for diversity and towards a more multicultural one, sometimes characterized by various terms such as “mixed salad,” “stew,” and other food-related metaphors designed to give the impression that distinct, diverse elements are needed in order to create an effective whole.

Opponents of this view claim that multiculturalism erodes the fabric of society by allowing differences to keep people apart (i.e., reducing some aspects of social cohesion). Thus, in the United States as well as in EU, the tension between unity and diversity has become prominent as significant demographic changes have forced both societies to confront their views on what best contributes to social cohesion and effective management of diversity in organizations.

SOCIAL NETWORKS AND DIVERSITY

Social capital is an appropriate concept for studying these diversity issues because it focuses on the value inherent in social networks that link people together. The concept has gained traction in the organizational studies field over the past decade. While there is still significant debate about some aspects of its definition and operationalization, researchers generally consider the concept to have some value. In their review article on social capital research in organizations, Adler and Kwon (2002) recount the findings from empirical studies showing social capital to have played a significant role in areas such as career success and executive compensation; job finding and recruitment, the creation of intellectual capital and cross-functional team effectiveness, entrepreneurship and the foundation of start-up companies, and strengthening supplier networks, among others (p. 17).

Like physical, human, and financial capital, social capital is presumed to have value. Its value, following Putnam (2000), lies in “connections among individuals,” that is, in their social networks and in the “norms of reciprocity and trustworthiness that arise from them” (p. 19). Further, Putnam distinguishes between bonding and bridging social capital. The bonding form is exclusive, reflective of strong social ties among those in a social network. Such bonding social capital relies upon the presumption that contact among similar people occurs at a greater rate than for those who are dissimilar, more commonly known by the phrase, “birds of a feather flock together” (McPherson, Smith-Lovin, & Cook, 2001). While certainly such bonding can occur along many dimensions, for example, family ties, in a diversity sense, bonding often occurs among those of the same race, ethnicity, or culture, particularly in contexts where members of particular identity groups may find themselves in the minority. On the other hand, bridging social capital is more inclusive, and serves to link people across these diverse social groups. Thus, it is the development of bridging social capital that is most promising in terms of addressing pluralistic diversity and for promoting greater social cohesion. Thus, the bonding and bridging aspects of social capital parallel the unity-diversity tension afflicting both societies.

The two-pronged diversity framework proposed by Weisinger and Salipante (2005) centers around the development and leveraging of both bonding and bridging social capital to achieve representational and pluralistic diversity. However, that study was conducted using the case of a large national nonprofit organization in which bonding social capital was found to be instrumental in increasing the numbers of underrepresented members (especially volunteers). This is because volunteers tend to use their strong tie networks to attract similar others to the organization, and diverse volunteers were equally attracted to the organization’s mission and core values. Within the context of business organizations, it is less clear that bonding social capital can play a similar role because bridging social capital, developed through weak ties (Granovetter, 1973), is typically most effective in job finding and recruitment efforts, and thus has the greatest potential of increasing representational diversity in these organizations. Also, within the context of a business organization, individuals’ motivations to join are likely to vary much more widely than those in a voluntary association.

The original assumption underlying this diversity framework is that once representational diversity efforts have been successful, the emphasis then must be placed on developing bridging social capital among these diverse employee groups. However, unlike traditional diversity efforts, which explicitly focus on cultural differences between social identity groups, the approach proposed here suggests that a more implicit

approach would be more effective. By structuring opportunities that emphasize relational development among diverse employees, which should lead to increased trust and reciprocity, organizations are actively developing bridging social capital among employees that can be leveraged for organizational advantage. Returning to the example of the extremely diverse student body at the College of Europe, Rocca (2006) makes the following point: “The students’ most intense exposure to other cultures naturally happens in their informal contact with each other.” Thus, a more informal or tacit cultural learning process may hold some value that has not been realized in traditional cross-cultural training models.

Such an approach recognizes that relational development is a *process*, and as such, is unlikely to be accomplished through one-time or even occasional diversity or cross-cultural training events. In essence, developing bridging social capital among diverse employees is an ongoing, long-term process. This relational development occurs within the context of employees’ working on core organizational activities and in support of the organization’s mission. Through these ongoing interactions, participants develop a “practical consciousness” (Giddens, 1984, pp. 5-7) of how to interact with diverse others. Cross-cultural learning is thus tacit, rather than explicit. (This approach presumes some individual affiliation with, and commitment to the organizational mission, which is admittedly a huge assumption.) It is the ongoing exposure of diverse employees to one another, while engaged in collective practices that allows them to sustain their relations with each other to develop bridging social ties, which can be leveraged into bridging social capital to benefit the organization, and more broadly, the society.

CONCLUSION: IMPLICATIONS FOR HRM

The aforementioned social capital approach to developing representational and pluralistic diversity is a departure from traditional notions of managing diversity in organizations. First, this approach is long-term, rather than short-term. Second, it presumes that developing effective relationships among diverse employees is the best way to ensure effective pluralism in organizations. Third, it also suggests that implicit cross-cultural learning, through this relational development process, will be more effective than more explicit cross-cultural/diversity training approaches typically used in organizational diversity efforts.

Diversity researchers have increasingly recognized the value of a more relational approach to organizational diversity. For example, Jayne and Dipboye (2004) suggest that diversity initiatives have a greater chance of succeeding when employees identify with their teams and organizations

(p. 415). Moreover, in one study, HRM practices such as coaching, development, interactive listening and communication led to lower negative effects on “constructive group processes” (Kochan et al., 2003, p. 9). Foldy (2004) also asserts that “focusing on *how* groups can learn from and across differences” is a key to successful diversity efforts (pp. 535-536, emphasis added). If one looks at any contemporary ranking of the “best” organizations to work for (leaving aside for the moment various criticisms of these types of rankings), what is clear about many of these organizations is that employees do not leave them because the work environment is supportive, respectful, and conducive to learning and development. Thus, a relational approach to diversity essentially seeks to develop that same kind of organizational culture, one reflecting the same core values that can be seen in these ‘best’ companies (which are not, to be sure, always very diverse ones).

While the original two-pronged diversity approach suggests a sequential process involving achieving some level of relational diversity before addressing pluralistic diversity, it is more realistic, or even perhaps desirable, to view these processes as occurring simultaneously. Nonetheless, however promising this approach might be, it poses significant challenges for HRM, as indicated by the following questions:

- How can organizations achieve relational development?
- What kind of organizational structures need to be put in place to support such a process?
- What will be the stated focus/foci of such efforts, and how will outcomes be measured?
- Who gets to participate in such a process? Should it be mandated or voluntary?
- How will core organizational activities be defined?
- How will the extent to which coworkers “share” the organization’s mission be determined?
- What is the role of the HR department, line managers, and diversity leaders, in this process?
- Does such a process replace traditional diversity training?
- How will the effects of such an approach on business results be measured?
- Who will evaluate the process?

The foregoing questions suggest that much more is to be worked out with respect to this proposed diversity approach using social capital to leverage pluralistic diversity. It is certain that such an approach will at first appear to be “fuzzy” to managers and workers, as well as to researchers

and consultants. However, cultural change is difficult and slow, and this also applies to changing the way organizations conceive of, and manage, diversity, both in the United States and in the EU. Future exploration of this issue should involve fieldwork in organizations to observe and interview employees regarding issues and challenges with organizational diversity broadly speaking, and with a relational approach in particular.

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PART II

STAFFING IN THE INTERNATIONAL ORGANIZATION

CHAPTER 4

INDIVIDUAL VALUE ORIENTATIONS AND THE SELECTION OF SUITABLE CROSS-CULTURAL MANAGERS

Alan Fish, Ramudu Bhanugopan, and Julie Cogin

The chapter reports results from a study designed to test the efficacy of a bipolar taxonomy of personal value orientations that measured a manager's values associated with their "National Identity" and their "Cross Border Business Focus." The underlying elements of these respective value orientations appear to be linked to assisting the selection and placement of managers for cross border business assignments. The results reported here have been derived from the responses of 658 managers; employed by; (1) An American transnational logistics firm; (2) a Western European transnational logistics firm, and (3) a Western European insurance business. Responses were received from managers who were both experienced and inexperienced in cross border business activity, and who currently work in 17 different international (Asian and Western) locations. Overall, 88.5% of respondents were male, 98% were over the age of 30 and 69% possessed degree level qualifications. In addition, 88% of respondents had had at least two cross border management appointments. Some interesting findings were derived. First, results identified a single factor solution for both

National Identity and Cross Border Business Focus. In addition, ANOVA and Regression tests; undertaken to compare between group differences towards the identified values, and the element(s) directing the model, supported the underlying nature of the taxonomy. Finally, overall results suggest that those labeled “Transnationalists” may prove to be the most appropriate appointees for medium to long term cross border assignments. The importance of this study exists in the extra information that can be provided to human resource management (HRM) professionals for the purpose of selecting and placing candidates, not simply for cross border business roles, but for particular types of cross border business roles.

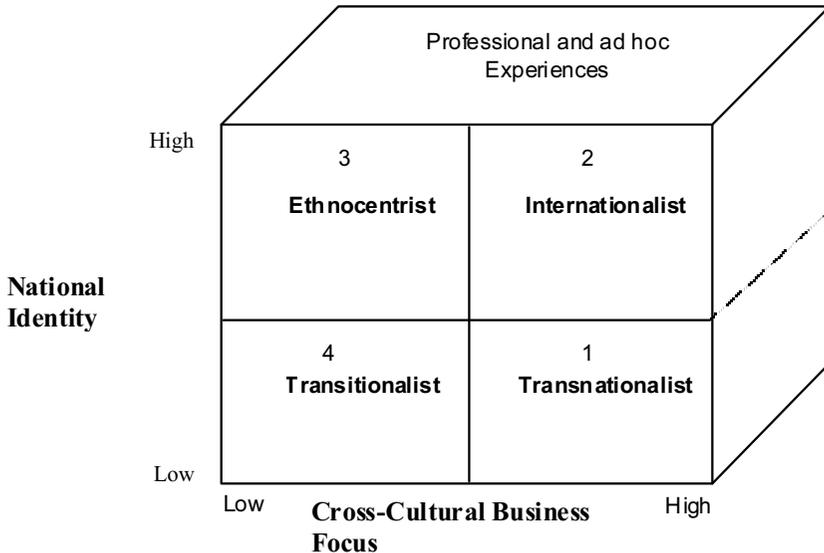
Issues relevant to the selection of managers suitable for appointment to cross-border assignments have been discussed for many years. Hays (1974) was among the first to note that if effective performance of expatriates is as important to multinational corporations MNCs as suggested, MNCs needed to attend to more effective selection practices. Indeed; as noted by Fish, Bhanugopan, and Cogin (2008), reviews of “ ‘manager suitability’ are not new, and have been conducted at a domestic level e.g. ‘job-person compatibility’ (Villanova, Bernadin, Johnson, & Dahmus, 1994); and from a cross-border level e.g. ‘person-organisation—host culture fit’ (Chatman, 1989) for quite some time” (p. 31).

Nevertheless, identifying suitable managers for cross-border assignments has always been a problematic issue. The key objective though is to ensure that the most appropriate person(s) is/are appointed, and that consequently, they have every opportunity to be successful when placed in a cross-border environment. Such environments can be, and in many instances are, quite some cultural distance (in both social and business terms) from that which appointees are accustomed. However, the key issue with respect to suitability for cross-border assignments and likely success was summarized by Mendenhall and Oddou (1988), “Technical competence has nothing to do with one’s ability to adapt to a new environment, deal effectively with foreign co-workers, or perceive and if necessary imitate the foreign behavioural norms” (p. 82). The ensuing debate with respect to cross-border assignment selection though has raised a variety of concerns. These include, but are not restricted to (1) awareness that in-country legalities for foreign nationals working in a host country need to be attended to; (2) ensuring appropriate preparation and adjustment issues relevant to the new role, the new business and the new cultural environments have been addressed; (3) understanding the necessary personal attributes, technical, business and strategic skills required for effective performance as a cross-border manager; (4) understanding why differences in assignment performance occurs; (5) awareness of the organizational and individual career implications of

accepting a cross-border assignment; (6) compensation and reward issues; and (7) understanding which managers are the most appropriate to represent businesses in strategically significant cross-border roles.

This research pursued the proposition that awareness as to the “cross-cultural suitability” of managers maybe based on a set of individual value orientations linked to a two dimensional bipolar typology introduced by Fish (1999) (see Figure 4.1) and tested by Fish, Bhanugopan, and Cugin (2008). The two dimensions being individual values associated with a manager’s “National Identity,” and individual values associated with a manager’s “Cross-Border Business Focus” and determining the elements that influences the social and business behavior of managers sent on cross-border business appointments.

Stages 1 and 2 of this research (Fish et al., 2008) supported both the extrapolative and interrelated nature of the taxonomy with significant results confirming the strength of the relationships between the identified constructs as potential predictors of “suitability” for cross-border assignments ($R_c = 0.64, p < 0.05$). Stage 3 of the research (discussed here) provides further understanding of the individual values linked to each element of the model.



Source: Fish, A. J. (1999). Selecting managers for cross border assignments: Building value into the process. *International Journal of Management Reviews*, 1(4), 461-483.

Figure 4.1. Cross Border Manager Types.

Findings appear to have the potential to provide human resource decision makers with useful information as to the “suitability” of managers for selection and placement opportunities in cross-border business assignments. While there are many types of cross-border assignments, from short term trouble shooting appointments to long term assignments, for the purposes of this research, a cross-border assignment was seen as a formal work assignment that required a manager to move (with or without their partner/spouse/family) to a foreign country for an intended period of at least 12 months.

While the concepts of National Identity and Cross-Border Business Focus were tested separately in terms of understanding potential behavior in various social and business circumstances, it is acknowledged that there may be overlap between them. That is, when operating in a cross-border business environment, the distinction as to where business stops and where nonbusiness starts (and vice-versa) can be very grey.

INDIVIDUAL VALUES AND TYPES

The first dimension tested was National Identity. This goes to an awareness of the influence a manager’s values might have on their social behavior when they encounter a new environment, and as a result, the extent to which inappropriate values might compromise behavior and ultimate effectiveness. The second dimension is a manager’s “Cross-Cultural Business Focus.” This goes to an awareness of the influence a manager’s values might have on their behavior in conducting business in and across foreign locations. As a result, the extent to which inappropriate values might compromise their behavior and their ultimate effectiveness can potentially be understood from two perspectives. As can be seen from the taxonomy four potential “types” of cross-border managers emerge.

First is the “Transnationalist.” This category reflects someone with a high value orientation towards the conduct of business across borders, and a low orientation towards how their National Identity is expressed in a new environment. Such managers are essentially multiculturalists. They tend not to value any one culture over and above any other culture; and they have the ability to move quite easily between cultures.

Because of their low National Identity orientation, and their high Cross-Border Business orientation, they are more likely to respect and respond positively to new and different social and business situations. In addition, they are more likely to improve their functioning and ultimate business performance, and to have a positive “impact” on cross-border social and business environments. Understanding who fits this “type” will likely lead to the identification of more culturally adept and adaptable cross-border managers for medium to long term assignments.

The “Internationalist,” while also having a high value orientation towards cross border business activity, also have a high value orientation towards their National Identity and as a consequence they may have a tendency to over employ their National Identity. Because of this, they may be more likely to see the cross-border role as an opportunity to further the notion, “my way is better than your way.” It is suggested that this “type,” while outwardly recognizing the value to be gained from cross-border business activity, would most likely maintain a strong home social and cultural identity and may pursue a “missionary” zeal in their approach to social and business situations.

While this “type” would likely be comfortable in accepting cross-border assignments, such a manager may not necessarily be in a position to achieve a balance between the needs of the foreign assignment and their home environment, as they are likely to identify too strongly with their home culture values. As a consequence, they may bring damaging monoculturalist values and behaviors into sensitive cross-border social situations. Hence their “impact” may be too strong.

The “Ethnocentrist” also has a high value orientation towards their National Identity, but they have a low value orientation towards doing business across borders. Because of this profile this “type” would very much be the corporate domestic citizen, and would be unlikely to fit the needs of the traditional cross-border business appointment if required to live and work in a foreign location for any period of time, especially an extended period of time. They are likely to have considerable difficulty in coming to terms with the opportunity, and adjusting appropriately. These people would be unlikely to value the personal career opportunities to be gained by living and working in foreign locations, and indeed would likely create serious problems for businesses if forced into a situation they have no desire to be in.

The “Transitionalist” is low on both sets of value orientations. These “types” could be described in a few ways. First, they may be someone who is young, and who holds quite different values to more senior people in the organization in which they work. Second, they could be someone whose values are based in a bygone era. This person may also be experiencing some degree of dissonance with respect to their current role. They may be nearing retirement, in the latter stages of their career, or disengaged resulting from a major organizational change initiative. Because of their low orientation on both dimensions, such people may not see the advantage in extending their career reach to somewhere different, particularly a foreign location, and as such may also show little commitment to the values broadly evident in their organizational culture at the present time.

Cross-Border Manager Selection

In summarizing a variety of research findings on cross-border manager suitability and selection, Dowling, Festing, and Engle (2008, pp. 110-111) identified four myths linked to effective selection practices. Myth 1: “there is a universal approach to management.” Emphasizing the need for managers to adapt their managerial behavior, when confronted with new host work and business affairs. Myth 2: “that people can acquire multicultural adaptability and behaviours.” Emphasizing that not everyone has the wherewithal to be a successful cross-border manager. Hence the need to understand who the most suitable for such appointments are. Myth 3: “there are common characteristics shared by successful international managers.” Emphasizing that one should not rely purely on a handful of specific selection issues, then employing them, across all selection circumstances to the exclusion of multiple sources of information. Myth 4: “there are no impediments to mobility.”

Their summary emphasizes the need to be aware that many issues exist that can, and indeed do, impede the availability and effective performance of managers, considered suitable for, or who are sent on, cross-border assignments.

From a related perspective, Harris and Brewster (1999, pp. 488-500) in their review of selection practices and effective role performance, have pointed to how an increasing list of selection and suitability criteria has emerged. However, they suggest that whilst the list is large, it is actually based on limited empirical work. They suggest that this has contributed to the mistaken belief that effective selection practices (1) are in place, (2) are formal and rational in their focus, and (3) ensure that the most appropriate people have been selected.

In fact, according to Harris and Brewster (1999) existing cross-border manager selection practices are anything but effective. Following their research, these authors argued that formal criterion in fact has a minimal influence on what can be a quite informal process. This suggests that quite unsophisticated, even irrational processes exist in selecting managers for what are strategically significant cross-border business roles. If this is correct, then the door to ineffective on the job performance, poor adjustment and even poorer business liaison is well and truly open.

In addition, Porter and Tansky (1999, pp. 47-60) point to a rarely mentioned, but nevertheless critical issue associated with selection, that is, the strategic intent of cross-border assignments. These authors argue that *learning outcomes* from cross-border assignments for both organizations and individuals are rarely considered, and that there is a need to understand a managers’ “learning orientation” before selection takes place. Awareness of learning orientation is likely to go to understanding how

information might be gathered, how managers might relate to their counterparts in foreign locations, and thus how managers might perform on the job and undertake their cross-border business activities more generally. That is they value the opportunity and thus seek out ways to perform better. Such awareness may also go to how the manager being considered for a cross-border assignment might respond to, and thus adjust to, new cultural and business circumstances. In an approach somewhat similar to that pursued in the research reported here, and which responds to the concerns of Porter and Tansky (1999), Graf (2004, pp. 667-685) provides some insights on this theme by commenting on the need to identify managers who have an appropriate mindset. Mindset here includes whether or not managers possess broad intercultural skills. It goes to the argument developed by Kobrin (1994, p. 508) that, "once one moves beyond industries ... the ability to compete globally, may well depend on how managers—and the organisations they comprise—view the world" (p. 508).

However, Graf (2004) argues that as skills such as "intercultural sensitivity" cannot be developed adequately in the short term, then selection processes should ensure applicants already have such skills. She suggests that organizations should concentrate on skills that can be developed quickly, and cites for example language skills, and knowledge about specific locations. However, this raises serious questions as to the role that cross-cultural skill development plays in organizations which have, and indeed hope to be successful in cross-border business activity, and who expect their managers to perform effectively. That is, if a skill such as "cultural sensitivity" cannot be enhanced in a "reasonable timeframe" as suggested by Graf, it is difficult to imagine how appropriate language skills can be developed in the short term as also suggested by Graf.

A more informed view is offered by Caligiuri (2006) in her commentary on selection practices. She suggests that expatriate assignments can be categorized on two separate continua; (1) the need for intercultural competence, and (2) the rationale for the assignment itself. Both have implications as to (1) who is the most appropriate manager to select, and (2) the particular type of cross-border assignment the manager might be appointed to. Based on these continua, Caligiuri argues that more informed selections can take place. This extends the argument of Porter and Tansky (1999) with respect to the need for a more strategic focus, namely, selection decisions.

In later research, Caligiuri and Colakoglu (2007) in fact note the importance of appropriate selection, "selection is one of the first important steps in the expatriate management cycle that leads to successful assignments" (p. 398). While one might be forgiven for asking how many first steps there are, such a focus nevertheless highlights an important nexus between appropriate selection, and by implication, effective

adjustment and on-the-job performance. These authors continue and argue that the more sophisticated cross-border firms, that is, those with integrated global strategies operating in multiple locations, are more likely to have comprehensive expatriate selection initiatives than those less sophisticated cross-border firms operating in one or only a few locations, and by implication better performing cross-border managers. While this is a very appealing argument; the work of Harris and Brewster (1999) as noted earlier, might suggest otherwise. Nevertheless, appropriate business foci are integral to understanding an effective selection process and its outcomes.

A more macro, and somewhat geopolitical perspective, as to emerging and changing issues associated with our new century and millennium was highlighted by Scullion, Collings, and Gunnigle (2007). These authors point to issues such as (1) the changing economic landscape linked to India, China and the European Community, (2) increasing global terrorism, (3) the changing nature of personal careers, plus (4) changing patterns of global staffing as key factors to consider in establishing strategic international human resource management initiatives and practices. The selection of managers appropriate to operate in and across cultural boundaries is one of them.

All of this highlights and emphasizes the fact that it is too naïve to simply rely on a manager's technical and business skills, and various types of domestic managerial experiences and success in order to determine (1) appropriateness for cross-border assignments and (2) possible effective on-the-job performance when on such assignments.

Porter and Tansky (1999) confirm this, and argue,

One major flaw in the selection of expatriate managers has been the tendency to choose those who have performed well in the home country with out adequate consideration of additional qualities that will be necessary during assignments in another locale. (p. 47)

SOCIAL AND BUSINESS COMPETENCE AND SUITABILITY FOR CROSS-BORDER ASSIGNMENTS

Evidence as to poor cross-cultural competence and a lack of suitability has generally been found in business and personal adjustment difficulties, and notwithstanding the work of Harzing and Christensen (2004) with so-called, "failed assignments." As noted above, traditional selection approaches for cross-border assignments have relied heavily upon assessing technical expertise and ensuring domestic business and career success. This has not always resulted in the identification of the most

appropriate manager; or indeed in identifying sufficient numbers of appropriate managers to ensure high caliber candidates who can meet the demands of today's global business environment (Dowling, Festing, & Engle, 2008; Scullion, Collings, & Gunnigle, 2007). Given the growing importance of globalization and the increased complexity of cross-border assignments, Fish (1999), Kammeyer-Mueller and Wanberg (2003), and Dowling and Welch (2004) have each argued that selection criteria and methods beyond simply technical knowledge and domestic success should be employed to select managers for strategically important cross-border assignments. Important issues linked to cross-cultural suitability has not always been considered

Fish (1999) and Dowling and Welch (2004) alerted businesses to the issue of "suitability" when discussing a variety of selection challenges. Each argued for more attention to a manager's cross-cultural suitability in identifying those managers most appropriate for cross-border appointments. Indeed in other recent summaries of cross-border manager suitability (Collings & Scullion, 2007; Stroh, Black, Mendenhall, & Gregersen, 2005), issues linked to more effectively identifying those managers "suitable" for such assignments were highlighted.

Each "type" identified in the typology (see Figure 4.1) implies a level of potential suitability for appointment to cross-border assignments. Indeed, the extant literature on international HRM, and cross-border management more specifically, tends to consider a manager's personality as distinct from their individual values as a means of determining manager suitability. This approach has employed an understanding of what Goldberg (1990) labeled "the Big-Five Personality Factors" (i.e., "extroversion"; "agreeableness"; "conscientiousness"; "emotional stability"; and "openness" or "intellect"). This approach has also gained support from McCrae and Costa (1997).

However, Schmit and Ryan (1993) and in particular Caligiuri (2000a) argue that, while personality appears to have something to offer, there is controversy as to whether the "big five" provide the best perspective in explaining behavior in various work settings. Also, Baruch (2004) suggests that attempting to profile global managers on the basis of personality is almost impossible, as there are too many traits, and one is unlikely to find them all in a given person.

Given the concern expressed as to the efficacy of "personality" as a means to appropriately assess cross-border assignment suitability, this research has approached the issue of competence and suitability from the perspective of a manager's values, and in particular those linked to National Identity and Cross-Border Business Focus.

An approach based on individual values is supported through the argument of Wood, Zeffane, Fromholtz, and Fitzgerald (2006) that, "they

(individual values) are broad preferences concerning appropriate courses of action or outcomes ... (and) reflect a person's sense of right and wrong or what ought to be" (p. 52). It also recognizes that values are learned differently by individuals; as such they are specific to the individual and not uniform across a society (Hofstede, 2001). Indeed how one employs their national background and their focus on cross-border business in "foreign social and business environments may be critical to their own and their business's success in developing and sustaining important cross-border business associations."

As England (1967, p. 53, as cited in Fish et al., 2008, p. 32) notes, effective managerial behavior ultimately rests on a person's "value system"; and understanding a manager's "value system" is, "the difference in terms of how information is evaluated, how decisions are arrived at—in short, how one behaves." Indeed, Davis and Rathool (1988) argue that understanding individual values is "crucial for developing internally consistent management styles for effective Transcultural Management Practice" (p. 11).

The benefits of such awareness is important for human resource management decision makers who are expected to make critical cross-border manager selection decisions in the best interests of not simply the business, but also the careers of individual managers. That is, it is important for decision makers to understand that certain personal antecedents (e.g., individual values) will contribute to a manager's feelings and their behavioral outcomes when something new, in this case new social and business environments, are experienced.

As effective behavioral outcomes are critical to manager adjustment and acceptance in cross-border situations, awareness of important individual values is likely to provide important information as to which managers are not only suitable for cross-border assignments per se, but the type(s) of cross-border assignments they may be most suited to.

Importantly, key differences between managers will emerge when assessing individual values. As Hames (1994) has argued,

As one would expect, a person who comprehends the world through a particular "window" has a totally different set of value priorities to one who comprehends the world through another set of assumptions. (p. 147)

In this context then, it is therefore important to acknowledge that managers who do not value doing business across cultural borders, and managers whose values lack consideration for the fundamental requirements associated with relating effectively to new cultural circumstances in different cultural contexts, may prove to be inappropriate appointees for cross-border business assignments, irrespective of their technical competence and their domestic success.

Nevertheless, Fish et al. (2008) note that,

just as it is inappropriate to explain a manager's suitability based on a single personality dimension, it would also be inappropriate to explain a manager's social and business suitability, and thus understand their suitability based on a single individual value dimension. (p. 33)

The taxonomy in Figure 4.1 is based on the interaction of two key individual value dimensions, and the results derived for the study appear to provide important information to assist more effective identification, selection and placement decisions.

Cultural Competence

Fish et al. (2008, p. 33, as cited in Pope-Davis, Prieto, Whitaker, & Pope-Davis, 1993), indicate that "Culturally competent managers are those who are sensitive as to how their exposed values can potentially 'impact' upon different racial or ethnic groups when placed in cross-border business roles." Such managers are aware of their potential "impact" upon and understand how to "respond" to new and indeed foreign social and business situations. Equally, such managers are less likely to create adjustment problems for themselves and their businesses. Managers who are capable of responding in a positive way to new and foreign social and business circumstances are more likely to be perceived in a better light by their hosts, and hence be perceived by all as the most suitable for such roles.

Indeed Fish and Wood (1997) and Varner and Palmer (2005) made a similar point in arguing for raised awareness as to "cross-cultural competence" and "cultural self-knowledge in successful expatriation" respectively. Indeed, DeNisi, Toh, and Connolly (2006, as cited in Fish et al., 2008, p. 32) make the important observation that

as good relationships in host locations are a critical component of successful cross border assignments, the ability to monitor and adjust behaviours in these complex social and work contexts is a major concern for those selecting suitable people for cross border assignments.

Nevertheless, at various times during cross-border assignments evidence will emerge as to a manager's suitability (or otherwise) for such appointments. If fortunate, information will emerge prior to placement in the role. Too often, though, information tends to emerge following arrival, when a manager's "impact" upon and "response" to what is not simply a geographically distant land, but more importantly, a culturally

distant location has been exposed. As a consequence both the “cultural competence” of managers and the ability of organizations to select appropriate representatives are brought into question.

The importance is also discussed from different perspectives. For example, Fish et al. (2008) note the work of Anderson et al. (2003), who suggest that too many who find themselves in cross-cultural situations fail to acknowledge the “cultural safety” of their hosts. That is, they fail to take sufficient care in ensuring that their hosts are comfortable in their traditional circumstances following the arrival of a foreign business, and more specifically, the managers that represent such businesses.

Manager and Assignment Types

In addition to the above, some studies (Roberts, Kossek, & Ozeki, 1998) have explored particular types of cross-border assignments as distinct from types of managers per se. Unfortunately this approach has not necessarily pointed to who the suitable managers are for the various types of cross-border roles. For example, while providing a useful taxonomy of different cross-border assignments types (Aspatial, SWAT teams, Virtual Solutions etc.), Roberts et al. (1998) nevertheless point to the need to better identify not only those willing to undertake such assignments, and sometimes in less than attractive locations, but also and significantly, those who are “appropriate” for the different “types” of cross-border appointments.

As identified in Figure 4.1, the interaction between National Identity and Cross-Cultural Business Focus results in four possible cross-border manager types. First is the “Transnationalist”—this person is low on “National Identity” and high on “Cross-Cultural Business Impact.” Next is the “Internationalist”—this person is high on National Identity and also high on Cross-Cultural Business Impact. Next is the “Ethnocentrist”—this person is high on National Identity but low on Cross-Cultural Business Impact. Finally there is the “Transitionalist”—this person is low on National Identity and also low on Cross-Cultural Business Impact. Each has its own behavioral, and hence “impact” issues, and thus suitability implications.

A proposition explored within this research is that the Transnationalist maybe the most appropriate from a social and business impact perspective for the medium to long term cross-border assignments, that is, the Aspatial (Roberts et al., 1998) appointments. This is because from a National Identity perspective their behavior reflects an acknowledgment of how their behavior potentially impacts on the host culture. That is, they are self aware and willing to acknowledge the “cultural safety” of

their hosts. They are more likely to make the appropriate adjustments to their behavior to suit particular situations. In addition, their behavior is more likely to reflect the importance of doing business across borders, that is, their Cross-Cultural Business Focus is high. Also, they are more likely to have what Engle, Mendenhall, and Powers (2007) refer to as “Ortsinn,” that is, awareness, skills and knowledge associated with effective business behavior in specific cross-cultural locations. Hence, such people maybe more suitable for the demands of the traditional medium to long term cross-border manager role.

On the other hand, the “Ethnocentric,” because of their high National Identity and low Cross-Cultural Business Focus, may not be suitable for medium to long term assignments. Nevertheless, such managers maybe suitable for short-term projects, such as “SWAT Teams” (Roberts et al., 1998) that require specific technical expertise. Alternatively, they may also work in online projects, for example, “Virtual Solutions” (Roberts et al., 1998). Neither (especially the latter) demands significant personal contact with unfamiliar social and business cultures.

GENERAL STATEMENT OF THE RESEARCH

While previous research approaches (e.g., Caligiuri & Stroh, 1995) have tested different types of cross-border assignments based on different categorizations of management/business strategies (e.g., centralized, localized and global), and argued that different types of managers are required for each business type, little has been undertaken to understand who the types are. The research reported here has made some attempt to close this gap.

With few exceptions (Bartlett & Ghoshall, 1988; Caligiuri, 2000b; Graf & Harland, 2005; Manning, 2003; and Selmer, 2001) consideration as to the impact of one’s individual values linked to how National Identity and Cross-Border Business Focus drives behavior in cross-border social and business circumstances has received scant attention. Hence cross-cultural suitability has received mixed research attention. Indeed whatever selection approach has been taken, and whatever perspective has been reviewed vis. the selection and placement of cross-border managers, cross-cultural suitability for such appointments has not always been a central focus. It was this issue which underscored this research project. That is, the cross-cultural suitability of managers.

The framework identified in Figure 4.1 was originally pilot tested on a group of 64 Australian managers working in South-East Asia. Following the pilot test, the framework was further tested on 262 experienced cross-border managers working for an American transnational logistics firm

and reported in Fish, Bhanugopan, and Cogin (2008). As a result of further study, involving a further 386 experienced and nonexperienced cross-border managers, some 658 managers (including the 262), changes to the identified constructs explaining the model were identified.

Whereas previously a three factor solution explained each of National Identity and Cross-Border Business Focus, results from the additional 386 respondents saw these reduced to a single factor solution for each dimension. The original study (Fish et al., 2008) identified the following constructs to explain National Identity: (1) "National Pride," (2) "Consumer Ethnocentrism," and (3) "Cultural Diversity." In the most recent analysis of 658 responses (which as noted included the original 262 responses) these converged into one construct. The new construct has been labeled National Pride. On the other hand the constructs that originally explained Cross-Border Business Focus were identified as (1) "Diverse Cultural Learning," (2) "Supporting Traditional Practice," and (3) "Diverse Management Learning." Based on the larger respondent group these also converged into a single construct. The new construct has been labeled "Diverse Learning."

METHOD

As noted earlier the research reported here was undertaken in three stages. Stage 1 comprised a pilot study of some 64 Australian managers working as expatriates in South-East Asia. Stage 2 comprised a study of 262 experienced cross-border managers working for an American owned transnational logistics firm. Stage 3 involved a further 396 experienced and inexperienced managers working for (1) the same American transnational logistics firm, (2) a Western European transnational logistics firm, and (3) a Western European insurance business. Hence 658 respondents were involved.

A self-administered questionnaire was employed which incorporated scales representing the two orthogonal and bipolar "individual value orientations." The first scale comprised a seven point: Very Strongly Disagree [VSD]—Very Strongly Agree [VSA] 19 item Likert scale measuring National Identity, and employed and adapted the National Identity scale of Keillor, Hult, Erffmeyer, and Babakus (1996). The second scale comprised a 23 item 7 point: Very Strongly Disagree [VSD]—Very Strongly Agree [VSA] Likert scale measuring Cross-Cultural Business Focus. Questions were derived first from the CYMYC Cosmopolitanism Scale developed by Yoon, Cannon, and Yaprak (1996) and the Pluralism/Cosmopolitanism Continuum developed by Earle and Cvetkovich (1997).

While the concept of “cosmopolitanism” is considered important to Cross-Cultural Business Focus, it was felt by the author that it does not explain the concept adequately. Business elements were lacking. Hence, the “Geocentric” construct developed by Kobrin (1994) was also employed in developing the Cross-Cultural Business Focus scale employed in this study to assist in focusing the scale towards a cross-border business perspective. Both scales were pilot tested in Stage 1.

Respondents were stratified in various ways. For example, (1) amount of cross-border experience, (2) current type of cross-border assignment, (3) cross-border manager type, (4) number of cross-border assignments, (5) cultural background, (6) gender, (7) age, and (8) education. The study adopted the following approach to identify defining factor constructs of each axis of the bi-polar taxonomy.

Employing SPSS 14.0, data were entered, cleaned and analyzed. Descriptive statistics and exploratory factor analyses were employed to assess dimension scores. The 19 item scale measuring National Identity scale and the 23 item scale measuring Cross-Cultural Business Focus were analyzed and compared using principle components analysis and maximum likelihood with varimax rotation. Factor loadings less than 0.50 were repressed, and cross loadings were discarded (Field, 2000); constructs with eigen values greater than 1 were selected. Factor reliability was determined to be acceptable with a Cronbach’s alpha value of 0.60 or greater (Haire, Anderson, Tatham, & Black, 1998). Factor constructs are based on maximum likelihood results. An orthogonal (uncorrelated) rotation was performed on each factor.

To determine cross-border manager types, that is, Transnationalist, Internationalist, Ethnocentrist or Transitionalist, a mean for each respondent was determined based on their responses to each identified construct (i.e., National Pride and Diverse Learning). Respondents were scored out of seven on each scale. High scores were those scores in excess of 3.5. Conversely, low scores were below 3.5. Hence a respondent could be measured as high or low on either or both scales.

In order to determine any significant differences between the cross-border manager types, that is, Transnationalists, Internationalists, Ethnocentrists and Transitionalists with respect to the identified individual value dimensions, ANOVAs were employed with Tukey’s-*b* post hoc tests. Due to different respondent cell sizes a Welch test for uneven cell sizes was also employed. Regression analysis was also undertaken to confirm the ANOVA results. This is supported by Brace, Kemp, and Snelgar (2006, p. 207) who argue that emphasizing the similarity between multiple regression and ANOVA is a current trend in statistics.

RESULTS

A single factor, incorporating seven items explaining National Identity and labeled National Pride was derived (see Table 4.1). Also, a single factor incorporating seven items explaining Cross-Border Business Focus and labeled Diverse Learning was derived (see Table 4.2). The reliability coefficients, eigen values, and factor and scale coefficients were also acceptable in both sets of results (Nunnally & Bernstein, 1994). Displaying low levels of National Pride and high levels of Diverse Learning were highlighted by a large number of respondents (75.5%). These respondents were the Transnationalists. Of the 658 respondents 498 (75.5%) were identified as Transnationalists, 101 (15.5%) were identified as Ethnocentrists, 20 (3%) were identified as Internationalists and 39 (6%) were identified as Transitionalists.

Table 4.1. Factor Analysis for National Identity

<i>Factor Construct</i>	\bar{X}^a	<i>SD</i>	<i>Factor Loading</i>	<i>Eigen Value</i>	<i>Explained Variance %</i>	μ
National Pride	2.94	1.50		5.524	78.92%	.94
Citizens of my country should not buy foreign products because it hurts the businesses in my country and causes unemployment			.940			
Only those products not available in my country should be imported			.938			
It is always best for citizens to purchase products made in their home country for whatever reason			.917			
A specific religious philosophy is what makes a person a citizen of my country			.892			
It may cost me in the long run, but I prefer to support products made in my country			.845			
A true citizen of my country would never reject his or her religious beliefs			.825			
My country has a strong historical heritage			.702			
KMO = .924, Var., 78.92%, α = .94						

^a Measured on a scale where 1 = Very strongly Disagree and 7 = Very strongly agree.

Table 4.2. Factor Constructs for Cross-Cultural Business Focus

<i>Factor Constructs</i>	\bar{x} ^a	<i>SD</i>	<i>Factor Loading</i>	<i>Eigen Value</i>	<i>Variance Explained %</i>	μ
Diverse Learning	5.16	1.45		5.650	80.71%	.94
I tend to get intensely involved with the people around me.			.945			
The development of wide ranging business affiliations is important			.943			
A lot can be learnt from foreign cultures about different ways of conducting business.			.943			
Particular interests can be shared by diverse groups at the same time			.878			
A person is more clearly understood as a member of multiple communities			.822			
When I make an important decision, I look for information from as many different sources as possible			.801			
World issues concern me more than the issues of any one country			.783			
KMO = .914, Var., 80.71%, α = .94						

^a Measured on a scale where 1 = Very strongly Disagree and 7 = Very strongly agree.

National Pride

The factor results employing confirmatory factor analysis with maximum likelihood extraction offered a robust one factor solution (KMO .924; eigen value 5.524; Var., 78.92%; α .94; x 2.94). The ANOVA tests proved to be significant on all inter-group comparisons (F 1552.088; $p < .001$). Transnationalists with an x 2.20 were significantly different to Internationalists (x 4.98), Ethnocentrists (x 5.97) and Transitionalists (x 3.51), including all other combinations. The Welch statistic for uneven cell sizes was also significant (1854.865; $p < .001$). The regression results also derived significant results. Initially, age, gender, cultural background, amount of experience and cross-border

manager type were included in the model. Nevertheless, only cross-border manager type proved to provide a significant result:

$$(R^2_{\text{adj}} = .583; \beta = .764; F = 919.142; p < .001)$$

Diverse Learning

The factor results employing confirmatory factor analysis with maximum likelihood extraction also offered a robust one factor solution (KMO = .914; eigen value = 5.65; Var., 80.71%; $\alpha = .94$; $\chi^2 = 5.16$). The ANOVA tests proved to be significant on all comparisons except between Transnationalists and Internationalists ($F = 1532.079$; $p < .001$). Transnationalists with an $\chi^2 = 5.85$ were significantly different to Ethnocentrists ($\chi^2 = 2.24$) and Transitionalists ($\chi^2 = 3.58$). While there was no significant difference between Transnationalists and Internationalists, Transnationalists ($\chi^2 = 5.85$) were marginally stronger with respect to their feelings on this value than Internationalists ($\chi^2 = 5.76$). The Welch statistic for uneven cell sizes was also significant (1746.565; $p < .001$). The regression results also derived significant results. Initially, age, gender, cultural background, amount of experience and cross-border manager type were included. Again, only manager type proved to provide a significant result:

$$(R^2_{\text{adj}} = .704; \beta = -.839; F = 1563.996; p < .001).$$

DISCUSSION

The results of this study appear to support the strength of the bi-polar taxonomy for explaining individual values linked to both National Identity and Cross-Cultural Business Focus. National Identity explained in the research by the concept of National Pride, is related to a cross-border manager's social behavior within any new cultural social setting. Hence, attention to how a cross-border manager might express their National Pride appears to be an important consideration for HR decision makers when selecting and placing managers in cross-border assignments. The notion of Diverse Learning explains Cross-Cultural Business Focus and is related to how a manager seeks to improve their actions in cross-border business situations. Hence, attention to how a cross-border manager might pursue their learning to improve their performance and that of their business appears to be an important consideration for HR decision makers when selecting and placing managers in cross-border assignments.

Failing to consider such information may result in cross-border managers contributing to poor social and business integration (see DeNisi, Toh, & Connolly, 2006). Further, it may also contribute to cross-border managers failing to enhance theirs and their organizations presence in cross-border business circumstances (Bender & Fish, 2000).

Garvin (1993) supports this by arguing that the “learning organization” needs to be “skilled at creating, acquiring, and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights” (p. 80). In addition Porter and Tansky (1999) raise the importance of a manager’s “learning orientation” when examining the potential success (or otherwise) of expatriates. Nicholson (1997) alludes to similar issues associated with human nature in organizational life linked to the personal problems which can result from failing to take account of key personal dimensions such as those identified in this study.

This was also pointed out in a recent study by Bhanugopan and Fish (2006) who indicated that failure to attend to such issues maybe linked to problems associated with *expatriate job burnout*. Bhanugopan and Fish also made the point that as expatriates take up their assignments, mismatches can occur. Hence, without the appropriate understanding as to potential behaviors in such circumstances, personal and business adjustment difficulties and failed assignments may arise, with an ongoing need to attend to potentially expensive interventions to alleviate such problems. In addition, Yamazaki and Kayes (2004:) argue that; “Effective managers no longer work solely in the comforts of their home culture, but also must learn to work across cultures” (p. 362).

An interesting aspect of this study can be noted from the dominant cross-border manager type identified, that is, that 75.5% were Transnationalists. By point of comparison; when respondents were provided with descriptive statements in the questionnaire as to traditional cross-border manager types, that is, Ethnocentric, Polycentric, and Geocentric, and requested to self identify which description they best fitted, 65% identified themselves as Geocentric 13% as Ethnocentric (15.5% in this study) and 22% as Polycentric. Geocentric elements were employed in the measure developed to identify cross-cultural business focus.

Nevertheless, the implications of this finding need to be tested further, as such a response may simply be a function of the respondents’ cross-border business experience. In addition, it is interesting to note that when comparing results between respondents, based on other independent variables (e.g., cultural background, age or gender) none produced any significant difference in results, namely, expressed value orientations. Again this may be a function of the fact that a large proportion of respondents fitted one particular type, that is, Transnationalist. Nevertheless,

this supports the work of Hipsher (2008) who argues that “after looking at the evidence, it does not appear that age, marital status, gender or ethnic background can be considered a significant predictor of expatriate success” (p. 31).

With such perspectives in mind, the monetary and nonmonetary costs of assignments and so-called “failed assignments” in particular become key issues. Hence, if a selected manager has a profile that is high on National Pride, this person may contribute to an assignment being cut short through an inability or unwillingness to adjust to important social and cultural circumstances. At a microlevel, this may manifest itself in an unwillingness to accept local food, or to adhere to local dress rules, a failure to acknowledge important local religious and cultural mores, or attempts to force particular nonhost values onto the host environment. As noted earlier, “cultural safety” concerns maybe created. Hence managers scoring high on National Pride maybe more suited to what Roberts et al. (1998) describe as SWAT Teams (short term trouble shooting assignments) and “Virtual Solution Assignments” (web linked assignments).

However, as noted by Fish et al. (2008), the majority of respondents to this study were low on National Pride and high on Cross-Cultural Business Focus. Such a result may suggest that respondents to this study were appropriately appointed by their organisations.

In this respect, a potential further advantage of the results derived from the application of the taxonomy goes to an element of human resource planning referred to as “employer branding” (Sparrow, Brewster, & Harris (2004). Firms who pursue selection practices which take the identified individual value dimension into consideration in the recruitment, selection and placement process, may be in a superior position to identify themselves as “employers of choice.” As a consequence, they may be in a better position to advertise the organization in this way. This may well be the case for the organizations involved in this study; that their recruitment, selection, and placement practices are such that they can clearly identify the key cross-border managers necessary for effective cross-border business activity.

Hence, when selecting managers for medium to long term cross-border assignments, organizations need to be looking for managers who have high scores on Cross-Cultural Business Focus and low scores on National Pride. The opposite may indicate that a person could have difficulties in developing sound personal relations, advancing their cross-border business careers, and at the same time experience difficulty in growing and sustaining the business. Fish et al. (2008) commented on this outcome by suggesting that,

given the broad focus of the two value dimensions one might reasonably expect that a manager's social and business behaviour if guided too much by their own cultural values, and their own traditional ways of business practice, would potentially lead to a negative "cultural impact" in a host environment. (p. 44)

It should also be acknowledged that it is unrealistic to argue that all managers will maintain their value orientations over time. Keillor et al. (1996), who developed the concept of National Identity, argue in a later study (Keillor & Hult, 1999) that, "the theoretical construct of 'National Identity' is built around the notion that there are a relatively limited number of unique elements which explain it" (p. 66) Keillor and Hult originally identified these unique elements as "belief structure," "national heritage," "consumer ethnocentrism" and "cultural heritage," This study has reduced these four constructs to one construct, namely, National Pride (which is actually a combination of all Keillor and Hult's four constructs. This may be explained by the fact that in the Keillor studies, only 3 separate countries (1 Western and 2 Asian) were involved in their study, whereas in this study, managers from 17 different countries responded. It maybe that the more culturally diverse respondents are, the more likely it is that the constructs will converge.

The result also suggests that organizations should potentially ignore certain bio-data in their cross-border selection and placement practices, and develop more diverse staffing profiles. That is, there were no significant between group differences when groups were compared against all identified value dimensions by employing age, gender or country of origin. Cross-Border Manager Type (from the taxonomy) was the only defining variable.

From a different perspective it may be that those managers who do not have a predisposition to cross-border business activity may be incapable of shifting their style. That is, irrespective of any development interventions, very careful consideration would need to be given as to how their skills might be employed. It is here that the taxonomy suggested in Figure 4.1 may prove to be extremely useful in ensuring personal career needs can be attended to in a meaningful way for all, and at the same time the cross-border business needs of organizations are satisfied in a satisfactory manner. Nevertheless, in reporting the earlier results, Fish et al. (2008) made the point that,

given the objectives of this study, the nature of the role and the amount and level of experience in cross border business and the cultural background of respondents, it would be hoped that such a proportion would be predisposed towards being "Transnationalists."

CONCLUSIONS—LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

The commitment of organizations to the selection and placement of more globally astute managers is now an aspect of cross-border manager appointment and deployment that cross-border organizations cannot ignore. As Schell and Solomon (1997) have noted,

Becoming globally astute is something we all must do. Most of us think that our culture and frame of reference is universal, but once we venture outside our national boundaries, we realize that this simply isn't the case. Becoming globally astute means, being able to understand behaviours, and, to translate that knowledge, in a variety of cultures, into appropriate responses, and winning tactics. (p. 4)

Cross-Border manager effectiveness may rest on possessing the individual values identified in this study. The ultimate purpose is to assist the learning and sophistication of cross-border businesses and to establish a diverse cadre of cross-border management talent and expertise. Understanding such issues may open the way to developing more informed selection and placement strategies, as well as identifying retention interventions necessary to assist in establishing more effective international HRM staffing strategies when mind, cultural and geographic borders are crossed.

From a different perspective, although models used for the selection of cross-border managers vary with the nationality of the organization, core concepts have centered on technical abilities and personal traits of potential candidates (Caligiuri, 2000a, 2000b). This focus provides necessary, but insufficient insights into the characteristics needed to perform effectively on a cross-border assignment. While early studies identified a number of specific issues that could impact the success or failure of cross-border managers, very little has been done to develop a set of selection tools that takes into consideration the "cross-cultural suitability" of managers, namely, increased levels of globalization found in today's business environment and characterized by worldwide production markets and broader access to a range of foreign products for consumers and companies (Friedman, 2006). In this environment, effective cross-border managers must possess a complex amalgamation of technical, functional, cultural, social and political skills. In addition they must possess particular personal attributes to successfully navigate the intricacies of their new cultural environment (Fish, 1999; Nohria & Ghoshal, 1997).

The results of this study tend to support the strength of the multidimensional taxonomy that has been designed to explain the various National Identity and Cross-Cultural Business Focus behavioral

dimensions. Hence, attention to the individual constructs defining these dimensions, namely, (1) national pride, and (2) diverse learning appear to be important when making more effective selection and placement decisions for cross-border assignments.

The regression results support the general findings derived from the various ANOVA tests that cross-border manager type significantly influences the responses as to perception of the two individual value constructs identified in this study. In fact including both sets of results supports the argument of Brace, Kemp, and Snelgar (2006) that “a current trend in statistics is to emphasize the similarity between multiple regression and ANOVA” (p. 207).

Further, understanding the interplay between the constructs has the added benefit of providing scope to move away from the insular and parochial perspectives to cross-border manager selection which Harris and Brewster (1999) discovered, and indeed to address a number of the concerns implied by Dowling et al. (2008) with respects to the “myths” they identified among selection practices.

Nevertheless, being Transnationalist (or whatever type) is a state of mind. It is not simply a “type” of business activity. Thus understanding the focus taken by individual managers being considered for cross-border assignments is likely to assist in determining first, whether they are appropriate at all, and if considered appropriate, the type of assignment they are likely to be most suited for can be potentially realized. This will help to contribute to more effective cross-border management behavior, and one would hope, more effective performance.

The results also suggest that competent cross-border managers whilst acknowledging their own cultural background will be cognoscente as to how they express their national pride and how they diversify their learning. That is, Transnationalists appear to be suggesting that it is best not to exude too much of ones’ own national pride in case it leads to, or is interpreted unfavorably, in social and cultural situations. Hence, behavior linked to expressions such as, “my way is better” or “our way is better” or “we do things differently where I live,” can be misinterpreted. This realization appears to come from the diversity of their learning and their willingness to change behavior to suit particular circumstances. In this respect, behavior should evidence a sense of cultural empathy towards the various social, cultural and business situations managers will inevitably find themselves in.

It is equally important that the findings reported here be tested further. These results suggest that Transnationalists possess a more sophisticated set of individual values conducive to conducting business more effectively in cross border situations. Nevertheless, to examine the results further; an in-depth analysis of the professional and ad-hoc experiences

(see Figure 4.1) of those labeled as Transnationalists may prove important in order to present further insights as to why they responded the way they did. Nevertheless, and even though there was a large group of such respondents and they came from quite diverse cultural backgrounds, there were no significant differences between respondents on the identified value constructs on any independent variable except taxonomy type.

Also, extending theories and frameworks and their underlying constructs into other cultural contexts does raise important questions as to whether a research instrument designed to measure important social constructs is cross culturally invariant (Hui & Triandis, 1985). In this respect it would be useful to test the instrument on respondents who have a common cultural background; and also among managers who cannot speak English, as well as on more respondents who have no experience of cross-border assignments. In this study both experienced and nonexperienced cross-border managers working in 17 different countries (7 Western and 10 Asian) responded to the questionnaire.

The cross-border manager classification taxonomy also needs further investigation. For example, Rudmin (2003) made the point that there is nothing intrinsically appealing about typologies as a means of labeling manager types. He suggested that “clusters” or a “grid” may be a more informed means of identification. Notwithstanding Rich’s (1992) argument regarding classification systems, that is, that ease of description should not be the guiding principle in choosing a label, results derived in this study are suggestive of clusters. Hence, a grid maybe a more appropriate means of understanding the types of cross-border manager identified in this study.

That is, simply labeling a person as Transnationalist (or whatever) may not take full account of the elements which make up the “type.” There may be important distinctions within one particular “manager type” whereby appointment to more than one “assignment type” may prove to be realistic. There is bound to be considerable “grey” at the boundaries. On the other hand; if more and more “types” are identified, this may prove dysfunctional, as multiple distinctions may lead to difficulties in providing clearer distinctions of “manager types” and logically assignment type placements.

The commitment of organizations to the selection, development and placement of more globally astute managers is now an aspect of cross-border manager appointment and deployment that cross-border organizations cannot ignore. As Schell and Solomon (1997) have noted,

Becoming globally astute is something we all must do. Most of us think that our culture and frame of reference is universal, but once we venture outside our national boundaries, we realize that this simply isn’t the case. Becoming

globally astute means; being able to understand behaviours, and to translate that knowledge in a variety of cultures into appropriate responses and winning tactics. (p. 4)

Cross-Border manager effectiveness then may rest on such managers possessing the value dimensions identified in this study. The ultimate purpose is to assist the learning and sophistication of cross-border businesses and to establish a diverse cadre of cross-border management talent and expertise. Understanding such issues may open the way to developing more informed selection and placement strategies, as well as identifying retention interventions necessary that will assist in establishing more effective International HRM staffing strategies when mind, cultural and geographic borders need to be crossed. It is critical therefore that selection criteria for cross-border assignments consider a manager's ability and willingness to operate in a chaotic and rapidly changing environment.

In such conditions, a manager's past experiences, and technical know how are unlikely to provide them with sufficient skills to be effective in cross-border situations. HRM decision makers need to be aware of how managers address their National Pride, and their Diverse Learning in addition to their technical skills and domestic business success if cross-border business effectiveness is to be achieved.

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CHAPTER 5

FACTORS INFLUENCING EMPLOYEE CLAIMING BEHAVIOR IN RELATION TO THE TERMINATION OF EMPLOYMENT

Evidence From Europe

Colette Darcy and Thomas N. Garavan

This chapter investigates actual employee claiming behavior in relation to the termination of employment amongst an Irish sample of 199 terminated employees. The research proposes a conceptual model of employee claiming behavior incorporating formal and informal bases of procedural justice, the quality of decision making, quality of treatment. The proposed model is operationalized through the use of number of different theoretical perspectives including organizational justice, social information processing, referent cognitions and sociolegal theories. In all seven independent variables are found to be significant predictors of claiming behavior, successfully accounting for over 70% of explained variance in how an individual arrives at the decision to initiate a claim against their former employer.

The findings represent a significant advancement in terms of our understanding of the nature of claiming behavior and the factors which influence

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it while raising some interesting potential differences in employee perceptions of claiming from a European and U.S. perspective. The practical and policy implications of the findings are discussed.

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A number of studies have demonstrated the role of organizational justice in explaining a broad range of behavioral outcomes including but not limited to appraisal systems, job satisfaction, organizational commitment and organizational citizenship behaviors (Ball & Trevino, 1994; Jawahar, 2007; Moorman, 1991). A small number of studies have examined justice in the context of an employee's propensity to sue their employer. Goldman (2003) separates this particular strand of the justice literature into two broad categories or generations. The first generation of organizational justice researchers tended to focus on employee *attitudes* towards legal claiming. The work of Bies and Tyler (1993) and Wanberg, Bunce, and Gavin (1999) typified this generation. They sought to examine situations where employees considered, but did not actually engage, in a number of behaviors, including litigation, to resolve perceived injustice in the workplace. Researchers subsequently focused on studying actual legal claiming *behaviors* such as speaking with a government official or initiating a lawsuit. Within this category falls the work of Goldman (2001), Groth, Goldman, Gilliland, and Bies (2002) and Lind, Greenberg, Scott, and Welchans (2000).

Individuals perceive injustice in a multidimensional manner in so far as a number of factors including the manner in which the individual is treated, the process used to arrive at a decision and indeed the actual decision itself are all taken into account (Youngblood, Trevino, & Favia, 1992). It is this multidimensional nature of perceived injustice which has shaped the research presented in this chapter. We explore a range of macro- and microconstructs to further advance our understanding of the factors which impact upon an employee's decision to initiate a legal claim against their former employer and do this using evidence from the Republic of Ireland as a representative of European trends with regard to employee litigation.

There is relatively little empirical or theoretical work on the antecedents of employee claiming. Some exceptions exist such as the work of Bies and Tyler (1993), Youngblood et al. (1992) Lind, Greenberg, Scott, and Welchans (2000) and Goldman (2001a). This contrasts sharply with the vast literature written primarily from the sociolegal perspective which has examined why people sue over injuries or in response to interpersonal or contractual disputes, for example, Felstiner (1974, 1975), Felstiner Abel,

and Sarat (1981), Hensler et al. (1991), and Kritzer, Bogart, and Vidmar, (1991). Sociolegal researchers view claiming to be part of a dynamic social system amenable to study using the methods of social and behavioral science (Lind et al., 2000). The sociolegal literature has examined such fundamental issues as how claiming is affected by the social dynamics of legal remedy and therefore its relevance and transferability to the study of employee claiming is apparent (Lind, 1997).

Lind (1997) argues that employee legal claiming and the choices that surround the decision to claim are psychologically and socially conditioned. It is the *perception* of unfairness or injustice that results in employees making a decision of whether to claim. These perceptions may or may not be accurate. While there is an accepted notion of “unnecessary litigation” many observers suggest that if an employee perceives an injustice, it is sufficient to bring forward a claim. It is the role of a tribunal or court, to determine whether or not such a claim has substance and to discharge those that are found to be unfounded or false. It is for this very reason that employee litigation is likely to persist because in order to eradicate claiming one would need to ensure that no employee ever perceived that they had been treated unjustly.

Compared with the strong and still growing research base on organizational justice and performance appraisal and reward systems, there has been surprisingly little empirical research on the role of various strands of organizational justice in explaining employee claiming behavior following termination of employment. This dearth of empirical studies has prompted researchers to call for more research on the application of organizational justice theories to other areas of the employment relationship (Ambrose & Arnaud, 2005; Cropanzano, Bowen, & Gilliland, 2007). Indeed the research which does exist is primarily of U.S. origin which poses serious issues from a European perspective as to the transferability of those findings.

This chapter reports the findings of a study investigating the factors that explain claiming behavior. We examine claiming in a multidimensional manner drawing on procedural, interactional and distributive justice theories. In doing so we present a conceptual model of claiming which incorporates elements of procedural, interactional and distributive justice in addition to the level of legal awareness an individual employee has regarding their rights and the level of social guidance they receive in terms of assisting identify that they have been treated in an unfair manner. A second conceptual model is presented which delves further into the procedural, interactional and distributive justice elements of the model presenting eight microlevel factors in an attempt to further explain the antecedents of employee claiming behavior following the termination of employment.

		Source	
		Rules of the group <i>(Formal)</i>	Actions of the supervisor <i>(Informal)</i>
Procedural Element	Quality of decision making processes	Formal Quality of Decision Making (FQDM)	Informal Quality of Decision Making (IQDM)
	Quality of treatment	Formal Quality of Treatment (FQT)	Informal Quality of Treatment (IQT)

Figure 5.1. Blader and Tyler’s four component model of procedural justice (2003).

THEORETICAL BACKGROUND AND HYPOTHESES

Our research model draws on the conceptual work of Blader and Tyler (2003) which sought to conceptualize what the domains of procedural justice concerns will be in most situations. We have amended the Blader and Tyler model and operationalized it to more explicitly consider what areas of concern individuals have with regard to employee fairness perceptions specifically in relation to termination of employment. Blader and Tyler’s model identified four separate bases on which individuals make their overall fairness evaluations (see Figure 5.1 above).

The model suggests that employees do distinguish between formal and informal bases of justice, the quality of decision making and the quality of treatment they experience when arriving at a justice judgment. The model also suggests that no one of the four components will dominate, that each will be important in determining overall procedural evaluations.

Formal quality of treatment (FQT) refers to the role that the rules of the organization play in determining how fairly employees are treated. This component of the model speaks to the very culture of the organization and the way in which it utilizes and applies rules in order to ensure employees are treated fairly. It is concerned with higher order variables in terms of the conceptualization of fairness and differs from the other components of the model. The research reported in this chapter is only concerned with fairness perceptions at an individual level and to attempt to incorporate a group level analysis would be inappropriate particularly given the context of termination of employment. The fact that those individuals who had previously been dismissed from their

employment would be highly unlikely to be in a position to answer questions related to higher level variables such as the culture of the organization or group level fairness perceptions in an honest and objective manner was a deciding factor.

Figure 5.2 provides an overview of our research model. The model identifies the macrolevel variables hypothesized to have an impact on employee claiming behavior, namely formal quality of decision making (FQDM), informal quality of decision making (IQDM), informal quality of treatment (IQT), social guidance and legal awareness. In addition the microlevel variables hypothesized to impact upon individual claiming behavior are also outlined. These microlevel variables attempt to explore the elements of the macrolevel variables of FQDM, IQDM and IQT by breaking them down into a number of key constituent parts. Arising from the conceptualization of the research model, a number of derived hypotheses are now considered.

Formal Quality of Decision Making

Formal quality of decision making (FQDM) refers to the fairness of the procedures prescribed by the rules of the organization for making decisions regarding allocations, for resolving conflicts, and so forth. This has been the traditional focus of procedural justice research and focuses on the systems and procedures in place within an organization which are charged with ensuring that employees are treated in an equitable, fair and consistent manner.

Perceptions of procedural justice are central to employees in assessing the legitimacy of management action, particularly when that action results in an unfavorable outcome (Tyler & Bies, 1989). That is to say, if an employee receives an unfavorable outcome but believes that the decision-making process was fair, the decision will be perceived as more legitimate and therefore an employee is less likely to challenge the decision making authority (Bies & Tyler, 1993). A procedural justice perspective would suggest that employees will be less likely to consider litigation after an unfavorable outcome or dispute if they perceive the decision-making process to be fair (Brockner & Wiesenfeld, 1996). Therefore we propose that traditional procedural justice considerations will be important to an employee when deciding whether or not to initiate a case against their former employer. The following hypothesis is proposed;

- H1: Perceptions of effective formal quality of decision making has a negative impact on employee claiming behavior (FQDM)

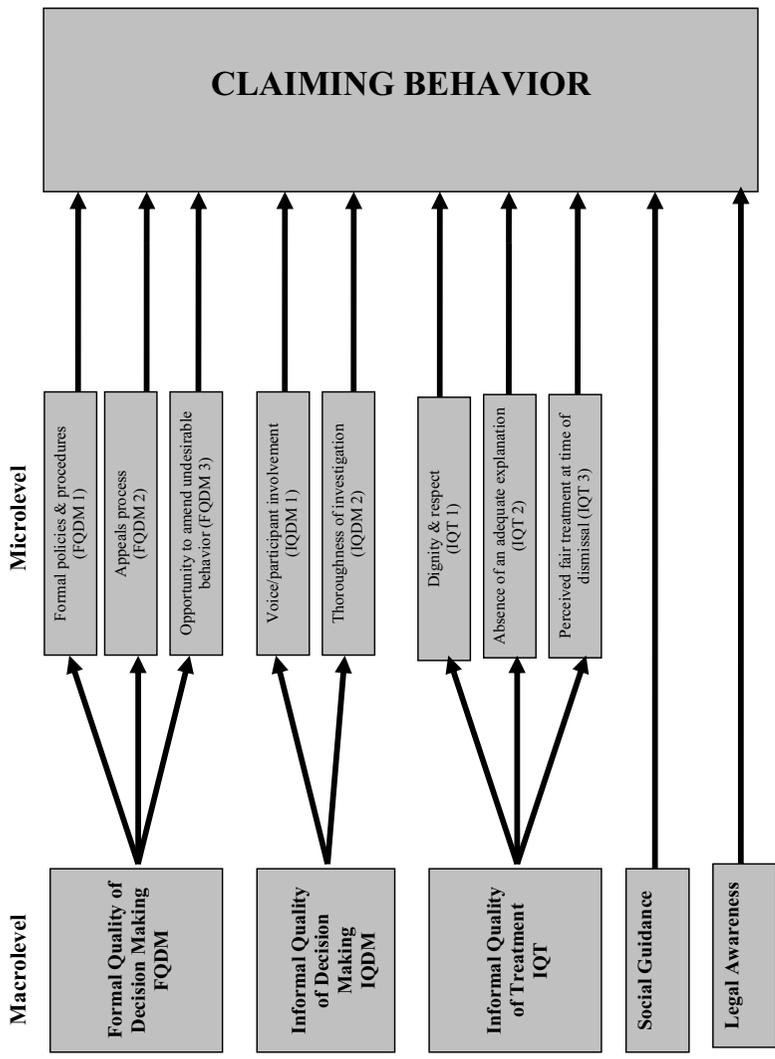


Figure 5.2. Conceptual model.

Formal Disciplinary Policies and Procedures (FQDM 1)

An essential component of discipline administration in organizations concerns the establishment of acceptable rules and standards and the utilisation of disciplinary procedures to deal with breaches of such rules and standards (Gunnigle, Heraty, & Morley, 2002). These rules articulate the standards of behavior that are deemed acceptable and expected of an employee and the consequences of not meeting them. These rules are usually, although not always, contained within various policy documents which are normally found in the employee handbook. Procedures, on the other hand, constitute the administrative machinery for applying these rules and executing any resulting action (Gunnigle et al., 2002). Youngblood et al. (1992) highlight the frequency with which procedural justice concerns were mentioned among dismissed workers. They argue that organizations should ensure that they implement due process discipline procedures within their organizations which is broadly in line with the finding of other labor relations researchers (Aram & Salipante, 1981; Peterson & Lewin, 1990). The following hypothesis is proposed:

H2: Perceptions of effective formal disciplinary policies and procedures has a negative impact on claiming behavior (FQDM 1)

Appeals Process in Place (FQDM 2)

Youngblood et al. (1992) found that one of the main reasons employees perceive termination to be unfair was a lack of adherence to due process principles. Gunnigle et al. (2002) state that employees who are alleged to have breached discipline policy should be entitled to fair and consistent treatment, including an opportunity to state their case, have access to representation and crucially the right of appeal in line with due process principles. Greenberg's (1986a) research on the determinants of particularly fair or unfair performance appraisals among middle managers identified the ability to challenge and rebut evaluations as a key component of a procedurally fair process.

Organizations vary in the degree to which they provide employees with the right to appeal a termination of employment to a neutral decision maker (Feuille & Delancy, 1992). Where decisions are made by relatively neutral parties, greater effort is likely to be needed in order to convincingly demonstrate that termination is justified (Klaas & Dell'omo, 1997) and hence it is more likely that the employee will perceive it to be fair. Appeals to neutral decision makers is often considered critical to protect-

ing employees from arbitrary managerial decisions (Peterson & Lewin, 1990). The following hypothesis is proposed:

H3: Perceptions of an effective neutral appeals process has a negative impact on claiming behavior (FQDM 2)

Opportunity to Amend Behavior/Warnings Given (FQDM 3)

Gunnigle et al. (2002) argue that natural justice requires that employees are allowed sufficient opportunity to amend their behavior, where possible, before serious action, such as employment termination is considered. Youngblood et al. (1992) found that terminated employees felt very aggrieved when they were terminated without warning and reported this as one of the top reasons for initiating a case against their former employer. This is in line with best practice HRM which advocates that disciplinary issues should be brought to the attention of employees at the earliest possible date in order provide them an opportunity to amend behavior before proceeding to the next stage of the disciplinary process (Armstrong, 2006).

Croner (2000) highlights what should be included in discipline procedures prior to employment termination in order to ensure that they are viewed as fair by both the employee concerned but also by any external third party. Croner emphasizes the need to monitor an employee's performance and ensure that regular feedback is provided. This suggests that where an employee does not received any warnings with regard to the likelihood of the termination of their employment the employee will view that termination to be unfair since no opportunity was afforded them to amend behavior. The following hypothesis is proposed;

H4: The opportunity to amend undesirable behavior has a negative impact on employee claiming behavior (FQDM 3)

Informal Quality of Decision Making

Informal quality of decision making (IQDM) refers to those aspects of the decision-making process that originate with particular agents of the organization (Blader & Tyler, 2003). According to Blader and Tyler there are two routes by which organizational authorities or agents can influence fairness through decision making. First, decision makers within an organization will have a direct influence over the implementation of formal rules and procedures in so far as they decide which ones will be adopted

and in what form. Second, it is not possible for an organization to have a set of formal rules or policies for dealing with every eventuality and in such cases authorities within an organization will have some degree of discretion in order to deal with these situations. Therefore, informal decision making will likely affect employee fairness perceptions and hence their claiming behavior. The following hypothesis is therefore proposed;

H5: Perceptions of effective informal quality of decision making has a negative impact on employee claiming behavior (IQDM)

Voice/participant Involvement (IQDM 1)

Thibaut and Walker (1975) demonstrated how individual assessments in relation to the fairness of a third party decision-making procedure shape their satisfaction with the outcome. Their work focused on process control, or the extent to which an individual has input into the overall process which influences outcome, for example an opportunity to express their views and present evidence. This suggests that employees value the opportunity to have their opinions and positions heard in the organization and more specifically, that they have an opportunity to present or outline their case in formal termination hearings.

Research suggests that supervisors who provide employees with an opportunity to express their opinions and have this taken into consideration in their final decision positively influences justice perceptions and hence acceptance of the outcome (Bies & Moag, 1986; Bies & Shapiro, 1988; Folger & Konovsky, 1989; Tyler & Bies, 1989). Conversely, termination procedures that deny employee voice are viewed as procedurally unfair (Goldman, 2001a). The opportunity to influence the information that is used to make decisions is central to the theory of procedural justice and hence the following hypothesis is proposed;

H6: Employee voice in the termination process has a negative impact on employee claiming behavior (IQDM 1)

Thoroughness of Investigation (IQDM 2)

The onus is on management to thoroughly investigate the circumstances of any alleged disciplinary issue and to establish the facts of each case (Gunnigle et al., 2002). If, after a thorough investigation, management decide that disciplinary action is required it is essential that the employee is given

an opportunity to present a defence and hear the charges against him/her, in order that the process is viewed as procedurally fair.

A thorough investigation, where possible undertaken by independent members of the management team, provides employees with confidence that the disciplinary process is both consistent and accurate and therefore they are more likely to accept the findings of such an investigation irrespective of whether or not the finding is a favorable one. Formalization of rules lends itself to the concept of consistency which Leventhal (1980) suggests is an important structural component of procedural justice. Previous empirical research has tended to support this view (Barrett-Howard & Tyler, 1986; van de Bos, Vermunt, & Wilke, 1996). Employees working in a formalized organization are therefore more likely to judge a system, which encompasses consistency as a core element, to be procedurally fair.

Decision accuracy reflects whether a decision maker has sufficient information which has been properly documented to reprimand an employee (Gleason & Roberts, 1993). Managers should be trained in disciplinary procedures thereby ensuring that they are aware of the information needed to make, and more importantly to justify, a disciplinary action against an offending employee (Taylor, Tracy, Monika, Kine Harrison, & Carroll, 1995). The absence of formal training and hence an ad hoc approach to disciplinary matters by untrained managers is likely to have a negative impact on an employees claiming behavior. The following hypothesis is proposed:

H7: Perceptions of a thorough investigation into the disciplinary matter has a negative impact on claiming behavior (IQDM 2)

Informal Quality of Treatment

Early research on organizational justice focused on exploring employees' perceptions of the distributive and procedural fairness of specific organizational policies and decisions (Greenberg's, 1988). Researchers examined employee perceptions of fairness of selection decisions (Gilliland, 1993), pay systems (Folger & Cropanzano, 1989; Greenberg, 1986b), performance appraisal systems (Greenberg, 1986a; Landy, Barnes-Farrell, & Cleveland, 1980) and job loss and layoffs (Brockner & Grover, 1987; Brockner, Grover, Reed, & Lee Dewitt, 1992). However, during the late 1980s organizational justice researchers began to expand their research beyond the traditional procedural and distributive types of justice in order to examine the interpersonal aspect of organizational justice (Greenberg, 1993).

The interpersonal justice research found that employees demonstrate a concern with their relationship to their work organizations because that relationship affects how they feel about themselves (Bies & Moag, 1986). Further, they evaluated this relationship with regard to the ways decisions are made and how they are treated by the organization (Blader & Tyler, 2003). Bies and Moag (1986) identified a number of criteria for fair treatment in terms of treatment expectations in a corporate recruitment setting. They proposed that interpersonal treatment is evaluated on the basis of the extent to which decision-making authorities are truthful, respectful and considerate in justifying or explaining their decisions. We found no research which examined these issues in an employment termination context. The following hypothesis is therefore proposed:

H8: Perceptions of high informal quality of treatment has a negative impact upon employee claiming behavior (IQT)

Dignity and Respect (IQT 1)

Perceptions of organizational justice are influenced by factors that go beyond the formal procedures used to resolve disputes or allocate rewards (Bies & Shapiro, 1987; Greenberg, 1990a). In particular, judgments of organizational justice are influenced by two important factors; the interpersonal treatment people receive from organizational decision makers, and the adequacy with which formal decision making procedures are explained (Bies & Moag, 1986; Tyler & Bies, 1989).

The basis of the relational model of organizational justice (Tyler & Lind, 1992) argues that employees use their membership of organizations as a way of obtaining financial remuneration but also as a way of validating their social identity. Tyler and Lind argued that employees' perceptions of their treatment as fair or unfair served as a global evaluation of their positive or negative relationship with the organization. Thus justice is considered "relational" because what people mean by "just" or "fair" treatment, is treatment that tells them whether their relationship with the organization is positive or negative (Tyler & Lind, 1992).

Lind (1997) argued that status recognition played a significant role in providing an individual with information about their standing within an organization. This standing is communicated to them, in so far as those within the organization treat them, especially those in authority, with respect and dignity. Numerous studies have shown that employees who are treated with respect and dignity emerge with feelings of fairness even

if the employee experience is negative (Lind, Kanfer, & Earley, 1990; Tyler & Bies, 1989). The following hypothesis is proposed:

H9: Perceptions of dignified and respectful treatment has a negative impact on employee claiming behavior (IQT 1)

Absence of an Adequate Explanation (IQT 2)

The need for organizational decisions to be explained to employees in order to cultivate fairness perceptions is a well established guideline in the literature on human resource management (Greenberg, 1990a). Research by Bies and Shapiro (1987) found that the practice of explaining procedures enhances the fairness of the procedures themselves and the outcomes resulting from them (Bies & Shapiro, 1987; Tyler & Bies, 1989). Bies and Shapiro (1988) found that the presence of a justification or explanation claiming mitigating circumstances had an independent effect on procedural fairness judgments and that causal information for a decision can influence individual's fairness judgments. The provision of an adequate explanation has the potential to reduce negative behaviors such as employee theft even when the decision outcome is considered a negative one for the individual concerned (Bies & Shapiro, 1987).

Adequate explanations or causal accounts can reduce perceptions of having been unfairly treated (Bies & Shapiro, 1987; Bies & Shapiro, 1988). However Bies, Shapiro, and Cummings (1988) found that perceptions of procedural justice were enhanced only when explanations were perceived to be adequately reasoned and sincerely communicated. Employees affected by a decision feel entitled to hear why it was made and the basis upon which the decision was arrived at (Bies & Shapiro, 1987; Greenberg, 1990b).

In order for a procedure to be perceived as having been enacted fairly, the explanations given should contain reasoning that adequately supports the claim and conveys sincerity on the part of the person giving the explanation (Bies & Shapiro, 1988; Folger & Cropanzano, 1998). It is likely that employees who do not receive any explanation in terms of the decision-making process are likely to view that process as flawed or unfair. The following hypothesis is proposed:

H10: The absence of an adequate explanation has a positive impact on employee claiming behavior (IQT 2)

Perceived Fair Treatment at the Time of Termination of Employment (IQT 3)

Early organizational justice theories assumed that justice relevant information is processed as it is encountered and that it is continuously integrated into general impressions of distributive or procedural fairness (Adams, 1965; Lind & Tyler, 1988; Thibaut & Walkers, 1975). Recent advances in organizational justice theories however have focused more precisely on both the cognitive processes by which fairness judgments are generated and the conditions under which justice judgments change (Lind et al., 2000). Fairness heuristic theorists (Lind, Kulik, Ambrose, & de Vera Park, 1993) have argued that fairness judgments are likely to be reprocessed and updated whenever there is a change, or an expectation of change, in a relationship. During periods of relative stability fairness judgments are used to decide how much one should invest in a relationship and the judgments themselves are used to interpret such events but not to reassess the judgment in light of ongoing events (Lind et al., 2000). It is only when the fundamental nature of the relationship appears to be changing that new fairness relevant information is processed with a view toward revising one's fairness judgment (Lind et al., 2000).

Lind, Kray, and Thompson (1998) demonstrated that fairness relevant information has especially strong effects on fairness judgments when change was occurring. Greenberg (1993) similarly argued that socially charged outcomes or events affect recipients' interpretation of their relationship with the agent or organization allocating the outcome and it was likely to have a strong impact resulting in a reevaluation of the relationship. Therefore the termination of employment, a major socially charged event, is likely to prompt a strong reevaluation of fairness perceptions by the employee and that this is likely to supersede the employee's perceived fair treatment during the entire course of their employment relationship. The following hypothesis is proposed:

H11: Perceived fair treatment at the actual time of termination of employment has a negative impact on employee claiming behavior (IQT 3)

Social Guidance

Social Information processing (SIP) may provide a useful lens to assist our understanding of the importance of social guidance in the claiming process (Groth et al., 2002). SIP suggests that individuals tend to rely more on social information when confronted with situations that are novel

or ambiguous and when the source of information is perceived as credible (Salancik & Pfeffer, 1978). Because the termination of employment is often viewed as an ambiguous and uncertain time for employees, it has been claimed that SIP and the role of social guidance can provide researchers with useful insights on employees' involvement in the legal claiming process (Groth et al., 2002).

Salancik and Pfeffer (1978) work contained two general implications for the impact of the social environment on individuals, namely: (a) there may be direct construction of meaning through exposure to the expressed attitudes of others and (b) the context may make certain information or aspects of the situation salient, thereby influencing perception and interpretation (Goldman, 2001a). Direct construction of meaning would include social influence in the form of advice or information from salient others. This therefore would encapsulate advice and information from friends, family and coworkers and when applied to claiming behavior has been shown to have a significant impact on an individual's decision to claim (Goldman, 2001a).

Vaux, Riedel, and Stewart (1987) and Williams (1995) referred to this type of offering of information, advice or guidance as "social guidance" which Goldman (2001a) found to be an important explanatory factor in discrimination claiming. This is not the first study to highlight the importance of social guidance. Tucker's (1993) study of employee resistance among temporary workers, found that the first step for aggrieved employees was to seek support from coworkers. Similarly, Bies, Tripp, and Kramer (1997) identified the influence of social factors as an important component in solidifying an employee's will toward revenge against one's organization. Therefore, it is proposed that social guidance in the form of information and advice from friends, families and colleagues plays a significant role in an individual's decision to proceed to initiate a case against a former employer. The following hypothesis is proposed and it is expected that the relationship will be positive;

H12: Social guidance, in the form of friends, family and coworkers has an impact on claiming behavior

Legal Awareness

Sociolegal analyses suggests the possibility of links between claiming and other characteristics of claimants such as access to lawyers and knowledge of legal process and options (including knowledge that the option of claiming even exists). Such legal awareness is not distributed evenly across the population and indeed some groups of individuals may be more inclined than others to sue (Lind et al., 2000).

According to the PIE model of claiming, in order for an act to be deemed unfair or unjust, it must be perceived as such by the individual employee or no action is likely to occur (Felstiner et al., 1981). It is this perception of unfairness which has been identified as the key to employee claiming behavior and so it follows that an employee with an increased level of legal awareness is more likely to be in a position to not only identify an injurious act, but also to have an understanding of the options available to redress the situation. We envisage that claiming is related to the level of legal awareness among employees. The following hypothesis is proposed;

H13: High legal awareness has a positive impact on employee claiming behavior

METHODS

Research Setting, Sample, and Procedure

Data were collected from 165 employees who lodged a formal application for unfair dismissals with the Irish Employment Appeals Tribunal (EAT)¹ during the period 2003 to 2004 and 34 employees who were dismissed during that period but did not submit a claim. A database of claimant details, including name and address, was compiled from publicly available EAT determinations lodged at the Employment Appeals Tribunal, within the labor court in Dublin, Ireland. The period 2003 to 2004 was selected on the basis that it represented the most recent years for which all case determinations were readily available within the EAT. In addition the research recognized that for the purposes of memory recall the more recent the events, the more likely the research would be to minimize bias and tainting. Given that it may take several months to have a case processed, only cases that were less than three years from date of initiation of the claim were included in the study.

The nonclaimant sample proved to be extremely difficult to gain access to as there simply is no one database or record of these individuals. The nonclaimant population is made up of those individual who have had their employment terminated but who did not engage in claiming behavior. It was decided to adopt a multifocused approach. We utilized a combination of personal contacts, trade union contacts, visits to social welfare offices and local unemployment groups. This generated a total of 98 terminated employees who were potential respondents for the survey. All participants were informed that completion of the survey was voluntary and that anonymity was guaranteed.

A postal questionnaire was distributed to 508 claimants, of which a total of 165 completed and usable questionnaires were returned representing a response rate of 39%. Thirty-four nonclaimants completed the questionnaire, representing a response rate of 35%. The majority of participants were middle aged, falling within the 26-35/36-45 year old categories for both the claimant and nonclaimant sample groups. 44% Forty-four of female and 55% of male respondents had completed a second level education. 33% of respondents were categorized as skilled employees. Sixty-eight of respondents were not members of a trade union at the time of dismissal and the majority of respondents had been employed between 1-2 years (30%) and 3-5 years (30%) prior to their termination.

Measures

Formal Quality of Decision Making

We use a 9-item scale to measure three dimensions of the formal quality of decision making. Formal policies and procedures ($\alpha = .98$), the existence of an appeals process ($\alpha = .86$) and opportunity to amend behavior/warning given ($\alpha = .89$). These scales were modified from scales developed by Moorman (1991), Mansour-Cole and Scott (1998) and Niehoff and Moorman (1993). Ratings were completed on a 1-5 scale (1 strongly disagree and 5 strongly agree). Sample items: "The company had a formal disciplinary policy in place so that decisions could be made fairly and consistently" (Formal policies and procedures, FQDM1), "My company provided me with an opportunity to appeal or challenge their decision to dismiss me" (Presence of an appeals process, FQDM 2), "I was given an opportunity to amend my behavior prior to my dismissal by my manager" (Opportunity to amend behavior/ warnings given, FQDM 3). The overall Cronbach alpha coefficient for the scale was $\alpha = .92$.

Informal Quality of Decision Making

We used a 6-item scale to measure two dimensions of informal quality of decision making: voice/employee involvement ($\alpha = .79$) and thoroughness of investigation ($\alpha = .78$). These scales were modified from scales developed by Moorman (1991), Mansour-Cole and Scott (1998) and Niehoff and Moorman (1993). Five ratings were completed on a 1-5 scale (1 strongly disagree and 5 strongly agree). Sample items; "Management made sure that my concerns were heard before the decision to dismiss me was made" (Voice/ employee involvement, IQDM 1) and "In order to arrive at the decision to dismiss me, management collected all the necessary information" (Thoroughness of investigation, IQDM 2). The overall Cronbach alpha for the scale was $\alpha = .84$.

Informal Quality of Treatment

We used a 13-point item scale to measure three dimensions of formal quality of treatment: dignity and respect ($\alpha = .91$), absence of an adequate explanation ($\alpha = .78$) and perceived fair treatment at time of dismissal ($\alpha = .70$). These scales were derived from previous work by Mansour-Cole and Scott (1998), Moorman (1991) and Niehoff and Moorman (1993). Ratings were completed on a 1-5 scale (1 strongly disagree and 5 strongly agree). Sample items; “When the decision was made to dismiss me, my manager treated me with respect and dignity” (Dignity and respect, IQT 1), “When making the decision to dismiss me, management offered explanations that made sense to me” (Absence of an adequate explanation, IQT 2) and “The procedures/processes used at the time of my dismissal were fair” (Perceived fair treatment at actual time of dismissal, IQT 3). The overall Cronbach-Alpha for the scale was $\alpha = .91$.

Social Guidance

We used a 4-item scale to measure the impact of social guidance on an individual’s decision to initiate a case of unfair dismissal against their former employer ($\alpha = .77$). The items were derived from Goldman (2001) and have been modified to reflect termination of employment. Ratings were completed on a 1-5 scale (1 strongly disagree and 5 strongly agree). Sample item: “My family, friends or co-workers suggested that I contact a government agency (Employment Appeals Tribunal) to file an unfair dismissal case against my former employer.”

Employee’s Level of Legal Awareness

We used a 2-point scale to measure the impact of an employee’s legal awareness on the likelihood of initiating a claim ($\alpha = .79$). We derived this scale from the work of Lind et al. (2000). Ratings were completed on a 1-5 scale (1 strongly disagree and 5 strongly agree). Sample item; “Prior to my dismissal, I was aware of my rights under the Unfair Dismissal Acts (1993, 1977).”

Initiating of a Claim

We used a single item dichotomous question as the dependent variable to ask whether employees had initiated a claim or not. Sample item: “Did you initiate a case for unfair dismissal against your former employer?” The answer to this question was either “Yes” or “No.” A single item dependent scale allows for the use of logistic regression analysis which is in line with the previous research by Goldman (2001).

Control Variables

Robinson and Clare (2002) have argued that the accuracy of retrospective reports of procedural fairness can be subject to recency and

accessibility biases. In order to minimize the effects of recency biases in our results, we measured the length of time since the termination using one item: *How long ago (in months) was your employment terminated?* We also controlled for outcome valence. This refers to the saliency of the event and the employee's ability to accurately recall the event (Kihlstrim, Eich, Sandbrand, & Tobias, 2000). The salience of termination can also be associated with whether the individual whose employment was terminated had found a new job. We dummy coded whether study participants had found a new job: New Job = 1, No new job = 0. Saliency and impact of the dismissal can also be a function of age and tenure. Tenure was assessed with one item: "How long (in years) did you work for your former employer?"

A number of statistical tests were carried out to establish the nature of the variables which were found to be non-normal suggesting the use of nonparametric techniques. Correlation analysis was used to identify the strength of relationship between our variables within the sample. This study uses Spearman's Rho correlation as the assumptions underlying parametric correlation cannot be met adequately given the non-normal distribution of the data set. Logistic regression was used to identify the true nature of relationships among the variable. It is conceptually similar to multiple regression except the outcome variable is a categorical dichotomy and predictor variables are either continuous or categorical. Respondents were categorized according to whether or not they initiated a case of unfair dismissal against their former employer as a result of the termination of their employment. Thus the dependent variable is divided into two mutually exclusive categories. Four cases were excluded from the analysis as data were missing.

Category 0—Respondents who did not initiate a case against their former employer as a result of their dismissal. $N = 34$

Category 1—Respondents who did initiate a case against their former employer as a result of their dismissal. $N = 161$

The independent variables tested in model A were formal quality of decision making (FQDM), informal quality of decision making (IQDM), informal quality of treatment (IQT), social guidance and legal awareness.

All independent variables were entered simultaneously in line with previous claiming behavior research (Goldman, 2001). The forced entry method is similar to forced entry in multiple regression in that all of the covariates are placed into the regression model in one block, and parameter estimates are calculated for each block. Some researchers believe that this method is the only appropriate method for theory testing (Studdenmund & Cassidy, 1987) because stepwise techniques are influenced by

Table 5.2. Means, Standard Deviations, and Microlevel Intercorrelations Analysis in Relation to Claiming Behavior

	Mean	Standard Deviation	<i>a</i>	Claiming Behavior	FQDM 1	FQDM 2	FQDM 3	IQDM 1	IQDM 2	IQDM 3	IQT 1	IQT 2	IQT 3
Claiming Behavior	.83	0.37	–	–	–	–	–	–	–	–	–	–	–
FQDM 1	1.85	1.22	.89	–.283**	–	–	–	–	–	–	–	–	–
FQDM 2	1.85	1.36	.86	–.375**	.545**	–	–	–	–	–	–	–	–
FQDM 3	1.65	1.14	.89	–.387**	.525**	.423**	–	–	–	–	–	–	–
IQDM 1	1.52	0.83	.79	–.399**	.472**	.475**	.406*	–	–	–	–	–	–
IQDM 2	1.60	0.95	.78	–.408**	.470**	.396**	.530**	.574**	–	–	–	–	–
IQT 1	1.37	0.66	.91	–.460**	.444**	.468**	.444**	.578**	.534**	–	–	–	–
IQT 2	1.54	0.79	.78	–.025	.184**	.236**	.203**	.427**	.310**	.445**	–	–	–
IQT 3	1.60	0.73	.68	–.544**	.452**	.492**	.459**	.645**	.600**	.715**	.417**	–	–

random variation in the data and so seldom give replicable results if the model is retested within the same sample (Field, 2000).

RESULTS

Table 5.1 presents the findings of our correlation analysis. The analysis revealed that formal quality of decision making (FQDM), informal quality of decision making (IQDM) and informal quality of treatment (IQT) were all found to be highly significantly related. Legal awareness displayed no significant relationships to the dependent variable of claiming behavior.

As the findings proved highly significant in relation to FQDM, IQDM and IQT further analysis was undertaken to break these macrolevel variables into their constituent parts and provide similar analysis at a microlevel. The key findings from this microlevel inter correlation analysis are presented in Table 5.2. This analysis found that FQDM 1, FQDM 2, FQDM 3, IQDM 1, IQDM 2, IQT 1 and IQT 3 were negatively related to claiming behavior. This analysis appears to provide support for a number of the derived hypotheses, namely H2, H3, H4, H6, H7, H9 and H11 however causality had yet to be established.

TESTING OUR HYPOTHESES

As the dependent variable in this instance was dichotomous in nature, logistic regression was utilized in order to explore the predictive nature of

Table 5.1. Means, Standard Deviations, and Macrolevel Intercorrelations Analysis in Relation to Claiming Behavior

	<i>Mean</i>	<i>Standard Deviation</i>	<i>a</i>	<i>Claiming Behavior</i>	<i>FQDM</i>	<i>IQDM</i>	<i>IQT</i>	<i>LA</i>	<i>SG</i>
Claiming Behavior	.83	0.37	–	–					
FQDM	1.79	1.07	.92	–.315**	–				
IQDM	1.57	0.80	.84	–.422**	.591**				
IQT	1.45	0.65	.91	–.296**	.441**	–.595**	–		
LA	2.84	1.40	.79	–.009	.221**	–.122*	.072	–	
SG	4.05	1.09	.77	–.05	–.034	–.025	–.067	–.109	–

**Correlation is significant at the 0.01 level (1 tailed).

*Correlation is significant at the 0.05 level (1 tailed).

Table 5.2. Means, Standard Deviations, and Microlevel Intercorrelations Analysis in Relation to Claiming Behavior

	Mean	Standard Deviation	<i>a</i>	Claiming Behavior	FQDM 1	FQDM 2	FQDM 3	IQDM 1	IQDM 2	IQDM 3	IQT 1	IQT 2	IQT 3
Claiming Behavior	.83	0.37	–	–	–	–	–	–	–	–	–	–	–
FQDM 1	1.85	1.22	.89	–.283**	–	–	–	–	–	–	–	–	–
FQDM 2	1.85	1.36	.86	–.375**	.545**	–	–	–	–	–	–	–	–
FQDM 3	1.65	1.14	.89	–.387**	.525**	.423**	–	–	–	–	–	–	–
IQDM 1	1.52	0.83	.79	–.399**	.472**	.475**	.406*	–	–	–	–	–	–
IQDM 2	1.60	0.95	.78	–.408**	.470**	.396**	.530**	.574**	–	–	–	–	–
IQT 1	1.37	0.66	.91	–.460**	.444**	.468**	.444**	.578**	.534**	–	–	–	–
IQT 2	1.54	0.79	.78	–.025	.184**	.236**	.203**	.427**	.310**	.445**	–	–	–
IQT 3	1.60	0.73	.68	–.544**	.452**	.492**	.459**	.645**	.600**	.715**	.417**	–	–

any or each of the variables included in our model. The independent variables tested in model A were formal quality of decision making (FQDM), informal quality of decision making (IQDM), informal quality of treatment (IQT), social guidance, and legal awareness (see Table 5.3).

Informal quality of treatment (IQT) as a whole was found to be a significant predictor of claiming behavior ($\beta = -2.74, SE = 1.09, p < 0.01$). This finding is consistent with zero order correlations presented earlier where informal quality of treatment was found to be highly negatively correlated to claiming behavior ($-.296^{**}$). The negative sign of the regression coefficient reveals that the greater the degree to which employees feel they have been treated in a truthful, respectful and considerate manner by agents of the organization the less likely they are to initiate a case for termination of employment. This finding provides support for the hypothesis H8.

Legal awareness (LA) was found to significantly predict claiming behavior ($\beta = 0.87, SE = 0.35, p < 0.01$). The positive sign of the regression coefficient reveals that the greater the degree to which an employee is aware of his/her legal rights, the more likely the employee is to pursue a claim. We therefore found support for hypothesis H12.

Informal quality of decision making (IQDM) as a whole was found to predict claiming behavior ($\beta = -0.155, SE = 0.76, p < 0.05$). This finding is consistent with zero order correlations carried out ($-.422^{**}$). The negative sign of the regression coefficient reveals that the greater the

Table 5.3. Results of Logistic Regression Analysis of Macrolevel Variables (Model A—Macrolevel Predictors of Claiming Behavior)

Predictor Variable	B	SE	Odds Ratio	Wald Statistic	Significance
FQDM	-0.34	0.53	0.71	0.42	.52
IQDM	-.155	0.76	0.21	4.17	.04 *
IQT	-2.74	1.09	15.51	6.30	.01 **
Legal Awareness	0.87	0.35	2.38	6.04	.01 **
Social Guidance	0.51	0.35	1.67	2.13	.14
Model χ^2	111.28, $p < 0.0001$				
Cox and Snell R^2	.430				
Nagelkerke R^2	.716				

** $p < 0.01$ * $p < 0.05$

degree to which employees feel that agents of the organization arrive at their decision in a fair manner by allowing them to have a voice in proceedings and by undertaking a thorough investigation, the less likely the employee is to initiate a claim against the employer. We therefore found support for hypothesis H5.

Formal quality of decision making and social guidance were found to have no predictive powers in explaining claiming behavior among terminated employees.

Model A's Cox and Snell R^2 value is .43 while the Nagelkerke R^2 value is .716 indicating that the model accounts for a significant amount of explained variation in the decision to claim (over 70% of variance). This result represents a significant advancement in terms of our understanding of claiming behavior and advances the research previously completed by Goldman (2001a) a whose model explained some 45% of explained variation in the decision to claim.

Given that two of our macrolevel independent variables predicted claiming behavior, namely informal quality of decision making (IQDM) and informal quality of treatment (IQT), we conducted further analysis to ascertain if the development of a further model could improve our understanding of the claiming behavior. Our second model (Model B) examines the potential impact of FQDM 1, FQDM 2, FQDM 3, IQDM 1, IQDM 2, IQT 1, IQT 2 and IQT 3. Table 5.4 presents the results.

Table 5.4. Results of Logistic Regression Analysis of Microlevel Variables (Model A—Microlevel Predictors of Claiming Behavior)

<i>Predictor Variable</i>	<i>B</i>	<i>SE</i>	<i>Odds Ratio</i>	<i>Wald Statistic</i>	<i>Significance</i>
FQDM 1	0.59	.40	1.81	2.19	.14
FQDM 2	-0.42	.25	0.66	2.79	.10
FQDM 3	-0.99	.39	0.37	6.43	.01 **
IQDM 1	-0.66	.45	0.52	2.11	.15
IQDM 2	0.46	.51	1.58	0.82	.37
IQT 1	-2.25	.83	0.11	7.37	.01 **
IQT 2	2.99	.79	19.85	14.22	.00 **
IQT 3	-1.87	.59	0.16	9.98	.00 **
Model χ^2	94.607				
	$p < 0.0001$				
Cox and Snell R^2	.384				
Nagelkerke R^2	.637				

** $p < 0.01$ * $p < 0.05$

The opportunity to amend undesirable behavior (FQDM 3) was found to significantly predict claiming behavior ($\beta = -0.99$, $SE = 0.39$, $p < 0.01$). The negative sign of the regression coefficient reveals that the greater the degree to which an employee feels they have been given an opportunity to amend their behavior prior to termination the less likely they are to initiate a claim. This provides support for hypothesis H4.

All three aspects of Informal Quality of Treatment (IQT) were found to significantly predict claiming behavior ($p < 0.01$). The interpersonal treatment an employee receives from the decision maker or agent of the organization at the time of the termination (IQT 1) was found to significantly predict claiming behavior ($\beta = -2.25$, $SE = 0.83$, $p < 0.01$). The negative sign of the regression coefficient reveals that the greater the degree to which an employee perceives they are treated in a dignified and respectful manner by the agent or agents of the organization, the less likely the employee will be to initiate a claim for termination of employment. We therefore found support for hypothesis H9.

The absence of an adequate explanation provided by agents of the organization at the time of dismissal (IQT 2) was also found to be a significant predictor of claiming behavior ($\beta = 2.99$, $SE = 0.79$, $p < 0.01$). The positive sign of the regression coefficient reveals that the greater the degree to which an employee perceives he/she was not provided with an adequate explanation for their dismissal by agents of the organization, the more likely the employee will be to initiate a claim for termination of employment. We therefore found support for hypothesis H10.

Perceived fair treatment on the part of the employee at the time of termination of employment (IQT 3) was found to significantly predict claiming behavior ($\beta = -1.87$, $SE = 0.59$, $p < 0.01$). The negative sign of the regression coefficient reveals that the greater the degree to which an employee perceives their treatment at the time of termination of employment to be fair, the less likely the employee will be to initiate a case for termination of employment. We therefore found support for hypothesis H11.

Formal disciplinary policies and procedures (FQDM 1) did not significantly predict claiming behavior. This is not to say that no relationship exists between formal disciplinary policies and procedures and claiming behavior. Correlation analysis revealed a coefficient of -0.283 significant at .01 level (1-tailed) between formal disciplinary policies and procedures and claiming behavior. We therefore did not find support for hypothesis H2. The presence of an appeals process (FQDM 2) was also found not to significantly predict claiming behavior. We therefore did not find support for hypothesis H3.

Both voice/participant involvement (IQDM 1) in the form of an opportunity to present a defence at the time of dismissal and thoroughness of

investigation (IQDM 2) were found not to significantly predict claiming behavior as proposed within the current model.

Model B's Cox and Snell R^2 value is .384 while the Nagelkerke R^2 value is .637 indicating that the model accounts for a significant amount of explained variation in the decision to claim (64%).

DISCUSSION

The examination of employee claiming behavior following termination of employment represents an important area of investigation within the fields of psychology and organizational behavior. Our primary goal was to explore the factors which impact on the likelihood of an individual initiating a claim against their former employer post-termination. The models proposed in this chapter proved to have significant explanatory powers. We found support for a total of seven of our hypotheses, three macrolevel variables and four microlevel ones. In addition our study findings provide support for previous research findings as well as opening up new avenues for further investigation.

At the macrolevel, informal quality of decision making was found to have significant predictive powers in relation to employee claiming behavior ($p < 0.05$). The finding supports the idea that high informal quality of decision making in the form of voice participant involvement and thoroughness of investigation displays a negative relationship with claiming behavior. They focus on aspects of the decision-making process that originate with particular agents of the organization and highlight the need for individuals with supervisory responsibilities to receive training in disciplinary management. Organizations need to be critically aware of how important it is to ensure that a thorough investigation is undertaken prior to the initialization of a formal final disciplinary meeting and that once a meeting is arranged that the individual concerned is given an opportunity to put forward their side of events and to have this taken into consideration before arriving at a final decision. They are also in line with the legal findings in common law jurisdictions, whereby courts and tribunals base their judgements concerning fairness on whether a proper termination process was followed, and in particular, the extent to which the employee had an opportunity to put forward a case and defend the case.

Informal quality of treatment was found to have significant predictive powers in relation to employee claiming behavior ($p < 0.01$). Informal quality of treatment as defined by this study represents three subcomponents namely, dignified and respectful treatment (IQT 1), the absence of an adequate explanation (IQT 2) and perceived fair treatment at the

actual time of dismissal (IQT 3). Interestingly all three subcomponents of informal quality of treatment were also found to significantly predict claiming behavior among terminated employees.

When informal quality of treatment was broken down into its constituent parts dignified and respectful treatment (IQT 1) was found to significantly predict claiming behavior among dismissed employees ($p < 0.01$). The need to ensure respectful and dignified treatment can be easily overcome through adequate guidelines and training provided to managers. The finding adds significant support to referent cognitions theory which states that individuals will have extremely hostile reactions to an unfavorable decision outcome if they believe the parties responsible for the decision failed to meet certain moral obligations for proper conduct (Folger, 1993). One way that decision makers can clearly fulfill their moral obligations to the people affected by their decisions and thereby moderate hostile reactions such as claiming, is by ensuring that they treat employees with dignity and respect at all times.

The absence of an adequate explanation (IQT 2) and perceived fair treatment at the actual time of dismissal (IQT3) were found to significantly predict claiming behavior among terminated employees ($p < 0.01$). It is essential that the actual termination is handled in a sensitive and fair manner ensuring that the individual is given an opportunity to present their defence, is clear on the reasons for the termination, the process involved and ultimately provided with an explanation of how and why the organization has arrived at the decision they have.

The opportunity to amend undesirable behavior (FQDM3) was significant in predicting claiming behavior. This suggests that where employees are given the opportunity to amend undesirable behavior through a system of warnings, it will impact their perceptions and crucially their behavior. Warnings are an essential feature of organizations corrective action procedures (Croner, 2000). However, it could be argued that in organizations, warnings are only given to employees once a situation has deteriorated to such an extent that it is virtually impossible for the employee to turn the situation around. There is also a tendency in organizations to avoid confrontation and not deal with the issue. Our study findings do however reveal that such warnings impact the likelihood of an individual engaging in claiming behavior.

The presence of high legal awareness was found to significantly predict claiming behavior among dismissed employees ($p < 0.01$). This finding provides further support for the sociolegal conceptualization of the claiming process which suggests the possibility of links between claiming and other individual employee characteristics such as the level of legal knowledge possessed (Groth et al., 2002; Lind et al., 2000). It has been argued, and this finding provides further support, that such

legal awareness is critical as an individual needs first and foremost to be aware that a wrong has been done to them and that they have the option to initiate a claim as a result (Felstiner et al., 1981). Without a level of legal awareness an individual may not be aware of the legal options available and therefore, while feeling resentment towards their former employer, may fail to act upon it. An individual with an increased level of legal awareness is also more likely to be in position to not only identify an injurious act but also to have an understanding of the options available to redress the situation.

The current research and its findings expand the existing literature in relation to organizational justice and specifically claiming in several ways but most notably through the development and empirical testing of a new model of claiming behavior determinants. The model proposed provides significant advancements in our understanding of organizational justice as it examines the importance of traditional procedural, distributive and interpersonal justice concepts in the formation of decisions regarding claiming behavior.

The current research findings also expand the literature in relation to organizational justice by providing a European examination of individual claiming behavior. The previous research in relation to organizational justice has tended to have a very strong North American bias and this research offers new insights into the transferability of the key concepts of organizational justice to a European context. Goldman (2001) found social guidance to have a major influence on discrimination claiming in the United States; however upon reflection it would appear that one would expect social guidance to play a less significant role in claiming behavior in a country which is deemed more litigious, such as the United States. The corollary of this is that within an Irish context which is generally considered less litigious than its U.S. counterpart, one would expect it to play a highly significant role. This reasoning clearly requires further examination and empirical testing.

The study has a number of limitations which need to be considered. First, the study relies on self-report data. Given the complexity of the study context, and the research questions posed, it was necessary to gather data from employees who were dismissed. While ideally the research design would have taken consideration of the views of the agents of the organization and hence captured a different perspective on the actual termination process, this was not possible.

It was anticipated that the study may suffer from common method variance. In order to investigate whether this was the case, an extension of Haman's single factor test was utilized. Confirmation factor analysis (CFA) was conducted using all scale items, to test the hypothesis that a single factor can account for all of the variance in the data. This approach is in

line with the techniques used in studies by Korsgaard, Schweiger, and Sapienza (1995) and Mossholder, Bennett, and Martin (1998). The three factor solution had an eigen value of greater than one and all factor items had loadings of greater than 0.4, which highlights the integrity of the measures used in the study.

The study design asked respondents to remember events that occurred some time previous. This raises the possibility of retrospective bias in the results. Concerns regarding retrospective bias are however significantly lessened when the event is perceived to be crucial to the individual. We anticipated termination of employment would be highly salient in the mind of the respondent.

Further research designs may usefully investigate the issues in a longitudinal manner with three measurement points. First, at the actual time of dismissal, second at the time the outcome of the case is known (once a tribunal or court determination has been arrived at) and third, sometime after the event in order to see if perceptions remain consistent. It is acknowledged that such a design would present significant challenges; the most significant barrier would involve gaining access to the potential respondents at the crucial times.

IMPLICATIONS FOR POLICY AND PRACTICE

The study findings have important implications for both policy and organizational practices. The two predictive models highlight a number of issues for organizations to consider.

Those organizations wishing to minimize their exposure to claiming litigation should focus on achieving high informal quality of treatment within their organizations. Specifically, the findings of the research speak to the importance of ensuring that employees received dignified and respectful treatment at the hands of agents of the organization. This finding impacts directly on the manner in which agents of the organization deal on a one to one basis with employees and can therefore be difficult to tackle. Practical steps to achieving this would be firstly to ensure that the organization as a whole has dignified and respectful treatment of all staff members at all times as one of its core values. Individually, managers may require training in how to demonstrate such treatment and those managers found guilty of transcending this need to be appropriately reprimanded and retrained.

The provision of an adequate explanation was found to significantly impact individual claiming behavior. Clearly, the absence of such an explanation seems to cause employees considerable distress and hence resentment. This can be a difficult area for some managers, particularly

those not comfortable providing negative feedback. Training can assist managers in developing the skills necessary; however support should also be available from the human resource team who may wish to sit in on some meetings.

The findings of this study point to issues that organizations should attend to if they wish to minimize the potential for legal claims arising from termination of employment. A strong emphasis on a culture of respect and fairness will see most organizations succeed in achieving their goals with the help of some carefully designed policies and systematic management development and training for key decision makers in the organization.

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PART III

WOMEN'S ISSUES IN THE INTERNATIONAL FIRM

CHAPTER 6

WOMEN'S INTENTIONS AND FLEXIBLE WORK ARRANGEMENTS

Evidence From the Far Southeastern Corner of the EU

Christiana Ierodiakonou and Eleni Stavrou

This study extends research on women and employment by exploring the perceptions, attitudes, and intentions of unemployed women towards flexible work arrangements (FWAs). We develop and validate empirically, through group interviews, a conceptual framework suggesting that the interactions of different factors influence the intentions of women to adopt FWAs and their career aspirations. Women's intentions to work under FWAs, and aspirations, differ depending on each FWA as well as the family, personal and organizational factors relevant to them. Results raise issues about the employability of women through FWAs in a complex society and the need for policy at the organizational and the national levels.

Economic and technological factors have encouraged employers to adopt flexible work arrangements (FWAs) as a means to respond to the increasing competition, market volatility and economic recession (Brewster, Mayne, & Tregaskis, 2001). Simultaneously, changes in family life have been taking place (Crompton, 2002b; Strazdins, Clements, Korda, Broom, & D'Souza, 2006) and altogether interact with shifts of individual priorities, as women become more involved in paid employment and men with family duties (Higgins & Duxbury, 1992). These changes put pressures on individuals to find ways to harmonize their life rhythms (Aryee, Srinivas, & Tan, 2005) and on employers to introduce appropriate work schedules (Barnett Chait & Gareis, 2000) that reduce conflict between the two "greedy institutions" of family and employment (Wood & Newton, 2006, p. 344).

In the attempt to face these challenges FWAs have a significant contribution to make (Scheibl & Dex, 1998). The majority of studies on the subject have focused on women since FWAs are assumed to be more beneficial for women with work and family responsibilities (Crompton, 2002a). However, extant research on women has four main limitations: the majority of studies have been conducted (a) on employed career women, mainly at managerial or professional levels (Brett & Stroh, 2003; MacDermid, Lee, Buck, & Williams, 2001; Powell & Mainiero, 1999; Wood & Newton, 2006); (b) in the United States or other developed Western countries (Bainbridge, Cregan, & Kulik, 2006; Dex, Joshi, Macran, & McCulloch, 1998; Scheibl & Dex, 1998; Wood & Newton, 2006); (c) on the basis of personal or family-related issues (Aryee et al., 2005; Fels, 2004; Phillips & Imhoff, 1997; Tang & Cousins, 2005); and (d) considering FWAs as one or few homogeneous groups of practices (Crompton, 2002a; Dreike-Almer, Cohen, & Single, 2003; Nadeem & Hendry, 2003; Sheridan & Conway, 2001).

In this study, we extend current research on the subject by focusing on the perceptions and intentions towards such arrangements of career and non-career oriented women who are currently unemployed and live in the far Southeastern corner of the EU that serves at the cross-roads of Europe and the Middle East. The group of unemployed women, especially in the Southeastern parts of the Mediterranean, has been largely neglected in research, but merits exploration to increase reentering rates in the European labor market: to illustrate, the EU recommends that national governments include "flexicurity" in their laws to spread the use of FWAs by acting to ensure a stable employment future. Furthermore, we enlarge the scope of factors that may influence their intentions to adopt FWAs perceived by these women. Finally, we consider women's intentions towards each of a large array of FWAs. The complete model proposed in and framing the present study, shaped and validated through our empirical data, is presented in Appendix 1 and analyzed next.

To conceptualize the process through which women develop attitudes and intentions towards FWAs and to build a framework to guide the research, we adopt Ajzen's (1991) theory of planned behavior. This theory is "one of the most comprehensive accounts on how attitudes relate to behavior" (Houston & Marks, 2003, p. 200) and is based on the theory of reasoned action (Ajzen & Fishbein, 1969, 1970, 1977; Fishbein & Ajzen, 1974). It generally argues that the person's attitudes towards the behavior, subjective norms, and perceived behavioral control (we summarize these into what we name "Factors Affecting Intentions") form intentions that affect behavior. "Intentions" is actually a central concept in the framework and suggests a person's motivation to perform certain behaviors (Houston & Marks, 2003, p. 200).

FACTORS AFFECTING INTENTIONS

Through the literature, we have found factors that may fall into three main dimensions that may affect women's intentions or behaviors to work under flexible work. As explained later, these dimensions are not mutually exclusive but rather interrelated. We named these dimensions, Family, Personal and Organizational; each of these dimensions is discussed next.

Family

The intentions of individuals to work under FWAs are affected by domestic role allocation (Dreike-Almer et al., 2003) since traditional gender role expectations place men in the primary breadwinner role and women in the caregiver role (Aryee et al., 2005; Powell & Mainiero, 1992). Given that "the meaning and practice of parenting in the modern western world has been profoundly gendered" (Halford, 2006, p. 383), women with childcare responsibilities are more likely to adopt FWAs compared to men (Dreike-Almer et al., 2003). In fact, female employment increased in parallel with FWAs, indicating that women prefer employment in companies that offer flexibility (Stavrou, 2005).

Upon marriage, women often decide to sacrifice their own needs—including advancement, pay, and work hours—to satisfy the needs of their partner or family, since it is unlikely that their partner will do this instead (Crompton, 2002a; Fels, 2004; Phillips & Imhoff, 1997; Strazdins, Clements, Korda, Broom, & D'Souza, 2006). Nevertheless, support from the familial network can reduce family-work conflict and enable women to get involved in paid work (Aryee et al., 2005; MacDermid et al., 2001). Pertinent, however, is the number and age of children: having dependent

children might make reduced-hours employment necessary to also fulfill maternal roles; otherwise women will remain in full-time careers (Houston & Marks, 2003).

Part of this decision process is the availability of affordable childcare. In Europe, the considerable lack of high-quality and affordable childcare, especially for small children, is a disincentive for women's employment. Moreover, the operating hours of childcare services for older children often do not match parents' working hours; further, the high cost of private childcare remains a controversial issue in most of Europe (Joshi Leichne, Melanson, Pruna, Sager, Story, & Williams, 2002), constraining mothers' employment choices (Crompton, 2002a; European Communities, 2005).

The adoption of (certain) FWAs can enable parents to minimize childcare costs (Strazdins et al., 2006), especially in European countries where employers hardly offer childcare services and facilities (European Communities, 2005). In Central-Eastern and Southern Europe, women are invariably assumed as the primary child carers, but often rely on family members for support, whereas in Western Europe childcare is mainly done exclusively by mothers (Tang & Cousins, 2005). Perhaps the establishment of the "involved" father model would make women's sacrifices unnecessary. However, despite men's gradual involvement in domestic work (MacDermid et al., 2001), changing the forms of fatherhood is difficult (Halford, 2006).

Personal

Women's intentions to work under FWAs are influenced by their personal values, beliefs, ideas, and goals, which are in turn affected by their socialization. In many societies, it is still unacceptable for women to have young children cared by others (European Communities, 2005) and there are still "strong normative expectations that young children would be exclusively cared for by their mothers" (Crompton, 2002b, p. 4). These norms are usually internalized by women, who often argue that they prefer spending more time with their children to bring them up "properly" (European Communities, 2005; Maher, 2005).

More positive attitudes towards FWAs are held by those who believe that getting involved in both the family and employment spheres will enrich their lives (Bainbridge et al., 2006). Phillips and Imhoff (1997) found evidence that role multiplicity can increase women's self-esteem; evidence verified by Brett and Stroh (2003, p. 69) who argue that "work experiences may contribute to self-esteem in ways that family experiences cannot" (p. 69). In fact, men and women have similar motivations to

work: survival, pleasure, and contribution; not just necessity (Joshi et al., 2002; Powell & Mainiero, 1992).

Similarly, Barnett Chait and Gareis (2000) found that women who increase their workforce participation experience decreased emotional distress. Nevertheless, other findings indicate that reducing working hours can be beneficial to individual health, relationships, and work productivity (MacDermid et al., 2001). These results, though appearing contradicting, point to the same direction: a balanced lifestyle can have positive effects to both spheres (Greenhaus & Powell, 2006) because it improves quality of life (Hildebrandt, 2006).

Organizational

Corporate cultures and practices influence, even determine, individual employment intentions (Powell & Mainiero, 1992). Smithson and Stokoe (2005) explored the assumptions inherent to corporate cultures and found that FWAs are "by definition" associated with women and that employees are labeled as either moderate achievers who adopt FWAs or high achievers who pursue careers with "standard" hours. Evidently, "the workplace has been represented as a sphere for intellect, efficiency and rationality while the domestic realm ... as a place for emotion, nurturing and embodied personal relationships" (Halford, 2006, p. 385). Consequently, balance cannot be achieved unless corporate definitions of success change or are translated differently by individuals (Dreike-Almer et al., 2003; Kofodimos, 1997).

Organizational practices like upward career models, performance evaluation criteria, and long working hours, restrain employees from achieving balance (Halford, 2006; Kofodimos, 1997; Wood & Newton, 2006). Traditionally, companies defined careers in terms of vertical progression, status and rewards (MacDermid et al., 2001). However, "the modal pattern of men's careers is unlikely to provide a good fit for the modal pattern of women's careers" (Powell & Mainiero, 1992, p. 219); women look for alternative, more flexible career paths (Sullivan, 1999). Nonetheless, FWAs deviate from the traditional full-time, permanent, and secure employment model (Sheridan & Conway, 2001); therefore companies often penalize adopters (Houston & Marks, 2003). Furthermore, sexual harassment is "perhaps one of the most aversive barriers to women's career advancement" (Phillips & Imhoff, 1997, p. 13). The male employment model is nonetheless becoming increasingly scrutinized in the light of increasing concerns for equal opportunities and techno-economic changes creating a flexible economy (MacInnes, 2006; Powell & Mainiero, 1992; Sullivan, 1999).

INTENTIONS

A large proportion of people, especially those working long hours, would prefer reduced and/or more flexible hours (Scheibl & Dex, 1998); yet there is relatively low adoption of FWAs (Wood & Newton, 2006). Brewster et al. (2001) summarize the categories of people who are more eager to adopt FWAs into those who have decided to follow a more balanced lifestyle, those who do not want to make long commitments to one organization, and those who want to combine one job with another, either paid or unpaid. Likewise, Dreike-Almer et al. (2003) found that additional family time is important for FWA adopters, especially if they have children; therefore, women are more likely to adopt them (Scheibl & Dex, 1998).

Indeed, most women have positive attitudes towards FWAs because of their desire to combine employment with family even if this would mean slower career progression. It is only the minority of women that is primarily oriented toward either family or career and therefore has negative attitudes toward FWAs (Houston & Marks, 2003); career-oriented women prefer remaining childless than using FWAs (Maher, 2005). It is possible, however, that women have positive attitudes towards FWAs but do not adopt them because they fear subsequent career penalties and stigma (Scheibl & Dex, 1998; Wood & Newton, 2006). Or they are positive towards some FWAs, but negative towards others (Strazdins et al., 2006).

Women who have adopted FWAs report detrimental effects on their careers (Crompton, 2002a): slower career progression, less visible and stimulating assignments, exclusion from corporate networks, and pressure to increase working hours (MacDermid et al., 2001). Some even argue that the increasing use of FWAs leads to the "creation of a significant underclass of unprivileged and 'vulnerable' workers" (Brewster et al., 2001, p. 136). Nevertheless, many adopters are still satisfied with their choice (MacDermid et al., 2001; Nadeem & Hendry, 2003).

The household income and financial needs also affect women's decisions to adopt FWAs (Crompton, 2002a). On the one hand, women might be unable to work under FWAs if in increased financial need (Houston & Marks, 2003, p. 199). Moreover, women who occupy managerial positions are less likely to adopt FWAs (Dreike-Almer et al., 2003). In fact, the higher their educational and occupational levels the more likely they are to remain attached to regular employment because they earn enough to afford childcare services (Crompton, 2002a, 2002b), though they are more likely than others to adopt teleworking (European Communities, 2005; Halford, 2006). On the other hand, the higher the partner's occupational status, the lengthier become women's career breaks; also, single

mothers spend more time in employment compared to women with partners (Dex et al., 1998).

In summary, intentions have a very strong, positive correlation with behavior (Dreike-Almer et al., 2003), but for intentions to be carried through to behavior planning is important, especially when decisions have long-term implications (Houston & Marks, 2003). Therefore, women's intentions to adopt FWAs will be turned into behaviors if they make the necessary plans for childcare, domestic role allocation, transportation, and working hours.

ASPIRATIONS

Over the past decades, women's career aspirations have increased (Phillips & Imhoff, 1997), but women are still less likely to explicitly admit a career-orientation and often use family obligations as a defense (Crompton, 2002b). Women's career aspirations actually depend on their gender-role attitudes: traditional gender roles equal fewer career aspirations (Phillips & Imhoff, 1997). What constitutes a career, however, is personally defined: for men career means advancement, status, and rewards, whereas women view ambition as "egotism, selfishness, self-aggrandizement" (Fels, 2004, p. 51) and define careers in terms of individual growth and learning (MacDermid et al., 2001). Whatever the definition of career, some women are not interested in one and claim that they simply want a job. According to Crompton (2002b), this is often a rationalization: people who have not succeeded in the workplace cite their family responsibilities as the reason for that. Interestingly, although the majority of these women argued against being ambitious, they still expressed a need for recognition and admitted having been more ambitious when younger (Fels, 2004).

Women's aspirations are also influenced by social expectations (Fels, 2004) and in patriarchal settings like Southeastern Europe women's families should precede career aspirations (Yeandle, 1999). Given that any gender deviant behavior could have negative consequences (MacDermid et al., 2001) and that childcare services are underdeveloped and/or expensive (Gardiner, 2000; Millar, 1999), women firstly engage in full-time family caring and then (re)enter the labor market (Phillips & Imhoff, 1997).

It can be safely argued that Southern Mediterranean countries have their own distinctive way to function (Rhodes, 1997). Jurado Guerrero and Naldini (1997) elaborate on the values and attitudes that characterise the southern model: family, religion, children, and the elderly. Traditional family structures suggest that women are primarily wives and

mothers, thus preserving the male breadwinner model (Martin, 1997), but they are going through changes similar to those of their northern counterparts. Despite this late “modernisation,” traditional values are still cherished and the socioeconomic situation, social policies, and kinship structure operate to reproduce the southern family type (Jurado Guerrero & Naldini, 1997).

The discussion above provides useful insights and also generates questions for research: How do women in Southeastern Europe make lifestyle decisions? Which factors influence their decision to focus on their family and what drives them back into the labor market? What are women’s intentions towards different FWAs, how were they shaped, and what do they aspire to achieve in the employment sphere? Answering these questions is the purpose of the present study, which focuses on unemployed women who want to return to the labor market but seek arrangements that would enable work-life balance.

METHODOLOGY

This research is part of the European Union’s project “EQUAL” initiated to reinforce the European Employment Strategy, especially among new member countries. The ontological perspective that guides this research is constructionism: that social reality is multivariate and best reflected in women’s discussions (Breckner & Rupp, 2002). Given this, a qualitative methodological approach was selected to underpin this study and focus group interviews were selected for data collection. Focus groups were used to incorporate group interaction and to actively involve and empower participants (Kitzinger, 1995) since women’s experiences are better discussed and understood in group settings (Campbell & Wasco, 2000).

Convenience sampling was used to recruit participants and all volunteers completed applications to participate. This information was used to select women whose experiences would contribute the most to the research purpose. According to the research plan, 20 focus groups were conducted with 121 women during July-August 2006. The groups were homogenous enough to facilitate interaction but heterogeneous enough to enable in-depth exploration (Kitzinger, 1995). We made serious efforts to hold groups of eight participants, but this was not always possible. In turn we eliminated two groups from analysis: one with two participants and one with too many; therefore the results reported here concern 18 groups with a total of 113 participants who engaged in discussions that lasted from 1½ to 2 hours. The venues selected for the interviews were easily accessible with relaxed and comfortable environments (Blour, Thomas, Frankland, & Robson, 2002). The facilitator explained the pur-

pose of the project and got the participants' consent to record the discussion on video and audio. The protection of personal information and anonymity was guaranteed and it was clarified that recording could stop at any time anyone wished.

Analytical Procedure

The focus group interview templates were constructed upon the review of the relevant literature and organized around two broad themes: (1) employment and family responsibilities, and (2) FWA intentions and aspirations (Appendix 2). We transcribed all discussions and went through the transcripts to record one-sentence statements relevant to the themes, making irrelevant information redundant. We evaluated the one-sentence statements that were generated from the content analysis to ensure that each contributed to the research; further irrelevant statements were made redundant. Each of us separately reviewed the remaining statements and together agreed on the underlying dimensions that we felt were representative of the statements and could frame the research: family, personal, and organizational. To verify that these were encompassing, first we classified the statements in each dimension separately and then together agreed to eliminate additional statements.

To validate these classifications externally, we constructed an inventory that included definitions of the three dimensions and all the statements in random order. As a pilot, two doctoral students with no knowledge of the fields of human resource management and sociology completed the inventory and discussed their responses with us. Consequently, the definitions were revised and the wording of some statements was improved. The process was then repeated with another doctoral student of a similar background and the new version was pilot tested with three additional students whose answers coincided enough to consider this the final version of the instrument. This final version was then completed, in addition to us, by three experts in the field of human resource management who do work on women and FWAs and by two academic colleagues in Business Administration who do not have a relevant background to ensure the impartiality and independence of the final categorizations. Overall, categorizations among the five individuals were consistent among each other and with ours; we discussed any major deviations and revised accordingly to finalize the dimensions and statement categorizations.

Finally, a reliability analysis was carried out and some statements were excluded to increase the model's internal consistency, indicated by Cronbach's coefficient alpha. Therefore, the first and second dimensions ("Family" and "Personal") include 17 statements each, and the third one

(“Organizational”) 11. The most internally consistent are the family and personal dimensions (Cronbach’s alpha 0.676 and 0.679 respectively); the organizational dimension appears to be lower in internal consistency (Cronbach’s alpha 0.577).

RESULTS AND DISCUSSION

The majority of participants were between 40-49 years old, married with one or two children. Nonetheless, about 20% of the participants were divorced mothers and 18% were childless. Moreover, most participants were either high school graduates or college diploma holders, without additional qualifications or computer knowledge and were unemployed at the time of the interviews, but had been employed in the past. For a detailed demographic profile of the participants, please refer to Table 6.1.

Next we discuss the research results in relation to the model presented in Appendix 1. In addition to the results from the qualitative analysis, we present results from a set of correlations that reinforce and complement qualitative results; correlation tables are not presented due to lack of space, but the significant coefficients (where alpha is .05 or lower) are reported in the text.

Family

Results show that the behavior of women is indeed driven largely by their family situation, especially if they have dependent children. In line with previous research (Crompton, 2002a; Phillips & Imhoff, 1997) major reasons for women not to work, at least not through “standard” arrangements, were their responsibilities at home. To illustrate, almost 75% of all participants in our study, regardless of age and educational level, claimed that they are *the only ones responsible for the house and children*. Moreover, the more children women had, the more likely they were to claim sole responsibility for domestic and family responsibilities ($r = 0.23^*$), and the more likely they were to stay at home with the children ($r = 0.25^{**}$); something that verifies previous results (Houston & Marks, 2003). Only in the group of single, childless women did this percentage drop to about 50%, which is still quite high. Married mothers were more likely than divorced ones to raise children than to work, because they were more likely to afford the associated loss of income. However, university graduates were also less likely to stay home, because they had invested more in human capital.

Some women referred to the unavailability of childcare as a deterrent to their working at all or to their working long hours. More specifically,

Table 6.1. Demographic Profile of the Sample

	<i>N</i>	%		<i>N</i>	%
Age			Educational level		
20-29	12	10.6	Gymnasium	16	14.2
30-39	33	29.2	High school	42	37.2
40-49	58	51.3	College diploma	37	32.7
50-59	9	8.0	Bachelors degree	13	11.5
60 and over	1	0.9			
District			Computer knowledge		
Nicosia	47	41.6	Not at all	46	40.7
Limassol	39	34.5	Average	28	24.8
Larnaca	11	9.7	Good	20	17.7
Paphos	10	8.8	Very good	11	9.7
Ammochostos	6	5.3	Exceptional	8	7.1
Marital status			Additional qualifications		
Married with children	71	62.8	No	66	58.4
Married without children	4	3.5	Yes	42	37.2
Single without children	12	10.6			
Single with children	1	0.9	Employed in the past		
Divorced with children	22	19.5	No	8	7.1
Divorced without children	2	1.8	Yes	102	90.3
Engaged	1	0.9			
Number children			Currently employed		
None	20	17.7	No	97	85.8
1	10	8.8	Yes	16	14.2
2	44	38.9			
3	26	23.0			
4	8	7.1	Rural area		
5	4	3.5	No	85	75.2
	1	0.9	Yes	28	24.8

women commented that *private childcare facilities are very expensive* (7.1%), *childcare services are not available late in the afternoons, during nights, weekends and summer* (6.2%), and that *school/childcare operating hours are inconvenient for parents* (7.1%). These women were more likely to seek a job with convenient hours ($r = 0.28^{**}, 0.19^*, 0.20^*$ respectively). These findings reinforce existing evidence suggesting that the unavailability of appropriate childcare services determines women's employment paths (Crompton, 2002a; European Communities, 2005). Though not suggested in previous studies, findings here show that divorced mothers were more dissatisfied with the availability and cost of childcare facilities than others because their financial responsibilities require longer working hours.

In turn, the familial context also determines women's intentions to return to paid employment, perhaps under a FWA (Tomlinson, 2004). By far, the major reason is their *need to contribute income to the household* (66.4%) especially as the number of children increases and children grow up: in these cases financial responsibilities increase proportionally and cannot be satisfied by one income only. Whereas only half of all childless women discussed their need to earn an extra income, this percentage rose up to 60% for women with one child, to about 75% for those with two or three children and to 100% for those with four children. The need for additional income was also expressed by women who said that while *all they wanted to do was to raise their children, now they have to work* (8.8%). These women were mostly high-school graduates above 40 years old who emphasised that they want to (re)enter the labour market because of financial necessity only. These are somewhat contradicting with previous findings suggesting that financial need is determinant mainly for single parents (Dreike-Almer et al., 2003), but verify that financial need forces women to work even if not desired (Houston & Marks, 2003).

Other women said that when they were younger they had dreams of building a career but explained that *priorities change as one gets older, marries and has children* (23.9%), so they are willing to settle for just a job. Such opinion was articulated only by mothers, either married or divorced, though divorced mothers were more likely to indicate it, probably because they found themselves as primary family carers in an unexpected turn of life. It is therefore indeed the case that many women have 'split dreams' (Sullivan, 1999) and choose to prioritize family first. Whatever the case, many of the participants felt that their employment intentions were bounded by their family situation and suggested that they were willing to get *any job as long as the hours were convenient* (21.2%) and that *career comes second because family is their priority* (10.6%).

Finally, women's life decisions were also influenced by their membership and position in their primary families as daughters in a rather patriarchal society. Such findings were not reported by other researchers, but

the cultural context of this study generates interesting findings: 15.9% of all women said that their *parents did not allow them to finish high school or to study abroad* and 8.8% said that their *parents forced them to marry very young*. Perhaps worthy of further investigation is the fact that all these women are mothers today, either married or divorced, and have few career aspirations.

Personal

While discussing the reasons that kept them out of paid employment, women referred to their own values, goals and needs that guided their decisions and would influence their intentions to adopt FWAs. Many women chose to stay home to raise a family because they considered it an important personal value, probably influenced by the traditional cultural values (European Communities, 2005). Compared to women below 30 years old, older women—especially above 50 years old—seemed more likely to have chosen this, indicating the strong normative expectations wanting mothers at home to raise children (Crompton, 2002b). In line with Maher's (2005) finding that the concept of "proper" mothering has not changed much, even university graduates felt that children's "proper" upbringing should be done exclusively by the mother.

Fewer women referred to the fact that they had *no educational opportunities in the past* (1.8%) and therefore they got married and raised their children. One woman argued that she was *too old to learn quickly and effectively*, although she was only between 30-39 years old: to the best of our knowledge, previous studies did not refer to the lack of educational opportunities in the past as a reason not to grow further in the future. Nevertheless, the positive correlation between educational level and the statement "*I love my children but they are not enough*" (8%, $r = 0.19^*$) shows that more educated women feel that there is more to life than family. This was mainly mentioned by young women: perhaps these are caught between traditional notions of mothering and their personal need for achievement or growth (Brett & Stroh, 2003).

In their discussions about future employment, women emphasized their own needs, particularly making reference to their *need to get out and socialize because they got depressed* (35.4%) and their need to *work and do something for themselves* (20.4%). The latter were needs expressed mostly by older mothers with relatively high levels of education. Additionally, the *need to feel useful that they offer something* (31.9%) was mostly felt by younger women in their thirties who were again well-educated, but were divorced and perhaps felt that they had more to offer to their children. The need to *learn something new and use their minds* (29.2%) was expressed by women

of all ages and educational backgrounds, but the desire to *prove that they are worthy and capable* (8.8%) was mainly expressed by younger women in their twenties and thirties who were well-educated and perhaps felt that they had the potential to achieve more in their lives. Some women said that even though they *always wanted to have family and children, they now felt the need to learn and progress* (7.1%), especially if they were younger than 40 years old and well-educated. Notably, divorced mothers felt the need to learn and progress more strongly than married ones, probably because they need to succeed in the workplace to “compensate” for possible problems in their personal lives. Whatever the main personal drive of each woman, their views verify that indeed, the work sphere can offer rewards and satisfaction that boost individual self-esteem in ways that the family sphere cannot and that women seek employment not only for financial reasons (Bainbridge et al., 2006; Brett & Stroh, 2003; Greenhaus & Powell, 2006; Joshi et al., 2002).

Organizational

Asking women why they were not employed at the moment brought to light organizational practices that discouraged them from doing so. Almost half the participants mentioned that *working hours are inconvenient for mothers*, indicating that childcare responsibilities were largely incompatible with “standard” working hours. This was expected as a common problem of women and one that is reported in many relevant studies (Dreike-Almer et al., 2003; Halford, 2006; Higgins & Duxbury, 1992; Powell & Mainiero, 1992; Scheibl & Dex, 1998). In fact, we found a positive correlation between number of children and inconvenience in “standard” working hours ($r = 0.23^*$). An important finding not reported in the literature, was that long working hours are more problematic for divorced mothers: whereas fewer than half married mothers referred to the problems associated with long working hours, almost 65% of all divorced mothers did. Married women are more able to remain unemployed or secondary earners given the security provided by their spouse’s income.

Women expressing inconvenience in work hours were also likely to note that *salaries offered are low, sometimes lower than the legally defined minimum wage* ($r = 0.23^*$). This is notable because low salaries are typically associated with FWAs (Hildebrandt, 2006; Maher, 2005); no evidence for illegally low salaries has been reported elsewhere. Women with higher education compared to high-school graduates were more discouraged from low salaries because they expected higher returns on their investment, something consistent with existing research (Dreike-Almer et al., 2003; MacInnes,

2006). Although all mothers found such low salaries insulting and diminishing, they were even more problematic for divorced ones with increasing financial responsibilities. Although we are unaware of studies reporting such consistent differences between married and divorced mothers, the difference here is supported by the relevant correlation suggesting that the presence of a partner reduced the possibility of mentioning low salaries being so problematic ($r = -0.27^{**}$).

Finally, women above 40 years old, especially if they were divorced, were more likely than others to express certain opinions reflecting their past negative experiences in the labor market. These women explained that *employers do not respect employees* (13.3%) and that they are prejudiced against women: *employers see (divorced) mothers as temporary staff* (3.5%). Moreover, they perceived the *culture in companies as very competitive*, characterized by envy and jealousy among coworkers (4.4%); they even argued that *once fired, it is hard to get another job* (1.8%). These are in line with previous findings suggesting that managers perceive mothers as less committed because they cannot conform to traditional employment models (Halford, 2006; Smithson & Stokoe, 2005) and showing that corporate cultures cannot only discourage FWAs (Powell & Mainiero, 1992), but the employment decision overall.

Common Areas Among Dimensions

The categorization process of statements under the above three dimensions indicated that these dimensions should not be perceived as separate but as interconnected groups of issues that interact and overlap to produce the overall effect on each women's intentions. It seems that family-related and personal-related factors in combination affect many of the decisions and behavior of women; therefore the area in the model where these two dimensions coincide is perhaps the biggest. This is also supported by the positive correlation between the two, showing that women who mentioned family-related factors were more likely to also mention personal-related factors affecting their employment decisions ($r = 0.28^{**}$). Primary examples are women's perceptions concerning the proper way to raise children, the responsibilities of women in the family and their prioritization of family over career. While finally classified as reflections of women's personal values, these issues were also perceived as family-driven because such decisions were made due to women's membership in a patriarchal familial institution. In addition, the fact that some women had someone help with childcare and that their priorities changed over their life course, were primarily perceived as family-driven while also considered as driven by personal values and needs.

The area between the personal and organizational dimensions affecting behavior was not as large as to create much disagreement, but a positive correlation still exists between the two categories ($r = 0.23^*$): statements like *"I will not pursue a career but if I have opportunities why not?"* were classified as women's own intentions not to actively pursue a career while also interpreted as organizational in the sense that women will pursue careers if opportunities are there. Another statement in this area was: *"I am too old to have a career; there are no opportunities for older women."* This was perceived primarily as an organizational factor considering the emphasis on the corporate practice of denying older women substantial career opportunities, but was also interpreted as a personal value.

Finally, it should be mentioned that no significant correlation has been found between family and organizational factors. Nonetheless, some of the statements in these categories created some disagreements as well. To illustrate, though *"Working hours are inconvenient for mothers"* was finally labelled as organizational (working hours were viewed as corporate practices), this statement was also driven by familial responsibilities and roles.

Intentions to Adopt FWAs

The overall intentions of participants towards each FWA (noted on a 5-point Likert scale, where one (1) stood for "not at all willing to adopt" and five (5) for "very willing to adopt") were about average. Examining the means of responses, women had more positive intentions towards flexitime (3.80), part-time (3.68), home-based (3.43), and tele-working (3.36), whereas they were more negative towards weekend (1.56), shift (1.85), and seasonal work (1.88). Specifically, 70% of all women were either quite or very willing to adopt flexitime, 59% part-time, 57.3% home-based work, and 54.7% tele-work. The negative intentions towards certain FWAs were evident by the percentages of women who were not at all or somewhat willing to adopt them: 93.2% for weekend work, 90.2% for shift work, 85.5% for seasonal work, 79.5% for temporary contracts, and 75.2% for overtime. Opinions were rather divided concerning other FWAs. While the results of our study were somewhat expected since extant research notes that some FWAs may obstruct family life instead of facilitating it or vice versa (Strazdins et al., 2006), hardly any studies exist that consider unemployed women's intentions towards each of these FWAs.

Part-time was among arrangements that attracted the interest of study participants because they were familiar with it and they found reduced working hours particularly convenient. In the literature, part-time is the most available form of flexibility but is not always employee friendly (Brewster et al., 1997). In this study too, there was one main argument in

favour of part-time and one against it, both commonly cited in the literature (Scheibl & Dex, 1998; Tang & Cousins, 2005; Tomlinson, 2004), and both more often raised by women 20-49 years old, though important for women of all ages: part-time *enables women to take care of their children* (27%) was considered very important by all mothers, but better-educated divorced mothers and single women were more likely to indicate that part-time work means *reduced salary* (24%).

Job sharing generated rather contradicting and weak reactions because most women were unfamiliar with it and therefore expressed their concerns rather than their intentions to adopt it. Differently, the literature presents job sharing as an employee friendly FWA (Scheibl & Dex, 1998; Stavrou, 2005). In this study, 42% of all women noted that their decision would *depend on whether they would be able to cooperate with the other person sharing the job* and 20% raised their concerns asking *who would work more and who would take responsibility for mistakes* under such an arrangement. Some women disapproved job sharing arguing that it *means reduced salary* (12%), an argument more common among single and divorced women. Although the higher the education of women, the less likely they were to have positive intentions towards adopting job sharing ($r = -0.226$), highly educated women recognized some of its advantages. Specifically, these women found it important that job sharing *offers flexibility* (15%), *it is convenient for mothers* (9%), and *it means that someone can cover them in case of an emergency* (12%). The last advantage was mentioned more by divorced mothers and single women, probably important in the absence of a partner who would be able to handle an emergency at home.

Despite the growth of **shift work** in Europe (Brewster et al., 2001), women in our study were sceptical about it; only about one third were willing to adopt it, but only if the shifts were *during the day and especially in the morning*. These women were mainly 30-49 years old, with basic education; marital status or number of children were not important. Another similar group of women (18%) noted that adopting shift work would *depend on factors like the shift frequency, the work environment, and the salary*. Few women (mothers, 40-59 years old) explicitly expressed positive attitudes towards shift work (i.e. *it allows free time for other obligations and for the family*) without conditions. Another argument in favour of shift work was raised by younger women (20-29 years) who were highly educated and more likely single or married with one child: *shift work reduces boredom and routine*. The more children women had and the more educated they were, the more likely they were to claim that *shift work creates childcare problems* (24%). Another argument was that shift work is *very tiring* (20%); oddly, the more children they had, the less likely women were to say so. These results are not surprising since shift work is cited as an arrangement that mainly benefits employers than employees (Dex & Scheibl, 1998).

Like shift work, **overtime** has negative effects on employees and gradually on employers, since it reduces job satisfaction and efficiency (Sullivan, 1999) and cannot be considered as a FWA (Dex & Scheibl, 1998). Nevertheless, women in the present study had mixed feelings about overtime: more positive among those with career aspirations ($r = 0.22^*$), though about one third of all participants said that overtime could be *ok as long as they are warned in advance and it is not continuous*. Women who held this attitude were more likely divorced, highly educated mothers. Interestingly, single women tended to consider the *increased money* associated with overtime as an important advantage of this arrangement, especially if they were in the 30-49 age range. This explains the fact that the presence of a partner reduces women's intentions to work overtime ($r = -0.19^*$). Nevertheless about one fifth of the participants, aged 20-49 years, argued that overtime creates childcare problems.

Women were more positive towards **compressed work week**, something generally consistent with the literature as well (Dex & Scheibl, 1998). Well-educated mothers between 20-49 years old mentioned more often that compressed work week *allows free time during workdays* (30%) and that it *provides flexibility and control* (20%). Some married ones could not decide if they would adopt this arrangement and simply said that *it depends* (15%). They found that this arrangement would *require many working hours during a day* (18%) and it would therefore be *impossible for women with young children* (21%).

Discussion on **annual hour contracts** was somewhat limited because participants were unfamiliar with it and articulated neutral and sceptical opinions. In favour of annual hour contracts, 20% noted its *flexibility* benefits; an advantage that was perceived mainly by young, childless, highly-educated women. Older ones, 30-39 years old, were somewhat more sceptical, regardless of their marital status and educational level: they said that such a contract would just be *better than unemployment* (15%) and that their intentions would *depend on the agreement with their employer* (18%). Even older women, especially those above fifty years, and with a relatively low educational level, were more likely to simply *prefer a fixed schedule* (12%), probably because the concept of such a contract was foreign to them.

The arrangement with the most positive reactions was **flexitime**; a popular FWA in European countries because it seems beneficial to both employees and employers (Brewster et al., 1997). Almost half of all women in our study, regardless of their demographic characteristics, indicated that flexitime *enables them to take care of their children*; the better-educated, younger women noted that flexitime is *ideal* (20%) and that it *gives flexibility and control* (23%). The latter was mentioned more often by divorced and single women since the absence of a partner increases

women's intentions to adopt flexitime ($r = -0.19$). Flexitime is among the favourite employee-focused FWAs cited in the literature as well (Scheibl & Dex, 1998; Stavrou, 2005).

Seasonal work generated rather negative reactions and intentions: these are consistent with reports that seasonal work creates insecurity and lack of benefits (Brewster et al., 1997). Particularly highly-educated, divorced mothers in our study with more than two children were more likely to argue that seasonal jobs are *temporary and insecure* (34%) and that they *offer low and unstable income without benefits* (15%). Moreover, highly-educated mothers in the 30-49 age range were more likely to say that available seasonal jobs were *during the schools' summer holidays* (17%) and would therefore create childcare problems. Few women recognized some advantages associated with seasonal jobs: women 30-49 years old simply said that a seasonal job would just be *better than unemployment* (18%); single highly-educated women in the 30-39 age group were more likely to say that seasonal jobs *offer variety* (5%); and older women above 50 years old, who had children and were either married or divorced were more likely to appreciate the fact that seasonal jobs *allow some rest during some months of the year* (4%).

Similar were women's reactions to **temporary employment**. In fact temporary and seasonal work are positively correlated ($r = 0.31^{**}$) showing that women perceive them in similar ways. Many participants argued that such arrangements are *insecure and temporary* (34%); a disadvantage which was important for all women 20-49 years old, but more important among more educated women and among divorced mothers (73% of all divorced mothers). Moreover, the more educated women and those with more children argued that temporary jobs *offer low and unstable income*. Some younger women without partners and of low educational levels argued also that getting a temporary job *reduces the possibility of getting a more permanent position* (5%). Mothers between 30-39 years were more neutral and admitted that their decision to take a temporary position would *depend on the contract duration* (9%). It was mainly a group of younger women, in their thirties and mainly in their 20s, without children, who found temporary jobs *better than unemployment* (27%) and that they *offer variety and opportunities for learning* (14%).

Associated with temporary employment was also **weekend work** ($r = 0.21^*$), for which participants again expressed mainly negative opinions; more than half, especially those 20-39 years old without partners, argued that *weekends are for the family*. Further, 20% of participants noted that weekend work does not offer any *time for rest and/or to go out*. This was particularly important for older mothers (40-59 years old) and more educated women, because they had different perceptions concerning quality of life. Nonetheless, some women had more positive attitudes towards

weekend work: *it would be ok for 1-2 weekends per month* (20%) and *it allows time off during the week* (7%). The majority of women with more positive intentions were 40-49 years old, though the older women were the more positive intentions they were likely to have ($r = 0.26^{**}$). Moreover, 60% of these women were married with children; the lower their educational level the more likely they were to be positive towards weekend work. Finally, single childless women were more positive towards weekend work compared to others: to illustrate, four young, highly-educated childless women liked weekend work because it means *more money*.

Home-based and tele-work were discussed by participants simultaneously since they are similar FWAs. Here, opinions were somewhat contradictory, verifying the argument of Huws, Korte, and Robinson (1990) that for women workers with family commitments, tele-work may not be perceived as an alternative option to going to work in an office but as an alternative to having no paid employment at all. In our study, correlations show that the absence of a partner increases the intention to adopt either one of these arrangements ($r = -0.23$). In fact, women below 40 years old recognized that these arrangements *enabled them to take care of their children* (28%) and *reduced transportation and clothing costs* associated with work (9%). The more educated women of this group also recognized that these FWAs *gave flexibility and control* (30%) and allowed them to *work in their own place, away from 'tough' employers* (13%). Similar arguments are presented in the literature in favour of these FWAs (Huws et al., 1990; Stavrou, 2005). But two main disadvantages of home-based and tele-work were recognized by women: these arrangements would cause *social isolation* (32%); it would be *difficult to implement them because there are many distractions in the house and therefore discipline and planning would be necessary* (23%). The latter was more likely to be mentioned by highly-educated, married mothers and by those with more children. Huws et al. (1990) would agree that female tele/home workers experience greater isolation and that planning is essential.

Aspirations

Women were explicitly asked whether they would actively pursue career advancement and in agreement with extant research (Fels, 2004; MacDermid et al., 2001), most women asked to specify what a "career" means before responding. In turn, we schematically imagine women's aspirations along a continuum, at the one end of which are those women who clearly said that they simply want a job and not a career, and at the other end those who said that they want a career. Nonetheless, only a minority of women gave such explicit answers; the majority are located along this

continuum, leaning towards either end, but indicating factors that would influence or even frame their aspirations.

Moreover, results suggest that women's financial needs, indicated more clearly by the presence of a partner, the presence of children, and women's educational level, were the most determinant factors shaping their aspirations. Therefore, we conclude that women's articulated aspirations have been shaped more by the realities of their lives than by their personal goals and dreams. Additionally, and in accordance to the relevant literature (Fels, 2004; Phillips & Imhoff, 1997), many women hesitated to answer to the career or job question, especially if their answer leaned more towards the career end, exactly because they viewed such an aspiration as selfish and in contrast to their roles as wives and mothers: many women preferred to define 'career' in terms of learning and personal development (i.e., having opportunities for training and personal growth).

Located at the one extreme of the continuum without aspiring for a career are more likely to be women who are in the 30-49 age groups, but none who is above fifty years old. There is, however, an interesting differentiation between mothers and childless women: mothers were more likely *not to want a career because it requires long hours something incompatible with motherhood*, whereas one fourth of childless women *simply want a job and not a career*. Findings then may suggest that some women "used" their role as mothers to justify their lack of career aspirations (Crompton, 2002b), whereas childless women were unable to do so. Nonetheless, it is equally likely that mothers "prohibited" themselves from aspiring for a career because they perceived their role in the family as more important (MacDermid et al., 2001). Whatever the case, the two statements at this end of the continuum are positively correlated ($r = 0.31^{**}$). Women who are located to this end of the continuum appear to have a low educational level in their majority and although some college graduates are placed at this end of the continuum, the lower women's educational level, the greater their aspirations to be job oriented ($r = -0.23^*$).

At the other end of the continuum we only found a minority of women, one tenth of all participants, who explicitly said: "*I want a career, yes! Why not?*" These women generally have a very consistent demographic profile that was found in previous research as well (Crompton, 2002b; Phillips & Imhoff, 1997): they are all young, below 40 years old (more likely in their 20s), and highly-educated, more likely university graduates. Moreover, the majority of these women are either single and childless or married mothers and none is divorced. Results therefore suggest that for women to feel comfortable and safe enough to explicitly say that they aspire for a career they must have the necessary qualifications and the financial security, either in the sense that they have no dependants or they have a partner

already providing for their dependants. It would be rather naïve and superficial to claim that divorced women as a group have no career aspirations; rather results show that their role as sole providers of their family and hence the associated financial responsibilities places their personal wants lower in their priorities.

In fact women without a partner were far more likely than others to say that *a career comes second and money is the priority*; this statement has a negative correlation with the presence of a partner ($r = -0.32^{**}$), verifying that the absence of a partner reduces the importance of career in the light of financial needs. Compared to married mothers, from whom only one said this, 18% of all divorced mothers made this claim, as well as 25% of all single ones. Moreover, money appears to be the priority of young (20-29) and older women (50-59), the former perhaps because they are at a stage in their lives where they are entering the labour market and forming families and the latter because they need to support their families and older husbands. Finally, it seems that education is not very important here because 12% of all women with a very low education placed a career after money and so did 8% of all university graduates.

Leaning more towards the “career” end of the continuum but without explicitly saying it are mainly women in the 40-59 age group, regardless of the presence of a partner. In fact, the older women were, the more likely they were to say either that *they will not pursue a career but if they have opportunities, why not?* or that *if they have opportunities why not? It depends on the job and the environment*. These two statements are actually positively correlated ($r = 0.20^{*}$), but age has a positive statistically significant relationship only with the latter ($r = 0.27^{**}$). Mothers were more likely than others to claim the above, especially if they had one or two children, though it appears that highly-educated women were more likely to say that a career would depend on the given opportunities, whereas for lower-educated women that it would depend on the job and the environment. Finally, it is interesting to note that women’s job aspirations were positively correlated with family-related factors ($r = 0.21^{*}$), whereas their career aspirations with personal-related factors ($r = 0.24^{*}$).

CONCLUSIONS, LIMITATIONS, AND IMPLICATIONS

The results of the study are very rich and analyzing their meaning is still at the beginning stages. Nevertheless, they provide empirical support for the conceptual framework developed and proposed in this study. Focusing on a sample of unemployed women who want to (re)enter the labor market, and employing a qualitative research approach, we sought to understand which factors shape their intentions towards each FWA and career aspirations.

Family-related factors are of paramount importance and often cause changes in women's life plans, especially if they have children. Quite interesting is that older, lower-educated women generally choose a different life path than younger, better-educated ones. The first group is more likely to prioritize family over employment until children are grown or financial need necessitates involvement in paid employment. The second one is more likely to pursue a more balanced lifestyle and avoid prolonged absence from the labor market. In both groups availability and cost of childcare are important determinants to their employment decision, especially if they do not have a partner. In addition, financial need is an important driver for seeking employment since the need to care for others imposes additional financial burdens.

Personal factors that influence women's decisions seem highly influenced by their social context and age. The notion for "proper" mothering does not appear to have changed significantly and most women still believe that children should better be raised by their mothers. However, older women seem more influenced by these normative beliefs while younger women seem to be caught up in a transitional state, where they try to balance "proper mothering" with their need to work. Results also show that through employment women try to achieve social and personal needs, in addition to financial ones.

One of the most important organizational factors that influence women is the lack of well-paying, part-time jobs, constraining women's choices to full-time positions with hours that are inconvenient, especially for mothers. Women without partners and/or highly-educated women were also especially displeased with the low, even illegal, levels of salaries. Moreover, women with various work experiences referred to the competitive culture and prejudice of employers as factors discouraging them from paid employment all-together.

All these factors combined influence women's intentions and aspirations, and generally make them more favorable towards FWAs that offer flexibility and control of their time, but more negative towards more insecure ones. This was particularly the case for women without partners with increased financial responsibilities. Few women expressed a clear need for career or a need for only a job: without career aspirations are middle-aged women with low-educational level and aspiring for a career are young, highly educated women. Most women are placed along a continuum between career and job, with divorced mothers to clearly prioritize money over a career and older women to lean towards the "career" end but being hesitant to express it. Most women consider the traditional notion of career as a selfish pursue of advancement and prefer to consider career in terms of learning and personal growth.

The above results brought to the surface a clear view, from the women's side of the story, of the important issues that concern women's employability through FWAs. Many of the issues discussed, raise the need for policy at the organizational and possibly the national levels in order to help such employability while at the same time remaining profitable and/or effective: for example, how can such women better balance their employed with nonemployed life through FWAs without feeling like second class citizens? How can organizations change in light of women's views and become better employers for them? Further, how may national governments or other relevant constituents reinforce better organizational practices: what are the infrastructures and policies necessary within a society to help women (want and be able to) return to the labor market through FWAs? Finally, what are the possible effects of managing a diverse work force in a complex world to our respective societies?

Perspectives of Research

The aforementioned questions are critical to the advancement of extant research on the subject and the present study has provided the women's side of the story. Despite the valuable insights generated by this study, its limitations need to be acknowledged and considered when data are interpreted and conclusions are drawn. To start with, the data collection method is subject to group dynamics that might affect or even silence women's views (Campbell & Wasco, 2000) and discourage discussion on very sensitive issues (Kitzinger, 1995). Moreover, respondents might give socially desirable, rather than truthful, answers in group settings and the researcher might influence responses and/or interpret them subjectively (Ritchie & Lewis, 2003). Qualitative research methods also offer little room for generalizations (Ramazanoglu & Holland, 2004). Although our intention was not to create generalizable results, but to explore and understand women's perceptions, intentions, and aspirations, we recognize that if we had combined focus groups with quantitative methods, data would be enriched and analysis would not be limited to qualitative insights. Nonetheless, time limitations influenced data collection decisions and dictated methods that would enable adherence to defined project deadlines.

Moreover, since convenience sampling was used, results can only be generalized to the specific group. It should also be taken into consideration that we surveyed volunteers; therefore differences between participants and nonparticipants might have influenced our results. The final turn-up to the focus groups was also beyond our control; therefore we had groups of varying sizes and somewhat unpredicted composition. Also pertinent to the sampling procedure was the resulting sample, which

was mainly composed of unemployed women. This indeed enabled research on a rather neglected group, but it also deprived the chance of comparing it with employed women with different intentions and aspirations to produce more comprehensive results. Results could also be enriched if time permitted discussion on additional issues that would widen the scope of this study.

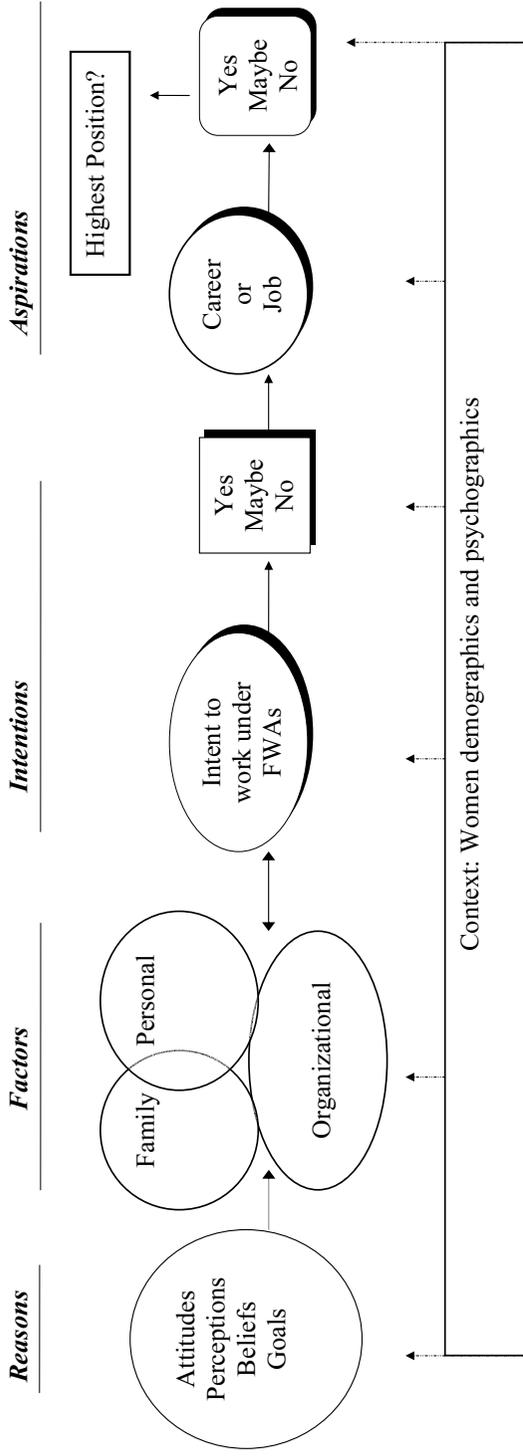
The limitations and findings of the study point the direction for future research, which could effectively combine qualitative and quantitative methods to produce more reliable results and to draw a holistic picture of women's intentions and aspirations. Moreover, future research could use larger samples including both employed and unemployed women and therefore enabling the generalization of results to the female population. Though the group of unemployed women merits further analysis, comparisons between employed and unemployed women could bring to light further important issues and implications. Larger samples would also enable comparisons between women with partners and women without partners to further validate the differences between these groups that were revealed here. In addition, future research could also compare men and women to find if different factors shape their intentions towards and aspirations under FWAs. Finally, FWA practices and their effectiveness should be examined from the organizational perspective, even from a national policy perspective, in order to match organizational with women needs, thus ensuring that societal concerns are also addressed. Generally, larger-scale studies which would combine different methods, across different countries, could produce results to enable a targeted development of FWAs to mainly support women, but generally to promote a more balanced lifestyle.

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APPENDIX 1: RESEARCH MODEL OF WOMEN'S INTENTIONS TO WORK UNDER FWAS



Appendix 2: Focus Group Questions

Family/Employment

- Who has most of the responsibilities in the household for the house and family?
 - Do you have help from another person?
- Your husband/partner has enough time to help around the house?
 - Working hours, other obligations outside working hours
- Generally, you would characterize yourself as a person who has as a priority:
 - Career, job/employment, family, personal life any combination
- Why aren't you currently employed?
- Why do you want to find a job?
- In which sector/field/position would you prefer being employed? Why?
- Would that be a career position for you? How would you see your job?

Flexible Work Arrangements (FWAs)

- Under which circumstances would you be willing to work?
 - Have you ever worked under a FWA?
 - When? Why? Experiences/opinions? Advantages and disadvantages?
 - Have you ever asked an employer to adopt a FWA?
 - Why? Which were their reactions?
 - Would you consider working under any FWA?
 - Which FWAs would be suitable for you? Why? Under which circumstances?
 - What reward types/levels would you be willing to accept under each FWA that suits your needs?
 - Generally, do you believe that working under a FWA would be good for you or not?
-

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CHAPTER 7

GENDER EGALITARIAN VALUES, INSTITUTIONAL EQUALIZATION AND ROLE DIFFERENCES AMONG FEMALE AND MALE HR MANAGERS

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Building on insights from institutional theories we analyze how varying levels of cultural gender egalitarianism and institutional equalization influence role differences in strategic integration and administrative involvement between male and female HR managers. Our analysis of senior HR managers in 22 countries based on data from the Cranet survey reveals that cultural and structural features of modernity are interrelated on the societal level, but differ in their effects on sex role differences on the organization level. While cultural egalitarian values reduce sex role differences in both strategic and administrative tasks, institutional equalization neither has a direct effect on sex role differences, nor is the effect of institutional equalization mediated by egalitarian values. The study underscores the importance of cultural values for reducing sex role differences in job compositions but also suggests that structural equalization promotes these values. We dis

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cuss some implications from these findings for managerial strategies on improving female HR professionals' roles.

A growing body of research examines the division of work between female and male human resource (HR) professionals (e.g., Hardin, 1991; Monks, 1993; Roos & Manley, 1996; Simpson & Lenoir, 2003). While human resource management as a profession has traditionally been a female domain (Legge, 1987) and women today are even more in number than men in the HR profession (Roos & Manley, 1996), only few women are represented in senior managerial HR positions (J. Kelly & Gennard, 2001). Recent research indicates the persistence of status differences within HR positions. Traditionally male HR professionals are associated with managerial tasks while women are overrepresented in administrative functions. Given the descriptive character of many studies on female HR professionals, causes of such differences have received little attention in empirical studies (for exceptions see Gooch, 1994; Simpson & Lenoir, 2003). Especially the question to what extent role differences between female and male HR professionals are nationally contingent, has been neglected in this context.

Neoinstitutional theory provides strong arguments for the relevance of societal modernization for role differences between female and male professionals. In particular, worldwide modernization and rationalization processes promote institutional arrangements and cultural attitudes that remove traditional forms of sex segregation by gender egalitarianism (see Meyer, 2001; Ramirez & Wotipka, 2001). In order to gain legitimacy, organizations need to adopt their structure and conform to such social environments (Meyer & Rowan, 1977). Consequently, in a context with high level of egalitarianism the relevance of gender specific role-models for staffing positions in organizations decreases. However, depending on countries' histories, levels of economic and cultural integration of societies (Jepperson, 2002; Jepperson & Meyer, 1991), gender egalitarianism differs across national contexts.

The purpose of this chapter is to analyze cross-nationally how gender egalitarianism affects role differences between female and male HR managers. In our study we investigate two aspects of sex-role differences: *strategic integration* represents the degree of managerial work and *functional HR responsibilities* involvement with administrative functions. Traditionally female HR professionals more likely deal with administrative functions whereas male HR professionals rather conduct managerial activities. These two roles also represent important elements in the current discussion on the appropriate status of the HR function (see Larsen & Brewster, 2003; Schuler, 1990; Walker, 1989). We assess the effects of gender equali-

tarianism on these two roles separately because responsibility of functional HR and strategic integration can vary independently from each other (Budhwar & Sparrow, 1997).

A number of studies have examined the connection between varying levels of gender egalitarianism and status differences (e.g., see Charles & Bradley, 2002). They emphasize that modernity promotes cultural egalitarian values as well as institutional equalization (i.e., female empowerment). Whereas there are different positions about the mutual relations of these two dimensions of egalitarianism and about their distinctive effects on reduction of female segregation. Since institutional equalization of women often results from governmental interventions, we argue that cultural values undermine traditional sex-role differences in senior HR positions to a greater extent than structural equalization.

With our examination of the mutual relation and specific impact of these two factors, we seek to elaborate on previous macro analyses that tend to be indifferent about the influence of institutional and cultural variables (Schwartz, 2004). Our analysis sheds light on how these dimensions of modernity are interrelated and which dimensions of egalitarianism are specifically relevant for within job differences.

In addition, our work complements previous research conducted by HR researchers on individual factors affecting status differences among female and male HR professionals (see Canniffe, 1985; Gooch, 1994; Simpson & Lenoir, 2003) and expands previous work on different positions of female and male HR professionals (e.g., Monks, 1993) by looking at differences in the composition of tasks in positions of the same category. Since we focus on female and male HR professionals in HR director positions, our study also helps expanding the empirical base for the under investigated field of women at the top management level (Linehan, 2002).

We focus on countries where organizations mostly have specialized HR units and HR functions are conducted at the organizational level, so we can address the question how gender affects the roles of the most senior HR manager. For the empirical study, 7,346 privately owned companies with more than 200 employees from 22 countries included in the 2004 Cranet survey round (for the Cranet survey see Brewster, Mayrhofer, & Morley, 2004) are aggregated on country level and combined with publicly available macrodata for these countries.

CONCEPTUAL BACKGROUND

Universalism and Gender Egalitarianism

According to world polity approach, worldwide modernization processes consecutively erode traditional sex-role differences when a univer-

sal concept of individual actorhood emerges (Meyer, 2001; Meyer, Boli, & Thomas, 1997; Meyer, Boli, & Thomas, 1989). Modernization implies the worldwide expansion of ideological egalitarianism. This promotes the replacement of traditional sex segregation ideologies in different countries by gender-egalitarian cultural norms and institutional equalization of women (Jackson, 1998).

According to world polity approach, there is a worldwide replacement of traditional particularistic schemes through universal standards associated with modernity. World cultural models of progress and justice encourage egalitarianism between individuals in general fostering expanded models of political citizenship; these then provide compelling rationales for promoting women's rights (Ramirez, 1997). Such cultural models are universalistic in the sense that supranational forces (e.g., international organizations and conventions, female rights organizations) provide normative mandates for gender equality throughout the world that promote the diffusion of these egalitarian principles.¹ When these mandates are adopted on the national level, sex segregation is rejected for multiple reasons and is replaced by the norm of equalization. Equalization becomes a morale desire, a legal right and a pragmatic (i.e., economic) argument.

Gender egalitarianism is present on the national state level in justice and legislation (also labeled as legal egalitarianism), on the organization level in human resource practices (Dobbin & Sutton, 1998; E. Kelly & Dobbin, 1998), and is also mirrored in guidelines for proper decision-making on individual level. "Standardization involves not only national states but also identities of individuals" (Ramirez, 2001, p. 359).

In the following sections, we develop our hypotheses about the relations between egalitarian cultural values and institutional equalization and how these relations may affect sex-role differences between female and male HR managers.

Institutional Equalization and Gender Egalitarian Values

Ideological norms pressure nation states for gender-neutral occupational allocation. Nations cannot ignore these mandates and, thus, incorporate them in their national frameworks and rules (Meyer, 2001). In the context of modernization, nation states establish citizenship rights and rights for women in particular, so sex segregation is continuously reduced (Ramirez & McEneaney, 1997).

Institutional equalization (also labeled as female empowerment) is a composite of women's social, health, and employment equality ("Women's Social Equality," 1988). Cultural gender egalitarianism encompasses the value that women and men are equal. Gender-egalitarian values mean

that people reject ascribed gender roles and apply normative standards of “equal opportunity” in their behavior (Charles & Bradley, 2002).²

There are three different positions about the relation between cultural egalitarianism and institutional equalization. First, culture and practice are seen as consistent, so gender equality is greater in nations whose culture emphasizes egalitarianism. The dynamic relationship between ideology and social environment is a reciprocal one (Charles & Bradley, 2002, p. 576; Lamont & Thévenot, 2000).

Second, culture causally influences change in gender equality (Schwartz, 2004). Egalitarian cultural values encourage a view of people as autonomous decision makers who are able to take social responsibilities voluntarily. This common emphasis fosters gender equality.

However, this view is rejected by theories that argue that stereotypes are very stable and connected with power relations, so they can only be altered by *external* developments. “In general, public sentiments about the kinds of work appropriate for women change *after* rather than *before* occupational feminization” (Reskin, 1991, p. 173). Costly sanctions are an argument for placing women ahead of men. Reskin illustrates this point with the feminization of broadcasting profession in the United States where women were initially excluded because their voices supposedly lacked authority. News reporting was not opened to women because of attitudinal changes towards female newsreaders but because of the threat of radio stations losing their broadcast licenses.

Thus, the *third* perspective argues that universalistic structures gradually become taken for granted by the population leading to concordant attitudinal shifts (Meyer, 2001). Increased participation of women, though seen as undesirable and problematic initially, over time can receive a state of normality. Tolbert and Zucker (1996) argue with reference to Berger and Luckmann (1966) that new practices—once established—are transformed into routine patterns which are perceived as normal. Institutionalization does also happen with practices that have originally been perceived as undesirable because people tend to forget about their original meaning (Brunsson & Olsen, 1993). Forgetfulness is particularly promoted when the institutional environment is homogenous, signaling that equal treatment of women occurs in many different areas of social life and no alternatives are possible. Based on this we argue that institutional equalization promotes gender egalitarian cultural values.

H1: There is a positive relationship between institutional equalization and gender-egalitarian cultural values.

Gender Egalitarian Values and Sex-Role Differences Among HR Managers

Important guidelines for one's behavior are ascribed role stereotypes (Reskin & McBrier, 2000). Role stereotypes portray individuals' adherence to gender-egalitarian ideals and the categorization of other individuals according to perceived characteristics of a group. Gender occupational stereotypes imply a distinction between work that is more appropriate for men than for women and vice versa. Such stereotypes are particularly important in role-making processes. Gender-role stereotypes affect both, the self-perceived aptitude and availability of women as candidates for traditionally male-ascribed positions and the selection of female applicants by decision-makers for such positions.³

Neo-institutionalism sees labor division across fields of specialization as socially constructed, depending on the ascribed femininity or masculinity of a field. We argue that the prevalence of gender egalitarian norms is likely to diminish gender-specific ascriptions because it will lead to collective changes in female identity. In line with these arguments, women are less tied to traditional sex-role models and spill-over into male dominated fields of study and occupations (Bradley & Ramirez, 1996; Davis, 1984; Ramirez & Weiss, 1979).

Gender-role stereotypes are also mirrored in the functional labor division between male and female HR professionals. In HR literature, there is a polarization between male and female aspects of personnel management (e.g., Legge, 1987, 1995; Simpson & Lenoir, 2003; Townley, 1994).

Male HR professionals and managerial work/strategic integration. Although the human resource management profession has a rather feminine image (Niven, 1987), women often have less formal authority and less "real" influence than male HR professionals. Legge (1987) even argues that women's significance in HR departments is in an inverse relationship to the power of the HR department in the organization. In line with this, empirical research shows that female HR managers are underrepresented in higher level positions (Canniffe, 1985; Gooch, 1994; Long, 1984; MacKay, 1986; Monks, 1993; Roos & Manley, 1996). Recent research in the U.S. context suggests the persistence of a gender specific division. Simpson and Lenoir (2003) show that labor content differs considerably between male and female HR professionals. While female HR professionals are more likely to engage in service-orientated behaviors, male HR professionals are more likely to adopt conflict-related activities. Evidence for differences between male and female HR directors also exists for participation in actual strategic decision making (Brandl, Mayrhofer, & Reichel, 2008).

Gooch's (1994) study of career experiences of female HR professionals in the United Kingdom finds that among the reasons why female HR pro-

professionals are unable to catch up with male professionals are attitudinal barriers for accessing managerial positions and low career expectations. Universalism refers to how “natural” the sexual division of labor is perceived by individuals in a distinctive societal context (Ramirez & Wotipka, 2001). Thus, we propose that strong gender-egalitarian values open up elite male-dominated fields to women.

H2a: There is a negative relationship between cultural gender egalitarianism and the differences in strategic integration of male and female HR directors.

Female HR professionals and administrative activities/functional responsibility. While the stereotype of managerial work is more connected with male professionals, administrative activities are traditionally perceived as female roles (Anker, 1997). In line with this, specialization of female HR professionals in administrative HR functions is well documented in empirical research. For example, Canniffe (1985) finds that women working in personnel are either employed in administrative and record keeping functions or become “agony aunts,” resolving personal problems of employees instead of accumulating managerial knowledge. In addition, many female HR professionals are found to be more satisfied subordinates seeing upward progression as less important than leading a balanced life (Gooch, 1994). Even at the senior management level, HR professionals are involved with administrative workload to varying degrees (see Brewster, Larsen, & Mayrhofer, 1997). Recent claims state that the workload from involvement with such operative activities hinders the HR professional to increase his/her managerial activities.

Again, gender egalitarian values decrease the individual’s perception of the naturalness of the sexual division of labor. Thus, we propose that strong cultural gender egalitarian cultural values reduce discrepancies in administrative responsibility between female and male HR managers.

H2b: There is a negative relationship between gender egalitarian values and the differences in functional HR responsibilities of male and female HR directors.

Institutional Equalization and Sex-Role Differences Among HR Managers

Are there any *direct* effects from institutional equalization for sex-role differences among female and male HR managers? A number of studies indicate that institutional equalization, that is, the participation of women in a social environment and advancements in societal status (e.g., income)

reduce sex-role differences (see Rubinson, 1976). The argument behind this is that the state becomes responsible for promoting universal justice including equal treatment of women and men. Accordingly, Ramirez and McEneaney (1997) argue that “an activist state is more likely to be a favorable climate for transformations in the status of women” (p. 17). As we have already stated above, the social environment provides guidelines and incentives for conformity with equal treatment of women and men.

Despite of the plausibility of such arguments we propose that institutional equalization has no direct effect on sex-role differences between female and male HR managers. First, institutional equalization is likely to be driven by governmental interventions (e.g., affirmative action programs, legislation on antidiscrimination). State interventions can occur where cultural attitudes do not correspond with egalitarian ideals (Charles & Bradley, 2002 report on weak relations between legal and cultural egalitarianism proxies). Coercive pressures are rejected and promote deinstitutionalization (Oliver, 1992). In line with this, a greater balance in the sex composition of occupations does not necessarily imply decreased segregation of jobs (Mandel & Semyonov, 2006; Reskin, 1991). “Given the sources of feminization ... it should come as no surprise that occupational-level desegregation did not bring job-level integration” (Reskin, 1991, p. 173).

Second and related to the first argument, institutional equalization, if promoted by governmental interventions is limited in its reach. The likelihood that changes in social environment—particularly when not supported by culture—have consequences for areas that cannot be *directly* controlled by legislation is low. Equal opportunity legislation may be able to influence how many women are taken into HR director positions, but cannot control, how strongly these female HR managers are involved with managerial and with administrative activities. The often coercive nature of institutional equalization and their limited reach for promoting universalism within positions of the same occupational type, leads us to the proposition that institutional equalization has no impact on sex-role differences on.

Following, we assess whether empirical patterns of sex-role differences correspond with these propositions.

METHOD

Sample

The data for our analysis has been generated within Cranet, a research network dedicated to analyzing developments in HRM in public and private organizations with more than 200 employees in a national, cross-

national and quasi-longitudinal way since 1989 (Brewster & Hegewisch, 1994; Brewster, Mayrhofer, & Morley, 2000; Brewster et al., 2004).

The two most important objectives of this internationally, comparative survey were, at the outset: (1) to research whether a pattern of convergence of HRM practices in the included countries can be found over time, and (2) to identify whether changes in personnel policies towards a more strategic human resource management approach occur (Brewster, Tregaskis, Hegewisch, & Mayne, 1996). Currently, after six major survey rounds more than 30,000 organizations are included in the Cranet database.

For the analysis at hand private company data from countries taking part in the 2004 survey round is used. For our study we select countries with an established HRM system.⁴ We exclude companies in which the HR department doesn't have any responsibility for any of the HR functions asked for in the questionnaire. Because information about the HR director him- or herself is vital for our analyses, we only include companies where the most senior person of the HR department answered the questionnaire. This yields 7,346 companies from 29 countries included in the study. Analyses are conducted on the country level. For seven countries a major country level variable is not available. The remaining 22 countries are listed in the sample description in Table 7.1.

Measures

Gender egalitarian values that are found in a particular country are measured as the percentage of individuals in a country that (strongly) reject the statement: "A man's job is to earn money; a woman's job is to look after the home and family;" gathered within the framework of the International Social Survey Program (ISSP) 2002—Family and changing gender roles III. Therefore it potentially ranges from 0 to 100. Although a single item measure Charles and Bradley (2002) argue that "this survey item provides an excellent indicator of individuals' adherence to liberal egalitarian ideals because such ascribed roles assignments are strongly at odds with modern norms of ... equal opportunity and free choice" (p. 576). For tests showing the validity of this measure see Charles and Bradley (2002).

Institutional equalization is captured using the gender empowerment measure (GEM) published in the Human Development Report 2002 (United Nations Development Programme, 2002). Different from prevailing egalitarian values in a country it measures *actual* economic and political participation of women. It is composed of the percentage of seats women hold in parliament, the percentage of female legislators, senior officials and managers, female professional and technical workers as well as the ratio of female to male earned income. All submeasures are population-

weighted and indexed to an ideal egalitarian value of 50%. Then the average of these three sub-measures representing parliamentary, economic and income participation is formed (for details on the calculation see United Nations Development Programme, 2002, p. 257). The GEM theoretically ranges from 0 (complete exclusion of one sex) to 1 (gender-parity).

Our conceptualization of strategic integration includes “formal” as well as “informal” strategic integration (Galang & Ferris, 1997). The scale (ranging from 0 to 2) measures the membership of the HR director on the board of directors and his or her integration in the company’s strategy formulation.

We measure functional responsibility of HR directors by the HR department’s responsibility for major decisions on various HR management issues: pay and benefits, recruitment and selection, training and development, and industrial relations. The question for measuring involvement of HR directors was “With whom does the primary responsibility lie for major policy decisions on the following issues?” Answering options were “line management” (0), “line management in consultation with HR department” (1), “HR department in consultation with line management” (2), and “HR department” (3). The scale is calculated as the sum of responsibilities for each of the four functions and can therefore range from 0 to 12.

Since this study is primarily concerned with equality of strategic integration and functional responsibility of female HR directors in various countries we next construct scales measuring differences on the country level. The variables “difference in strategic integration” and “difference in functional responsibilities” are calculated as follows: For each country the two groups of HR departments led by women and men are formed. The absolute values of difference in mean strategic integration and mean functional responsibility in the two groups are calculated for each country.

As control variables we include mean company size, the percentage of HR directors with an academic degree, the HR directors’ mean number of years of HR experience and the size of the HR departments relative to the company both measured in number of employees⁵ (given in percentage for descriptive statistics). Previous research (e.g., Simpson & Lenoir, 2003) suggests that despite gender egalitarian values characteristics of the HR director (education and experience), of the company (size) and the department (relative size as a proxy for significance of the HR function) are likely to have an impact on role differences. The countries’ gross domestic products at purchasing power parity per capita serves as a proxy for wealth and is thus included in one analysis to control our results for effects of economic progress (Ramirez & McEneaney, 1997, p. 17).

FINDINGS

Table 7.1 provides the disaggregated sample description giving information on characteristics of HR departments and HR directors in each of the 22 countries separately. It also includes the numbers of companies from which the mean and percentage values for the aggregated sample are calculated. In most countries the companies included show an

Table 7.1. Sample Description Per Country

Country	Organizational Size	Academic Degree of HR Director	HR Experience of HR Director	Relative Size of HR Department	Number of Companies
	Mean	Percentage	Mean	Mean Percentage	
Australia	300	76.53	15.78	1.41	259
Austria	450	63.68	14.22	2.61	270
Belgium	453	67.25	15.14	1.37	230
Bulgaria	400	94.83	11.90	.94	157
Cyprus	211	84.91	12.00	1.19	85
Czech Rep.	707	77.55	8.52	1.76	72
Denmark	252	56.86	11.03	1.80	516
Finland	430	83.73	16.14	1.62	293
France	470	92.39	14.31	1.21	140
Germany	400	82.14	16.54	1.00	320
Hungary	290	75.76	8.83	1.18	59
Israel	469	82.35	15.25	2.77	175
Italy	653.5	84.52	19.01	2.51	117
New Zealand	181	67.74	12.18	1.10	286
Philippines	650	100.00	15.48	2.20	56
Slovenia	398	73.86	14.01	.83	161
Spain	387	95.12	13.99	1.17	158
Sweden	739	76.39	17.98	2.18	383
Switzerland	300	61.76	14.03	4.31	311
Netherlands	293	33.75	13.97	2.07	397
United Kingdom	450	59.21	15.71	1.33	1,115
United States	605	94.48	20.31	1.89	260

average size of 400 to 500 employees. The range in our sample that deliberately excludes smaller companies lies between 181 and 739. In almost all the countries (except The Netherlands) the majority of HR directors have graduated from university. Except for Hungary and the Czech Republic their experience in the field of HRM ranges between 10 and 20 years. Most of the HR departments are about 1 to 2% in size of the whole company.

Table 7.2 provides descriptive statistics of the disaggregated sample further differentiating between the two groups of HR departments with female and male directors and also showing the differences in strategic integration and functional responsibility which serve as our dependent variables in the following regression models. In 20 of the 22 countries HR departments led by women are less strategically integrated than those with male directors. HR departments with female directors in the majority of countries show a higher degree of functional responsibility. Gender egalitarian values for most of the countries range from 50 to 70% with Bulgaria, Czech Republic and Hungary around 30% and the Philippines less than 15%. Institutional equalization only ranges from 0.50 to 0.82 with the Scandinavian countries on top and Philippines, former communist countries and southern countries Italy and Cyprus showing the lowest values.

For the main study on the aggregated level we are concerned with the mere difference between HR departments with female and male directors and not with the direction of differences, on which the descriptive statistics per country provide an insight. Descriptive statistics for the aggregated sample are reported in Table 7.3.

The mean gender egalitarian value of the countries included is 54.75 (theoretical range 0 to 100). Difference in strategic integration can—like the scales the differences are calculated from—range from 0 to 2. The actual mean is 0.20. The mean value of difference in functional responsibilities (possible range 0 to 12⁶) is 0.75. On average the HR departments of a country show 1.82% of their company's size that on average reaches 401.5 employees. The average HR director has an experience in the field of 14.37 years and on average 76.58% of the directors earned an academic degree. The correlations suggest significantly negative associations between gender egalitarian values and the difference in strategic integration and functional responsibility between female and male HR directors. Gender egalitarian values are highly associated with institutional equalization which in turn does not show associations with the difference in strategic integration or functional responsibility.

Table 7.4 aims at capturing the relationship between gender egalitarian values, institutional equalization and differences in strategic integration. Model 1 shows that institutional equalization significantly

Table 7.2. Descriptive Statistics Per Country

Country	Gender		Institutional		Strategic Integration			Functional Responsibility		
	Egalitarian Values		Equalization		Female HR Directors	Male HR Director	Difference	Female HR Directors	Male HR Directors	Difference
Australia	56.40		.76		1.15	1.44	.29	7.53	6.89	.64
Austria	45.90		.75		1.04	1.23	.18	6.67	6.08	.59
Belgium	58.10		.71		1.36	1.62	.26	6.42	6.55	.13
Bulgaria	28.90				1.08	1.24	.16	5.65	4.78	.87
Cyprus	47.80		.53		.50	1.05	.55	6.80	7.63	.83
Czech Rep.	29.90		.56		1.22	1.63	.42	6.19	6.84	.65
Denmark	66.40		.82		1.21	1.47	.26	5.89	5.35	.54
Finland	67.80		.80		1.57	1.62	.04	5.98	5.38	.60
France	61.90				1.75	1.89	.14	8.13	7.36	.77
Germany	68.90		.77		1.16	1.32	.16	6.78	6.48	.30
Hungary	30.20		.50		.98	.93	.06	7.44	6.90	.54
Israel	59.20		.60		1.52	1.62	.11	8.10	8.36	.26
Italy	67.50		.54		1.56	1.67	.11	9.00	8.66	.34
New Zealand	62.50		.77		1.01	1.15	.13	5.96	3.90	2.06
Philippines	14.60		.50		1.44	.78	.67	6.86	9.34	2.48
Slovenia	54.00		.59		1.65	1.57	.08	6.92	5.77	1.15
Spain	77.70		.70		1.50	1.52	.02	7.76	7.90	.14
Sweden	67.95		.82		1.74	1.80	.06	6.26	6.25	.01
Switzerland	59.00		.72		1.29	1.50	.21	6.12	5.74	.38
Netherlands	67.90		.78		1.34	1.46	.12	6.50	6.28	.22
United Kingdom	61.90		.68		1.01	1.26	.25	7.32	6.94	.38
United States	52.50		.76		.96	1.05	.09	7.94	7.79	.15

Table 7.3. Means, Standard Deviations and Correlations

<i>Variable</i>	<i>Mean</i>	<i>SD</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>
1. Gender egalitarian values	54.75	15.97								
2. Institutional equalization	.67	.13	.73**							
3. Difference in strategic integration	.20	.18	-.56*	-.22						
4. Difference in functional responsibility	.75	.71	-.52*	-.25	.61**					
5. HR experience of HR director	14.37	3.64	.42	.12	-.28	.53**				
6. Academic degree of HR director	76.58	14.88	-.35	-.43*	.10	.32	-.09			
7. Mean organizational size	401.50	171.53	-.17	-.21	-.08	.39*	.67**	.12		
8. Relative size of HR department	1.82	.03	-.35	-.16	.24	-.01	-.30	.00	.30	
9. Gross domestic product	19,798.9	8,741.04	.75**	.80**	-.24	-.53**	.45*	-.49**	.07	-.15

n = 20

* *p* < .05

** *p* < .01

Table 7.4. Results of Regressions: Differences in Strategic Integration

<i>Independent Variables</i>	<i>Model 1: Dependent Variable: Gender Egalitarian Values</i>		<i>Model 2a: Dependent Variable: Difference in Strategic Integration</i>		<i>Model 3a: Dependent Variable: Difference in Strategic Integration</i>		<i>Model 4a: Dependent Variable: Difference in Strategic Integration</i>	
	<i>b</i>	<i>b</i>	<i>b</i>	<i>b</i>	<i>b</i>	<i>b</i>	<i>b</i>	<i>b</i>
Constant	-8.52	.47		.36		.55		
Gross domestic product	.001							
Institutional equalization	65.88*							
Gender egalitarian values		-.01*						-.01*
Academic degree of HR director		-.001		.003				-.001
HR experience of HR director		.02		-.02		.02		.02
Mean organizational size		.000		.000		.000		.000
Relative size of HR department		.15		.15		.12		.12
Adjusted r^2	.56	.17		.03		.16		.16
F value	12.99**	2.24 [†]		1.16		2.24 [†]		2.24 [†]

$n = 20$

[†] $p < .10$

* $p < .05$

** $p < .01$

Table 7.5. Results of Regressions: Difference in Functional Responsibilities

<i>Independent Variables</i>	<i>Model 1:</i> <i>Dependent Variable:</i> <i>Gender Egalitarian</i> <i>Values</i>		<i>Model 2b:</i> <i>Dependent Variable:</i> <i>Difference in</i> <i>Functional Responsibilities</i>		<i>Model 3b:</i> <i>Dependent Variable:</i> <i>Difference in</i> <i>Functional Responsibilities</i>		<i>Model 4b:</i> <i>Dependent Variable:</i> <i>Difference in</i> <i>Functional Responsibilities</i>	
	<i>b</i>		<i>b</i>		<i>b</i>		<i>b</i>	
Constant	-8.52		1.78					
Gross domestic product	.001							
Institutional equalization	65.88*							
Gender egalitarian values			-.02 ⁺		-.55		1.38	
Academic degree of HR director			.01		.02		-.03*	
HR experience of HR director			-.004		-.11		-.01	
Mean organizational size			-.001		.000		-.001	
Relative size of HR department			-.18		-.37		-.28	
Adjusted r^2	.56		.14		.21		.14	
<i>F</i> value	12.99**		2.25 ⁺		2.27 ⁺		2.24 ⁺	

$n = 20$

⁺ $p < .10$

* $p < .05$

** $p < .01$

influences egalitarian values. Model 2a besides control variables includes egalitarian values as the explanatory variable for difference in strategic integration and it has a significantly negative influence on the dependent variable. In Model 3a the predictor variable institutional equalization does not influence difference in strategic integration. In fact the whole model is not significant. Integrating both measures of egalitarianism in Model 4a also leads to a significant influence of values and to no influence of institutional equalization. Clearly, we do not see a relationship between institutional equalization and difference in strategic integration—neither a direct one nor one mediated by egalitarian values. Gender egalitarian values in contrast are associated with institutional equalization and also have a negative influence on differences in strategic integration.

Table 7.5 in the same manner Table 7.4 wants to comprise the relationship between the two measures of egalitarianism and differences in functional responsibility. A similar picture emerges. Gender egalitarianism as has been shown already is significantly associated with institutional equalization and has a significant influence on difference in functional responsibilities. Institutional equalization has no effect on differences in functional responsibilities. Again we find no signs of a mediated relationship. An interesting detail is that the insignificant, negative influence of institutional equalization in Models 3a and 3b turns into a positive one given a certain degree of gender egalitarian values. Figure 7.1 summarizes the results of our regression models.

The residuals of all 3 models are normally distributed and their levels of autocorrelations are not substantial (Durbin Watson between 1.70 and 2.22). Calculation of the variance inflation factors doesn't indicate multicollinearity. The distribution of the residuals doesn't raise suspicion of strong heteroskedasticity.

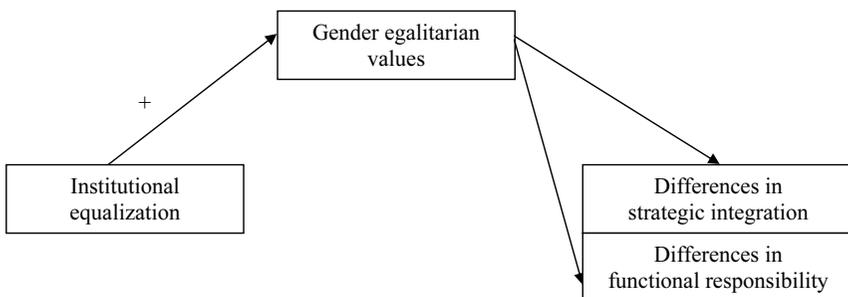


Figure 7.1. Effects of Institutional equalization and gender egalitarian values (results of regressions).

DISCUSSION AND CONCLUSIONS

Adding to the scarce empirical evidence on cross-national patterns of sex-role differences of HR professionals we have analyzed how varying levels of cultural gender egalitarianism and institutional equalization influence role differences between male and female senior HR managers.

Our study shows that cultural and structural features of modernity are interrelated, but do not equally influence segregation on the organization level. We found that gender egalitarian cultural values reduce sex-role differences in both strategic and administrative tasks, whereas institutional equalization neither has a direct effect on sex-role differences nor is its influence mediated by cultural attitudes. This underscores the neo-institutional argument that value shifts are important determinants for reducing sex-role differences. Neo-institutionalism pays particular attention to the importance of cultural norms and values for explaining gender stratification suggesting that women's status develops depending upon the cultural modernization characterizing a given national context (Ramirez & McEneaney, 1997; Ramirez, Soysal, & Shanahan, 1997).

The association between societal norms and sex-roles that we found in our study suggests that egalitarian norms pervade any kind of organization, for example, different company sizes and industries. The argument of cultural values is discussed in recent institutional research with the label "cognitive availability." Cognitive availability means that institutional rules need to be actively used in order to be relevant for behavior (Scott, 1995, p. 40). Insofar, our findings also may be interpreted as support for the relevance of cognitive presence of egalitarianism.

In a broader perspective the study provides empirical evidence for the question "do cultural differences matter." While previous studies emphasize the relevance of individual factors such as professional HR experience for sex-role differences (Simpson & Lenoir, 2003) we found that given a certain level of egalitarianism individual professional characteristics do not significantly influence sex-role differences. Our findings also indicate that cultural features better explain cross-national patterns in differences among female and male HR managers than institutional equalization. Thus, it is unlikely that cultural values are mere artifacts and proxies for the structural features of egalitarianism. The different effects of cultural and structural features on sex-role differences also have methodological implications. As Charles and Bradley (2002) suggest, cultural values measure actual sex segregation more directly than other egalitarianism proxies (e.g., structural, legal). We advise that future analyses clearly need to differentiate between egalitarianism measures.

Although institutional equalization is not associated with role differences among male and female HR managers, our findings do not neces-

sarily imply that institutional equalization is irrelevant for reducing sex-role differences among position holders. In fact, our analysis suggests that structural equalization supplies egalitarian values. This supports the assumption that universalistic structures gradually become taken for granted in the population leading to concordant attitudinal shifts. The result that culture does not mediate the impact of structural features may be explained by the different dynamics of these developments. As Schwartz (2004) notes “gender equality has changed fairly rapidly over the past 25 years, while culture change, as noted, is slow” (p. 63).

While in this study we mainly wanted to understand the cross-national variations in role differences among female and male HR managers, our findings also have practical implications for improving the status of female HR professionals on the organizational level. Affirmative action (e.g., quotas for women in managerial positions) is similar to institutional egalitarianism. These activities may have no short time effects on reducing traditional gender roles of women’s within these positions. But in the long run, these institutional changes may turn into “facts” that could transform organization members’ attitudes and further remove sex-role differences within these positions. Institutionalization is particularly supported when a holistic affirmative action strategy is used, integrating similar activities (e.g., formal management systems for avoidance of gender-stereotyped performance evaluation) and thereby creating an egalitarianism friendly social environment that makes deviation less likely (Oliver, 1991). This process may be accelerated by high personnel turnover which furthers forgetfulness about differentiation between male and female managers (Brunsson & Olsen, 1993, p. 42) and by an integrative organization culture that ties organization members’ values strongly with the organization’s ideals.

So far, theories of sex discrimination—including institutional theory—treat organizations almost as black boxes (Baron, 1991, p. 113). Future studies need to incorporate the organizational level into analyses for assessing how egalitarianism becomes objective “facts” and what factors cause resistance to egalitarianism pressures. This requires different research methods (e.g., ethnographic studies). Furthermore, longitudinal studies need to examine whether improved structures enhance egalitarian cultural values. Finally, future studies should expand the focus from the two roles of HR managers that we have studied to other traditional sex-role stereotypes (for an overview see Anker, 1997). Since the focus of modernization is directed towards female integration (Ramirez, 2001), investigations of the impact of egalitarianism on traditionally male dominated occupations are promising.

NOTES

1. In contrast to demand driven explanations for reduction of differences between women and men (e.g., labor market supply), world polity approach emphasizes that the distinctive national histories and societal contexts mediate prevalence of equalization norms.
2. In contrast to social psychological approaches, which also emphasize internalized social norms for action, neo institutionalism sees individual values as strongly tied to societal belief systems.
3. Of course, for applying gender egalitarian ideals one does not need to be individually convinced by the rightness of such norms and action is also possible against such norms. But in contexts where gender egalitarian norms are broadly acknowledged, the use of ascribed gender roles is likely to be socially sanctioned.
4. For the Philippines, scholars state significant developments in establishing professionalized HRM systems in the last years (see Rowley & Benson, 2003).
5. Relative size of HR department is given as size of the HR department divided by size of the company for the regression analyses and in percent ages for the descriptive statistics.
6. Since we excluded companies where the HR department is not responsible for any HR functions, the theoretical range is actually a bit narrower.

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PART IV

CROSSING CULTURES: ISSUES IN EXPATRIATION AND REPATRIATION

CHAPTER 8

GOVERNANCE OF PSYCHOLOGICAL CONTRACTS VIA RECIPROCITY

The Case of International Expatriation Management

Maïke Andresen and Markus Göbel

Expatriate assignments of management employees represent an important activity for personnel management. Expatriates frequently see opportunities to advance their career development, and companies tend to pursue the goal of developing global leaders. However, significant rates of repatriates leaving the company do pose one of the major problems faced by companies. This study aims at investigating the role of psychological contracts in this respect, linking it to the theoretical concept of reciprocity. On the basis of a qualitative investigation into the expatriate assignments of managers we are able to show that the dominant conception of reciprocity in the research on psychological contracts is to be developed further. It can be seen that in addition to utilitarian motives which are characteristic of the dominant research paradigms, there are also prosocial motives based on fairness, honesty and justice which underlie the alternating actions of both employer and

employee in expatriates' psychological contracts. Conclusions are drawn concerning the theory of reciprocity on the one hand and their relevance for expatriate management on the other.

With increased globalization more expatriate managers are being sent on foreign assignments by multinational corporations (Employment Conditions Abroad [ECA] International, 2007). Expatriates are employees who live and work in management positions outside of their country of citizenship. Our study focuses on assignments of between 1 to 5 years' duration. The aims of the managers taking on such assignments differ from those of their respective companies. Whereas employees see mainly opportunities to advance their career development, good financial incentives or personal lifestyle benefits as the rewards of a period of working abroad (Stahl, Miller, Einfalt, & Tung, 2000), multinational companies regard such assignments as a way to control the foreign subsidiary and to develop its personnel (Stahl et al., 2000; Fischlmayr, 2004).

Despite the fact that both parties have a mutual vested interest in the assignment, empirical studies have shown that there are frequent problems both during and following the period spent abroad. Problems that companies face are among others significant rates of employees leaving their company after repatriation of up to half of the expatriate population (GMAC, 2005). For companies this means that the corporate goals can hardly be achieved and the organization suffers from a missing return on investment. Among the most important reasons for the high failure rate are career issues (Riusala & Suutari, 2000; Stroh, 1995). In this regard several studies highlight the role of unfulfilled psychological contracts (e.g., Lazarova & Caligiuri, 2001; Yan, Zhu, & Hall, 2002). This research indicates unmet expectations by employees as reasons for repatriates leaving the company.

The purpose of this research study is to analyze the exchange relationship between employee and employer and the nature of an expatriate's psychological contract, in order to specifically address the needs, expectations and reciprocal obligations as perceived by the expatriate. A special emphasis is laid on the role of reciprocity with respect to a perceived fulfilment or breach of the psychological contract. In order to be able to manage the psychological contract there is a specific need to examine the nature of the reciprocal exchange, the various types of the exchanged goods and services and the dominant mode in which the exchange takes place. Hence our question to be researched is: Which forms of reciprocal interaction take place within the context of psychological contracts of expatriates?

The empirical research was done in cooperation with two multinational companies in the production sector in Germany each being responsible for an entire group of German expatriates. Expatriates being on a development move were interviewed in a qualitative study.

This chapter is divided into two parts. In the first part, a review of the research on psychological contracts of expatriates is given. In addition, the concept of reciprocity is explained and its role for the exchange relationship of expatriates and their employer is worked out. In the second part, the results of our empirical study are presented and conclusions are drawn concerning the theory of reciprocity on the one hand and for expatriate management on the other.

PSYCHOLOGICAL CONTRACT OF EXPATRIATES AND THE ROLE OF RECIPROCITY: STATUS OF RESEARCH

Expatriate assignments usually involve the drawing up of an explicit formal agreement between the individual concerned and his or her company, which encompasses the tasks and responsibilities the company obliges the employee to perform, as well as the remuneration package to be received by the employee in return. However, the reciprocal expectations and obligations of both parties may extend far beyond the terms of the formal agreement and therefore coexist implicitly in the form of a psychological contract. The employees' expectations towards the employer depend on the perceived willingness of the company to support him beyond the terms of the formal agreement. With reference to the outlined exchange situation, we would define psychological contracts as the perception of reciprocal expectations and obligations between employer and employee in a given work relationship (e.g., McLean, Parks, Kidder, & Gallagher, 1998). According to this definition the organization is the partner of the psychological contract. This means that employees interpret organizational policies, practices and treatment (including HR practices) as indicators of the organizations' support of and commitment to them. Employees personify and reify the organization, seeing it as a person or actor and a concrete, holistic entity (Whitener, 2001).

Expatriate assignments are particularly significant for the psychological contract due to the fact that the relationship between the expatriate and the employer is one which is especially close and which cannot be compared with that between the employer and domestic employees. Guzzo, Noonan, and Elron (1994) assume that expatriates have a somewhat broad and relationship-based psychological contract with their employer; as in addition to their work their entire personal and family life abroad is influenced by the employer. The employer will, for example,

endeavour to find employment for the expatriate's spouse, is engaged in childcare and education by paying for schooling and, in some cases, for household help, as well as making provision for the accommodation and the safety of the expatriate and his or her family.

Extensive psychological contracts, as are usual for expatriate assignments, may turn out extremely positively for the employer, in that the fulfilment of contractual obligations and the associated significance for both the professional and personal life of the employee can lead to an enormous strengthening of the bond between the expatriate and the organization. Lazarova and Caligiuri (2001) shew that the support given on the part of the organization had a positive influence on the expatriate's willingness to stay with the company. Yan et al. (2002) further conclude that expectations regarding the positive effect the expatriate assignment would have on future career development also acted as an incentive during the period spent working abroad.

The reverse side of the coin does, however, also mean that a perceived breach of contract or failure to fulfil the obligations in full will lead to a more intense degree of reaction than would be expected in the case of less comprehensive contracts. The risk of nonfulfillment of comprehensive contractual obligations on the part of the organization is also much higher, as the dangers of infringement on one's personal life, insufficient support or the nonfulfillment of expectations can never be completely excluded in such complex cases as an expatriate assignment (Guzzo et al., 1994). Unfavorable experiences regarding insufficient planning for a return to the home country (Stahl et al., 2000), a lack of recognition of the knowledge gained (Jassawalla, Connelly, & Slojkowski, 2004), or even a downturn in career (Ferraro, 2002) can frequently lead to deeply-felt disappointment on the part of the expatriate. If such negative experience is then perceived as a breach of contractual obligations, this can result in the expatriate suffering stress reactions and decreased productivity at work according to Lewis (1997).

The concept of reciprocity as a form of alternating balance of interests is frequently a decisive factor in research in the field of psychological contracts. Reference is hereby made to Blau's (1964) social exchange theory (e.g., Coyle-Shapiro & Kessler, 2002; Dabos & Rousseau, 2004), who distinguishes social exchange from economic exchange. Only social exchange "tends to engender feelings of personal obligation, gratitude, and trust; purely economic exchange as such does not" (Blau, 1964, p. 94). Nevertheless, according to Ekeh (1974), Blau's psychological terminology should not allowed to disguise "the crucial importance of economic motivation in his social exchange theory" (p. 169). As a representative of the rational choice model Blau regards an exchange relationship as a series of strategic games (Cropanzano & Mitchell, 2005).

If the respective mutual performance in an exchange relationship is balanced, then reciprocity can be said to prevail. If, however, the relationship is unbalanced, then one-sided obligations and their associated dependencies develop (Blau, 1964). The unilateral advance of obligations—as is characteristic of psychological contracts—therefore tends to lead to an unfair distribution of power. In this respect it is only rational when “employees feel obligated to reciprocate in order to create balance in the exchange with the organisation” (Shore & Barksdale, 1998, p. 733). Ultimately, the basis for the behavioral exchange between the rationally calculating actors and the associated psychological contract between them results only from their reciprocal contributions towards their mutual gain in utility (Dabos & Rousseau, 2004), leading to a stabilization of the work relationship.

This predominantly utilitarian perspective with regard to exchange relationships has not, however, been without its critics. Sparrowe and Liden (1997) criticize for example that “the differences between actual social and economic exchange have not been described in ways that would indicate why social exchange leads to trust ... but economic exchange to vigilance” (p. 524). If one were in principle to apply the same self-serving motivation to act in each form of exchange, then it is difficult to explain why in one case should encounter prosocial behavior and yet in another case opportunistic behavior.

However, the origin of prosocial behaviour is the crux in every psychological contract. Since the specific nature of psychological contracts lies in the exchange of goods and services that exceed those regulated in the employment contract or which are commonly seen as usual. In this respect they can be interpreted as gifts with reference to Mauss (1968). The system of gifts does indeed have a morality of its own, which works to create collective solidarity and therefore to stabilize systems. According to this position, the obligation felt to reestablish a balance through an equivalent service in return is morally based. “The ‘norm of reciprocity’ and the ‘principle of give and take’ are moral norms and principles that operate to restrain absolute ‘individual self-interest’ for the achievement of greater harmonious relationships in social life” (Ekeh, 1974, p. 59). From the anthropological point of view the norms of morality and prosociality influence the behavior of the individual and therefore ensure loyalty to the contract.

Hence, the degree to which a psychological contract is fulfilled cannot be measured only in terms of whether each of the contractual parties alternately fulfils his or her material and ideal obligations, but is equally dependent upon whether the organization “live[s] up the norms and standards of reciprocity and goodwill that govern the relationship” (Morrison & Robinson, 1997, p. 248). The relevance of prosociality

regarding the functioning of psychological contracts is also emphasized by Guest (1998). In his opinion the perceived fairness of the promises made and the accredited trust regarding the fulfillment of the terms of the contract are of central significance. If “the moral and not the utilitarian basis” (Befu, 1980, p. 202) appears to be necessary for accepting the service, then this does not mean “to preclude utilitarian considerations from Mauss’s theory” (p. 202). As Mauss (1968) indeed emphasizes, every social order is fundamentally based on the principle of reciprocity, a prototype of the contract in which morality and the economy operate simultaneously.

On the whole it further explanations are needed for why some repatriates leave their employer whilst others stay, and which role fairness and trust play in this context. The theoretical basis regarding psychological contracts is limited in literature in this respect. The focus of our study is therefore on working out the complexity of forms of reciprocal interaction and exchange between expatriate and employer within the framework of expatriates’ psychological contracts and the influence of this on repatriates’ willingness to stay with the employer.

METHODOLOGY AND DATA

The study reported here was designed to identify the kind and complexity of reciprocity underlying psychological contracts of expatriates. We randomly selected 38 expatriate managers from two producing companies to participate in the study. Each manager was asked to describe and discuss their expectations and obligations regarding their foreign assignment as well as critical incidents regarding their fulfillment. Consistent with our research goals we chose an inductive approach and qualitative methods.

In order to discover the complexity of psychological contract and of the reciprocal exchange between managers and the German headquarters as perceived by the individuals, we selected among managers on various stages of their assignments abroad in a variety of countries, with a diverse professional and family background. The functional areas represented in the sample are production, finance, marketing, IT, and human resources. The collection of empirical data took place in the form of semistructured interviews. We focused on only German interviewees so as to avoid distortions resulting from national culture. Each interview lasted 40 to 90 minutes, and was conducted either in person on the company’s premises in Germany or by visual telephone, depending on the whereabouts of the interviewee. All of the interviews were carried out by one person to preserve the impression of a conversation, and all of the interviews were carried out by the same person. The specific purpose of the interview was to

learn as much as possible about managers' perceptions, concerns, (anticipated) reactions, observations and thoughts in connection with their foreign assignment. A detailed set of open-ended questions that we asked each participant in the same order guided these interviews. To elicit rich details and explore areas of special significance to an interviewee in depth, further questions were added during the interview. The goal of the data collections was to understand the perspectives of participating managers, how they saw events through their own eyes. All interviews were recorded and transcribed so that the raw data could be systematically analyzed.

Data were collected on:

- how the expatriate assignment came about and the factors influencing the development of the psychological contract,
- the content of the psychological contract,
- the interviewee's perception of the change in mutual obligations and expectations during the course of the expatriate assignment,
- the reaction to failure to fulfil any elements of the psychological contract and the effects this had on him/her,
- the interviewee's personal estimation of the significance of the assignment for one's career as well as
- the effect of the expatriate assignment on the basis of trust held in the parent company.

The analysis procedure followed the grounded theory approach formulated by Glaser and Strauss (1967) and Strauss and Corbin (1990). The approach was theory guided (Strauss & Corbin, 1990), meaning that our research question and tentative frame of reference stemmed from a thorough knowledge of the literature on expatriation, psychological contracts, and reciprocity, but no hypotheses were developed *ex ante* and verified later on. Rather, data collection and simultaneous interpretation are the means of developing the hypotheses and concomitant theories (Strauss & Corbin, 1990; Yin, 2003) about the relationship between expatriate and employer. The strength of this exploratory nature of the approach is the possibility to open up and expand existing conceptual frameworks. Its interpretative quality gives access to the substance of this relationship's deep-seated dimensions in particular.

In the data evaluation phase we first analyzed the interviews individually with regard to the expatriates' relationship to the company. Subsequently, we compared, contrasted, and typed the relationships, using qualitative-quantitative software, MAXqda (comparable to AtlasTI or Nudist). For this purpose, we coded the data (i.e., interview passages) by

using a constant comparative analysis in which each indicator for the researched phenomenon was assigned to an emerging open coding system, until all of the interviews were completely assigned to one or multiple codes. By means of axial and later on selective coding we condensed the initially generated 23 codes to 4 categories: transfer motivation, forms of reciprocity, transfer resources and transfer modi. Afterwards each of the categories was further developed by means of identifying subcategories (utility, morality, balanced reciprocity, generalized reciprocity, services and goods related to tasks/jobs, services and goods related to personal relationships/individuals, calculated trust, relational trust), and these were then substantiated on the basis of their dimensional characteristics (Strauss & Corbin, 1990).

We ran internal checks on the data's validity by continually including additional expatriates, modifying our conceptual categories or creating new ones, and adapting our emerging theory and tentative hypotheses as became necessary in the light of new or inconsistent information. When new categories ceased to form, all information appeared to be accounted for by our hypotheses, and the results were highly consistent, we concluded that our conceptualization had achieved theoretical saturation

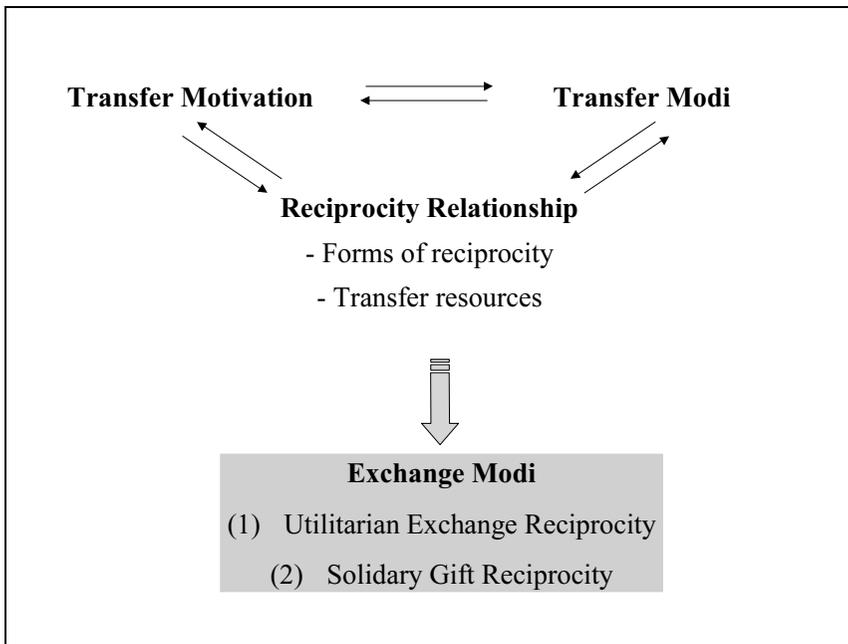


Figure 8.1. Categories, relationships, and resulting exchange modi.

(Kirk & Miller, 1986), the point at which this process of constant comparison may end.

The two of us independently coded all the interview data and subsequently compared the coded categories for overlaps and disagreements. We thereby arrived at a common set of categories, which was then used to recode all the data. This process contributes to ensuring that the coders interpreted the data in the same fashion and did not overlook relevant information. We employed similar checking and reconciliation processes during axial coding.

RESEARCH RESULTS: THE EXCHANGE RELATIONSHIP WITHIN THE CONTEXT OF THE PSYCHOLOGICAL CONTRACT BETWEEN EXPATRIATE AND EMPLOYER ANALYZED FROM AN EXCHANGE THEORETICAL PERSPECTIVE

With reference to the theories described at the beginning of this chapter, and with regard to the psychological contracts in the context of expatriate assignments, we can identify two exchange modi as dominant types: (1) a utilitarian exchange reciprocity and (2) a solidary gift reciprocity (cf. Figure 8.1).

Transfer Motivation: Utility Versus Morality

The individual motives for taking on an expatriate assignment are manifold. There is the *“desire to work in a different cultural environment,”* the idea of *“doing something of benefit to our children,”* the *“personal enthusiasm for a new task,”* an interest in *“getting to know other sectors”* and the desire for positive career development: *“The expatriate assignment is one step in my development plan to enable me to reach the next management level.”* With reference to individual motives two ordering systems at a higher ranking level can be recognized in which the intended actions of the parties involved—expatriate, parent company and host company—alternately adjust to one another. In one of the governing systems utilitarianism is focal, while the other governing system is characterized by moral concerns. The group of expatriates can be divided into two fractions along these different systems.

The utilitarian motivational orientation of expatriates is clearly shown in their pronounced ambitions for their career, which take on focus as the real aim of their assignment abroad. *“Expatriate assignments are important in general. Without them you cannot move up the career ladder.”* The utilitarian calculation as perceived by the employee is also supported by employers’

dealings with expatriates: *"The suggestion was sprung upon me in August 2005 and I was put under pressure to make a decision. It would have been impossible to refuse without there being a negative impact on my career."* Characteristically employees work strategically towards the set target and fully expect the other party to honour the obligations. *"I envisage my returning permanently in March 2007 and after that my appointment to the position held by my previous boss follows. I am certain that this position will be kept free for me until I return"* The exchange reciprocity is carried by individual calculations of utility. Such calculations are based on the notion that "a gift always looks for recompense" (Hippel, 1988, p. 77). On the one hand the employee declares that he is willing *"to deliver work of a high quality and with a maximum level of performance,"* so that the company's aims with regard to the expatriate assignment, such as transfer of knowledge and the development of expertise are achieved. In return the expatriate believes that the employer is obliged to offer him appropriate career development once his assignment abroad is completed. It is a reciprocal system of *"give and take,"* in which the alternating services should be kept in *"good balance."* From the point of view of the expatriate, the central points of reference for the reciprocal transfer of services are such formal agreements as the contract of employment and the company's policy, as *"all obligations are stipulated in the contract."*

Our data shows the effects of a moral order in a reflexive dealing with formalized agreements. Within the framework of a system or modified set of rules to suit the situation the exchange partners engage upon one-sided advances which primarily pay attention to the well being of the other party. *"We then got help from HR in Hamburg, who said that a more expensive house would be okay, as it is important that we are happy and that the policy does not need to be observed to the letter."* The act is not that much motivated by interest in a one-sided obligation on the part of the opposite party, and the aim to receive an appropriate return. With regard to a governing moral order it would seem to be much more the expectation of a gift in return, yet one which is by no means to be regarded as automatic. *"An expatriate assignment is not a guarantee of promotion or of keeping your job. You can, of course, hope that this will be the case, but XY [name of the employer] is under no obligation to do this."* On the contrary, difficulties are regarded as *"part of the gift of being allowed to go abroad."* Here it also becomes clear that in the case of the moral order the exchange of gifts starts one step earlier, in that the decision made by the employer to send the employee abroad is itself regarded by said employee as a gift in return. *"I am proud to have been made this offer by the employer, and regard it as recognition of the work I have done so far."* Ultimately the possibility of career progression in addition is consequently based purely on perceived prosociality. *"An expatriate assignment has nothing to do with confidence and trust, it's more to do with gratitude"*

because it's to do with performance." Perceived breaches of the agreement, be it through the employer or the employee, are therefore—ultimately—not seen as inevitable results of maximum utilization strategies, but as contraventions of a binding moral order. While contraventions on the part of the employee may be considered to be “*unfair*,” and lead to a questioning of the moral understanding of self (“*On a professional level I feel that there has been a breach of duty in terms of the workload and the fact that my job was not challenging enough, and then you start to doubt yourself*”), any perceived breaches of the agreement by the employer lead to “*a feeling of dishonest treatment.*”

Relationship of Reciprocity

The employee who is assigned a position abroad, the parent company which sends him or her there as well as the host subsidiary company abroad together form a complex exchange relationship, which on the one hand consists of an alternating transfer of resources and/or gifts. The individual transaction is on the other hand embedded in a social context which becomes apparent to outsiders only when it is viewed in its entirety: (1) the form of the transfer, as well as (2) the transferred resources and/or gifts form an interdependent relationship with one another. Both dimensions will be discussed separately so that the individual dimensions can be better illustrated, and the resulting empirically deduced differences worked out with greater clarity.

Forms of Reciprocity. With regard to the expatriates, whose focus is on individualistic satisfaction of personal requirements, each act of exchange proves to be of target-oriented motivation. Above-average work performance during the assignment abroad is therefore only with reference to an appropriate response from the employer. “*I expect promotion, an expatriate assignment represents a stage of development on the career ladder. Commitment must be rewarded.*” In view of this tit-for-tat strategy, which is reminiscent of balanced reciprocity in the sense described by Sahlins (1965/1972), cooperation in processes involving an alternating transfer of services proves to be problematic. On the one hand the situation is one involving mutual utility, that is to say, the individual exchange partner can only realize his or her advantage from the exchange relationship if the other partner is able to realize his or her advantage as well. “*An average performance will not be sufficient, since a local employee costs only 40% of my salary and my stay has to be worth it for XY.*” On the other hand the individual is interested in looking for his advantage within the exchange relationship—in cases of doubt also going against the ideas of his counterpart. This one-sided use made of one’s own advantage is particularly noticeable in the financial rules set

up. *“Taking the example of the country where I was sent, you shouldn’t forget that local employees are better off than me with my salary and perks granted for coming here. In that respect the group XY enjoys an enormous financial advantage but I am personally worse off than my colleagues in the host country. This was not clear to me beforehand.”* Thus exchange and fraud can follow one another closely.

There are other specific features of expatriate assignments which make maintaining cooperative behavior difficult. Forms of balanced reciprocity are characterized by a direct exchange of services of approximately the same value between the recipient and giver of resources (Sahlins, 1965/1972). The particular features of expatriate assignments lie in the disparity in the length of time between the giving and the gift in return, coupled with a complex line-up of actors. Within the framework of the exchange relationship the employee is confronted with an exchange partner who is represented by two organizations with regard to the exchange, one in Germany and one abroad. The parent company remains the primary reference partner for the majority of the expatriate employees within the framework of an **indirect** completed reciprocal transfer of service. The time spent on the expatriate assignment is accepted as a definite, manageable period alternating between give and take, with the expectation of a future service in return. *“I commit myself to performing well and XY to a good offer when I return.”* The special feature here is that the host company abroad is the immediate recipient of the services performed and the parent company benefits only indirectly in the course of internal accounting for services (should these exist at all), but is responsible for the provision of the service in return. The case of a **direct** completed reciprocal transfer of services is much more seldom, in which an immediate alternating exchange between the actors is aimed for. In this form of transfer the expatriate assignment will usually lead to the host company abroad becoming the partner. *“As an expat I don’t get to take part in the internal company Development Program of XY Germany and I am also excluded from the Talent Review Meeting, where they discuss further career planning. You are, so to speak, out of it. For this reason I expect to be included in the career planning and local further training schemes during the assignment abroad.”* In extreme cases the host company abroad becomes the sole exchange partner. *“I no longer have any emotional ties to XY Germany and ABC (location in Germany). They appear in the background as a stakeholder. The obligations have been transferred to the host country.”* Despite the discrepancy in time between give and take the expatriates do not have any alternative “hold-up” “path of action.” According to utilitarian calculations, the costs incurred through doing so—such as, for example, the cessation of further career opportunities in Germany or the abdication of an opportunity for a subsequent expatriate assignment—are seen to exceed the degree of utility of opportunistic actions. *“The employee relies upon going back to Germany or on the next expatri*

ate assignment." If, however, the realization of the expected service in return appears unlikely, then the expatriate involved in this form of exchange will not hesitate to leave the company and obtain resources from another party. *"If the job offered is absolutely unsuitable then I would consider handing in my notice."* *"And as it seems likely that my job will be axed I am also already contacting various headhunters."* This illustrates the transition to a boundaryless career (e.g., Arthur & Rousseau, 1996), where the individual employee is connected with the respective employer only through a transactional contract.

The second type of reciprocity is characterized by the dominance of the solidary relationship between the expatriate and the company. There is no strict counting up of the gifts given and received. Although the service in return is to be given by the parent company in Germany and there is little likelihood of this company being able to check their performance abroad, the expatriates aim for performance levels in the host company abroad which in both quantity and quality far exceed what had been agreed. *"I feel that I owe it to YZ (name of host company abroad) to show high levels of motivation, to work overtime as required, to show a high degree of initiative and also to sort out basic tasks which are not really part of my job."* This demonstrates a transitivity as a form of generalized reciprocity: as the parent company maintains a strong relationship with the host company abroad and, at the same time, a strong relationship with the employee, a relationship subsequently develops between the employee and the host company.

A sense of loyalty towards the employer is the motivating factor which replaces the pursuit of equivalence. *"Generally there is no increase in loyalty, as all the jobs I had before were always motivating and challenging, and had already built up a maximum degree of loyalty."* If in the opinion of the expatriate the exchange of services does not turn out in his favor, the strategic calculations of the parent company are not regarded as culpable, since *"many things are well arranged, but you can't plan for everything."* The possibility of performing one-sided services or of forgoing some entitlement without this being interpreted as an obligation to appropriate service in return characterizes the solidarity and morality of this type of exchange. *"I regard the obligations as having been fulfilled or I have myself fulfilled them, since XY cannot provide everything. I didn't make use of the comprehensive expatriate regulations, just the allowances agreed in the contract and a cultural training course."* Such systems of exchange must provide opportunities for behavior which is both moral and shows solidarity if a corresponding morality of exchange is to be achieved. In these exchange contexts solidarity is mainly expressed by the restrained manner in which expatriates treat their parent companies. They simply have the expectation that they will be rewarded in the form of career development—and this only in as far as it is possible for the parent

company providing resources. *“Without a sponsor both expatriate assignments and a subsequent career are impossible. And you need luck, time and the chance as well, not to mention a great deal of your own initiative.”* The reciprocal behavior on the part of the parent company once the assignment abroad has been completed is if anything a moral duty. Possible contraventions of such moral imperatives—for example, in the case of failure to return the service, or a delay in doing so—are frequently (re)interpreted and justified, sometimes as excessive expectations on the part of the individual expatriate with reference to the inherent necessities of personnel policy of a superordinate company rationalization scheme: *“An expatriate assignment is no guarantee for career development. The ‘foreign effect’ means that you miss developments at home and then there are the difficulties reintegrating once you are back, if you stay abroad too long. All this can make life back home more difficult and adversely affect your career. Personally I find it fascinating to live abroad. I am not in a hurry to get back to Germany. You should never agree to an assignment abroad purely for professional reasons. There should always be a balance between your ambitions for your career and personal interest.”* Otherwise the employer’s failure to provide a service in return is attributed to external factors which have nothing to do with one’s own person and performance during the assignment. *“The fulfilment of expectations is often dependent on the circumstances in the host country, and not on the expatriate management of the company.”* Should the terms of the contract really be contravened, then this does not necessarily lead to an erosion of morality. *“Grievances or non fulfilment on the part of XY do not have any influence on my personal obligations towards or expectations from XY. I always consider both to be separate from one another.”* From the point of view of the expatriate the form of transfer is the central issue and not the result. The aim is far more towards the maintenance of an transfer morality based on *“honesty”* and *“fairness”* than on the realization of a balanced transfer result.

Subject of the Resource or Gift Transfer. It is wholly in keeping with the context of the above-mentioned interdependence that Sahlins (1965/1972) explains that, with regard to the gift, the manner in which the gift in return is expected makes a statement about the mindset determining the exchange. The differentiation between the types of reciprocity is therefore *“more that of a purely formal nature”* (p. 30). In Type 1 the social relationships depend on the flow of resources: *“the cutbacks in financial undertakings did adversely affect my work motivation and my relationship with XY,”* whereas in Type 2 *“the goods are moved by the dominant social relationships”* (p. 32): *“The sound relationship of trust is strengthened once again by the expatriate assignment, as the basis for this has been extended. The employee relies on the next expatriate assignment, XY relies on the employee’s full commitment and top level performance in the host country.”*

Table 8.1. Services and Goods Related to Tasks or the Job From the Viewpoint of Both Employer and Employee

<i>Expectations Towards the Company</i>	<i>Contributions by the Expatriate</i>
<p><i>“The expatriate assignment means that there has been a change in the financial aspects for XY with regard to the costs for living abroad. In addition XY has to observe the expatriate guidelines, for example, with reference to the points concerning preparation for the assignment, including the provision of a cultural training course.”</i></p> <p><i>“I expect promotion.”</i></p>	<p><i>“I am not XY’s slave, but a 12 hour day is my norm.”</i></p> <p><i>“I have managed my own career as there is no guarantee of a return at XY and so all expatriates should plan for their own futures.”</i></p> <p><i>“I make sure I keep in contact with my home country and my department.”</i></p>

Table 8.2. Services and Goods Related to Personal Relationships and Individuals From the Viewpoint of Both Employer and Employee

<i>Expectations Towards the Company</i>	<i>Contributions by the Expatriate</i>
<p><i>“XY impacts on my family life and must therefore keep their promises.”</i></p>	<p><i>“The basic prerequisite for every expatriate assignment is that you have to take care of a lot of things yourself and you have to know what you want house, school, residential area, etc. To get a successful preview you yourself have to do a lot of research on the internet and in books, or you have to ask other people about their experience in the host country.”</i></p>

With regard to the transferred resources the expatriate personnel consciously differentiate between services and goods related to their **tasks or the job** and services and goods to do with **personal relationships and individuals**. Whereas the former have a higher material value, which allows the exchange partners to balance their resource flows, the latter may be said to have a social function, in as far as their transfer contributes to the emotional bonds between the employee and employer.

From the point of view of the expatriate the important services and goods related to tasks or the job are as required from the employer, particularly about the level of remuneration and job-relevant care and support, as well as support for individual personal and career development. In return the employees feel obliged to offer a high degree of commitment to their work, to perform tasks outside of their own area of activities, to take responsibility for managing their own career and to keep in independent contact with the employer (see Table 8.1).

Especially in the case of longer periods spent on an expatriate assignment, gifts with regard to personal relationships and individuals gain in particular relevance. On an emotional level these gifts create an impor-

tant basis for the employee's motivation and performance potential. On the employer's side these gifts include demonstrating respect for the employee's personal life. And conversely, the employees feel obliged to organise personal matters independently (see Table 8.2 above).

If the data are analyzed in view of the above-mentioned types of reciprocity there are initially no obvious differences. The participants in both types of reciprocity expect job related and personal related services alike. However, on closer examination of the data it becomes clear that the mentality of those expatriates who have a relationship demonstrating solidarity with their employer is characterized by an element of sacrifice. This is not a gift or service in the narrow sense of the word, but represents the willingness to renounce services which may even have been contractually agreed, without setting preconditions and without any reason to expect future compensation. On a professional level, for example, this could involve giving up a secure position in Germany or accepting a financially worse status than local employees in the host country. On a personal level it could mean leaving family and friends, and giving up one's own superior flat, as well as a more relaxed lifestyle in Germany. In return, support and contact is expected to be provided by the parent company on a social level.

The expectations and obligations on the part of both the employer and employee from the point of view of the expatriate are summarized in Table 8.4.

Modi

The behavior within the framework of a solidary gift reciprocity is characterized by the trust of both parties in the relationship (Rousseau, Sitkin,

Table 8.3. Particular Expectations and Obligations in the Case of Generalized Reciprocity

<i>Expectations Towards the Company</i>	<i>Contributions by the Expatriate</i>
<i>"I expect a reasonable amount of contact, that means more than just a Christmas card, but not each internal newsletter, something in the middle."</i>	<i>"I didn't make use of the comprehensive expatriate guidelines, I only took the contractually agreed allowances and a cultural training course."</i>
	<i>"You do make a lot of concessions, for example, you don't have your own nice flat in Germany or the quieter, less stressful life in Hamburg."</i>
	<i>"Compared with my previous job in Hamburg you automatically work longer hours as you don't have your friends there."</i>
	<i>"The 'Foreign Effect' may make life back home more difficult and adversely affect your career."</i>

Table 8.4. Expectations and Obligations on the Part of Both Employer and Employee

	Expectations to be fulfilled by the employer and obligations on the part of the organization	Expectations towards the employee and obligations on the part of the expatriate
Services and goods related to tasks and job	Remuneration Care and support Opportunities regarding career and personal development	Performance/Overtime Self organization Career self management Extra role behavior
Services and goods related to persons/ individuals	Respect of personal life Care and support	Self organization Sacrifice

Burt, & Camerer, 1998). In the context of a period of employment spanning many years an expatriate assignment is only one episode in a long term exchange relationship. In this respect such an assignment should be regarded more as documentary evidence rather than as something which will influence the relationship. *“An expatriate assignment has no influence whatsoever, because the level of trust was already very high beforehand and after 13 years with XY and several such assignments no further increase is possible.”* Closely connected through a feeling of mutual loyalty—*“I was already closely connected with my company beforehand, I am very aware of what a good job I have and XY is also aware of my good work”* a form of trust in the system develops on the part of the expatriate which supports prosocial behaviour. The individual gift exchange is released from the specific episode of exchange and is placed in a greater contextual relationship. *“An expatriate assignment is only a confirmation of a basis of mutual trust.”* In this respect a successful expatriate assignment represents *“only a slight increase in the level of trust, as I am grateful for the experience.”* Should individual expectations regarding career path, personal support, and so forth, not be fulfilled, this does not necessarily mean that trust in the prosociality and competence of the company will be undermined. It would appear to be much more the case that *“the fulfilment of expectations is often dependent on the circumstances in the host country abroad rather than expatriate management.”* In the context of unswerving solidarity between employer and employee, such *“grievances”* are perceived to be *“frustrating,”* but at the same time they *“bear no influence on my personal motivation.”* However, there could be serious consequences for such relationships of solidarity should such breaches be perceived as calling the general form of gift transfer into question. If unfulfilled expectations are such that expatriates perceive that the norms of fairness and justice are repeatedly not being adhered to, and that the relationship of solidarity has been reduced to an arrangement benefiting only one side, then they will feel dis-

appointed and frustrated, which may lead to their terminating their employment. *"I would otherwise go and look for another job, irrespective of my personal circumstances."*

In contrast such grievances in the framework of a utilitarian exchange reciprocity lead to a sense of *"sinking motivation: you feel as if you have been shoved off abroad and that no one feels they are responsible for you."* This is because forms of calculated trust are characteristic of this type of reciprocity (Rousseau et al., 1998). The expatriate does not place his trust in the solidarity or prosociality of his employer. His trust is in this way based rather on the purposive rationality of his counterpart, that is, on the utility that results from keeping to contractual agreements. *"I place my trust in what has been agreed in the contract and have learned from experience that you have to get everything else sorted out yourself."* In this respect long term relationships do play a role here, in that they construct the background against which the expected behavior of the exchange partner can be forecast. However, the definitive point of reference governing the choice of action and exchange modus, on the other hand, is found in the formal conditions which structure the individual episodes of exchange, thus making the behavior of the counterpart seem comprehensible to the expatriate. *"At the moment I have no reason to believe that the obligations will not be met. The expatriate guidelines, with which I am well acquainted as an HR manager, contain detailed stipulations as to what is to be done in some cases where it is impossible for the expatriate to return home. I hold a rational view in this respect."* In view of possibly diverging interests it is only logical from the point of view of the expatriate to insist *"that the obligations concerning the expatriate assignment are clearly set down in the expatriate assignment contract."* The expatriates do not appear to give much credence to the idea of placing any confidence in the prosociality and trustworthiness of the employer beyond the fulfilment of obligations agreed in the contract. *"I maintain personal contact to XY. On the other hand I have no confidence in XY regarding my professional future."* It becomes clear that any consideration of possible paths of action is always set against the background of the specific act of exchange and the associated calculations of costs and utilization. Whether it is personally worth it *"depends on the outcome of the expatriate assignment and personal investment with regard to time and partnership."*

CONCLUSION

There are two sides to the main results of this empirical study. While on the one hand the theoretical perspective of reciprocity in psychological contracts in the context of expatriate assignments is extended, the study also makes a contribution to the leadership of expatriates on a practical level.

With regard to the theoretical contribution and the research question posed at the outset, it was possible to show that, within the framework of psychological contracts of expatriates, considerably more complex reciprocal forms of interaction in terms of time and structure are seen to emerge than is generally assumed to be the case in the literature. In addition, contrary to the assumptions in the literature, the reciprocal behavior of the actors cannot necessarily be deduced to be from utilitarian calculations. What can be seen is much more a mixture of utilitarian and moral motives (Ortmann, 2004), which can be explained by the particularly close and personal relationship between company and expatriate, as detailed in the literature.

Two dominant types were identified as forming the basis of psychological contracts within the context of expatriate assignments: (1) a utilitarian exchange reciprocity and (2) a solidary gift reciprocity. The main characteristics are summarized in Table 8.5.

The contents of the psychological contract found in our data correspond on the whole to the models of psychological contracts found in the

Table 8.5. Summarized Overview of the Results

	<i>Utilitarian Exchange Reciprocity</i>	<i>Solidary Gift Reciprocity</i>
Motivation	<ul style="list-style-type: none"> • Utilitarian calculations • oriented towards self interest • actions primarily characterized by rationality 	<ul style="list-style-type: none"> • morality and solidarity • oriented towards prosociality/fairness • actions primarily emotional in character
Relationship	<ul style="list-style-type: none"> • reciprocity based on direct exchange of equivalent value (balance) • exchange of services and goods related to job/task as well as to personal relationships and individuals 	<ul style="list-style-type: none"> • reciprocity as a generalized norm, based on long term mutuality and solidarity • reciprocity of perspective • exchange of services and goods related to job/task as well as to personal relationships and individuals related to job/task as well as to personal relationships and individuals • foregoing entitlements/sacrifice
Modi	<ul style="list-style-type: none"> • calculated trust in the fulfilment of obligations motivated on the basis of self interest • strong, destructive reaction to breaches of PC 	<ul style="list-style-type: none"> • relational trust and trust in the system regarding fulfilment of expectations based on prosocial behavior • no or only minimal, constructive reactions to breaches of PC so long as prosociality and fairness are maintained on another level • strong reaction to breach of trust, morally dishonorable behavior or behavior perceived to be unfair

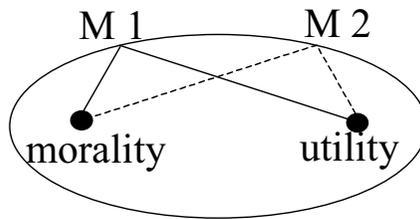


Figure 8.2. Elliptical relationship of utility and morality regarding the transfer motivation. Elliptical relationship of utility and morality regarding the transfer motivation.

Transfer motivation M1: Great distance from utility.
 Transfer motivation M2: Great distance from morality

literature (Guzzo et al., 1994; Lewis, 1997). For the leadership of expatriates it is of particular relevance to understand the significance of career development following the assignment abroad for both exchange types, as has also been revealed in existing research on expatriate assignments. A typical recommendation for leaders would therefore be to bring about a balance of reciprocal goods and services and to ensure good subsequent career prospects (e.g., Mendenhall, Kuhlmann, Stahl, & Osland, 2002). In practical terms the problem lies in the fact that it is not always possible to guarantee performing an equivalent service in the form of career development in the short term or within a foreseeable period of time following repatriation, due to, for example, the influence of external factors.

However, in the case of a *utilitarian exchange reciprocity*, the employer represented by their leaders is expected to perform an equivalent service in return in order to maximize the employees' own interests. Other forms the company may find of giving and prosociality cannot make up for a lack of career prospects or development. The reactions to breaches of contract in the form of nonfulfillment of obligations are correspondingly strong and destructive taking the form of neglect of duties or even leading to the expatriate leaving either the assignment or the company itself (cf. Figure 8.3). In the case of the *solidary gift reciprocity* the leader(s) become(s) morally obliged to show solidarity with the employee both during the period spent abroad as well as that after repatriation; in doing so an emotionally appropriate basis is brought about, even if this runs contrary to company interests, due to the fact that the expatriates forgo their entitlements or make sacrifices. In other words: the system must be able to maintain a moral system which is free from self-interest. If the relationship based on solidarity is secured in this way, then the prerequisite for the continuing bond of the repatriate is also established. Even if the

employer is unable to fulfil the expectations regarding career, if the leaders then behave in a manner which is both moral and shows solidarity towards the repatriate, then such imbalances can be overcome. This would involve ensuring that the repatriate is given other tasks appropriate to his moral demands, and which he or she also perceives to be fair. The trust in the relationship remains intact, as does the prosocial behavior, even although there may have been a breach of expectations. The reactions to breaches of contract in the form of nonfulfillment are moderate and constructive. They express themselves in the form of “voice” or a “loyal silence” (Rousseau, 1995). In this respect our results differ from Guest (1998), who assumed moderate and therefore comparably stronger reactions in the case of unfulfilled expectations.

Our empirical data also shows that calculated trust in the first type simply means that employees place their trust in the employer fulfilling his obligations only for as long as they believe this to be worthwhile from the point of view of the employer. If the costs in this respect turn out to be too high, then it is probable that this trust will be abused. On the other hand, the solidary gift reciprocity means that relational trust and trust in the system lead to the employee developing expectations and a relationship of trust with the employer which is one-sided. If the employer proves unworthy of this trust and causes disappointment in that its leaders not only fail to ensure that measures are taken to improve career options but also, in addition, do not fulfil the moral obligations or fails to observe the norms of fairness or behaves dishonorably and weakens the working relationship on an emotional basis, then the repatriate experiences a sense of frustration and solidarity is damaged or even lost. This then results in serious consequences for the employee, and he or she may, for example, leave the company (see Figure 8.3).

utilitarian exchange reciprocity		morality	
		solidary gift reciprocity	fulfilled
utility	fulfilled		
	unfulfilled		

Figure 8.3. Type and strength of reaction on fulfilled and unfulfilled expectations/obligations with regard to the two transfer systems.

In summary it should be noted that the phase of repatriation takes on particular relevance in order to set up—afterwards—a reciprocal basis, be it with the aim of satisfying utility expectations or fulfilling moral obligations, thus leading to employees bonding with the company. As this is a subjective construct it is important that the expectations and obligations on both sides are specified, and that checks are continuously made regarding their fulfilment.

One consequence, as it were, for management in general is the need to build up and support a system of solidary gift reciprocity by means of setting appropriate criteria for the selection and development of personnel and especially leaders, so that a workforce is built up which values and is prepared to engage in such a system of solidarity. In addition appropriate requirements should be formulated for leaders, in which unmoral behavior should be sanctioned even when he makes the economic grade. Each ratio of utility and moral considerations should be considered in accordance with the company situation so as not to succumb to the danger of mediocrity. In a situation involving financial shortages and fundamental restructuring more orientation towards a higher degree of utility will be required, which can work against a system of solidary gift reciprocity.

There are, however, some limits to be set to the conclusions drawn from this study. It was hypothesis-generating, not hypothesis-testing. Hence, the model reflects new knowledge in form of the two exchange types, contributing to a better foundation of the theoretical basis of psychological contracts, but remains expressly provisional. In further research, we will further investigate the relative significance of utilitarian exchange reciprocity and solidary gift reciprocity for the psychological contract in the context of expatriate assignments on the basis of a larger random sample, with the help of a hypothesis-testing design as well as standardized analytical procedures.

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CHAPTER 9

DO REPATRIATE SUPPORT PRACTICES INFLUENCE REPATRIATE EXPERIENCE, ORGANIZATIONAL COMMITMENT, TURNOVER INTENTIONS AND PERCEPTIONS OF CAREER SUCCESS?

Jane L. Menzies and Ann Lawrence

The focus of this chapter is the development of a model for the effective management of repatriation in multinational enterprises (MNEs). It reviews the literature associated with the relationships between repatriate support practices, repatriation experiences, organizational commitment, turnover intentions, and perceptions of career success. A model has been developed where it is hypothesized that the perception of the provision of important and higher quality practices will result in positive repatriation experiences. A positive experience will be positively related to organizational commitment, and perceptions of career success, and negatively related to turnover

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intentions. These relationships are based on the concepts of social support, uncertainty reduction theory, and psychological contract theory.

Over the past 2 decades globalization has been increasing significantly (Werner, 2002) which has been supported by increases in the availability of advanced information communication technologies, globalization of markets and production, the convergence of consumer tastes and falling trade barriers worldwide. Levels of world trade has steadily being increasing (World Trade Organization, 2005) and in response, organizations are either maximizing international opportunities or are forced to internationalize in order to survive. Organizations use international assignments and expatriation to fill positions, to develop business, and to develop people for future leadership positions. Research has found that these assignments create a “global mindset,” and this is often prerequisite for leadership positions in large multinational enterprises (MNEs) (Pucik & Saba, 1998; Tung, 1998). However, there is research that indicates that some people leave their organization after their international assignment, as they are dissatisfied with their repatriation experience (Yan, Zhu, & Hall, 2002). This therefore represents a loss of talent and investment in the repatriate for the assignment. If the organization plays a major role in determining someone’s repatriate experience, then appropriate support practices for repatriation have a long term and strategic implication.

The objective of this chapter is to review the literature associated with repatriate support practices in relation to a number of outcome variables, which include repatriate experience, organizational commitment, turnover intentions and perceptions of career success. For this chapter, support practices have been classified into four important areas, which include “pre-assignment support,” “on assignment support” “pre-repatriation support” and “post-repatriation support.” Understanding the impact of these factors on outcome variables is important to determine relationships among these variables, so that organizations may improve organizational practices. It is also important from the employee’s point of view that the repatriation process is successful.

In general, repatriation in the literature has been referred to as returning an individual to their country of origin after the completion of an international assignment (Black & Gregersen, 1991; Caligiuri & Lazarova, 2001; Feldman & Tompson, 1993; Gregersen & Stroh, 1997; Harvey, 1982). Researchers suggest that the goals of repatriation are to return and retain an international assignee who will be a valuable addition to the organization in contributing knowledge, experience and networks gained overseas (Stroh, Gregersen, & Black, 2000). However, these

goals are not always met, as repatriation is commonly plagued with problems and repatriates can often find themselves having a negative repatriation experience (not having a job to come back to, placement into holding patterns or ambiguous roles, no promotional opportunities, limited responsibility or status, and difficulties in retaining repatriates) (Yan et al., 2002). Surprisingly, research has found that 50% of organizations did not measure or track their repatriates and their career outcomes on returning (Cendant International Assignments Services, 1999). Previous research has found that the career experiences of repatriates can be frustrating, and that organizations lack effective repatriation practices and international career development systems (Caligiuri & Lazarova, 2001). A survey conducted by GMAC Relocation Services (2005) of 125 organizations, where 46% of those were headquartered in the United States, found that 23% of repatriates leave their organization after 1 year, and a further 20% leave after 2 years. This can be a poor return on investment from the organization's point of view if the organization had sent the individual for career development reasons, and be problematic for the repatriate if they believed that their international assignment would further their career in that organization. These findings suggest a range of unmet expectations about repatriation. Figures suggest that companies invest an average of \$1 million (Sheridan, 1998) to \$1.3 million U.S. per assignment (Smith, 2002), therefore it is important that international assignees are appropriately supported and repatriated, so the firm does not waste that investment and retains that human capital. In addition it has been suggested that MNEs commonly face problems in regards to attracting executives to accept foreign assignments (Scullion, 2000) and therefore one way to make assignments more attractive is to ensure repatriation is successful through appropriate support mechanisms.

Repatriation is the final link in the completion of an international assignment (Bonache, Brewster, & Suutari, 2001; Brewster & Scullion, 1997). It is important to examine repatriation as it can be a stressful situation similar to the expatriation process and some repatriates may experience reverse culture shock. Researchers have argued that expatriation tends to receive the most attention by academic researchers (Jassawalla, Connolly, & Slojowski, 2004), while repatriation has not been considered in depth. It is important, therefore to attempt to develop knowledge in this area. From an Australian perspective it is important to consider repatriation because of the dearth of literature in the area, and it has been recognized at a national and governmental level that repatriation is an area that organizations should focus on to support repatriates with their reintegration back into Australia (Department of the Senate, 2005).

THEORETICAL APPROACHES TO REPATRIATION

The provision of support is the overall principle for facilitating a successful assignment, repatriation and future career development within the organization, and perceptions of career success for international assignees. Lazarova and Caligiuri (2001) suggest that social support is positively related to successful repatriation. From a business point of view it is within the organization's interests to support their staff appropriately while on assignment in order to facilitate the successful execution of [international] organizational strategies (Bonache et al., 2001). Researchers suggest that social support serves as a "protective" factor to assist people's vulnerability on the effects of stress on health (House, 1981).

Psychological contract theory (Rousseau & Arthur, 1999) is useful in explaining why repatriates may leave an organization. Perceived lack of the expected support may influence the individual in breaking their psychological contract with the organization. For instance, repatriates may have a range of expectations about the levels of support from their organization during their assignment, leading into repatriation, and expectations about their repatriation. If repatriates have high expectations about their repatriation prior to their assignment, a perceived lack of support may break the repatriates' psychological contract they had with the organization in regard to their return home (Suutari, 2003). That is, the individual expected specific supports, and these were not provided, and perceived that they had a poor repatriation experience, therefore not meeting expectations, such as not having a fulfilling job to come back to, and this resulted in breaking the psychological contract the individual had with the organization. If repatriates perceive that those expectations of support are not being met then lower levels of organizational commitment may result (Stroh, Gregersen, & Black, 1998).

Expectations of positive repatriation experiences are developed in both relational and transactional contracts (Yan et al., 2002). Individuals with relational contracts with an organization would be characterized as having a successful repatriation experience if they received a job back from their organization (Yan et al., 2002), that was challenging, entailed responsibility and autonomy, utilization of their international skills and knowledge, and may include future promotional opportunities. Those individuals on transactional contracts, where their assignment and employment is for a finite period, would expect to find employment elsewhere (Yan et al., 2002), and would have a successful repatriation experience, if they actually did find a job somewhere else. For individuals on a relational contract with their organization, unmet expectations would occur where individuals are not supported through organizational support practices, and are not given a position that they expected on return.

A broken psychological contract results in lower levels of organizational commitment, attachment and turnover intentions increase (Robinson & Rousseau, 1994). If a person has a negative repatriation experience, their perceptions of career success will also decrease.

A MODEL FOR THE EFFECTIVE MANAGEMENT OF REPATRIATION

This chapter develops a model based on previous literature, and is an extension of other models in the research field. Researchers Lazarova and Caligiuri (2001) developed and tested a model that focuses on popular repatriate support practices in relation to overall organizational support, and the relationship with other variables such as turnover intentions, job satisfaction and organizational commitment. Similarly, the model in this chapter examines repatriate support practices, turnover intentions and the link to organizational commitment. Refinements to Lazarova and Caligiuri's model of repatriate support practices are made by considering support practices in a temporal sense. This idea is developed from Jassawalla et al.'s (2004) work, which characterizes support in a temporal sense based on prior to departure, during their international assignment, and after return support. They examined these issues in relation to outcomes for the firm (improved retention, return on investment) and for the employee (lower uncertainty and anxiety, greater satisfaction, greater feeling of belonging). The ideas presented in the Lazarova and Caligiuri and Jassawalla et al. models are extended and further developed in the model presented in this chapter. In this model, perceptions of repatriation experience and perceptions of career success are included.

A model has been developed that indicates how international assignees may be appropriately supported over their assignments and then repatriated back into their home country organization. This model is more relevant to longer-term assignments such as 2-3 year assignments but could also be applied to 1-year long assignments. The model would not be so relevant to short-term assignments such as a month or two, as these assignees would maintain regular contact with the organization, and have their job to come back to in a number of months. Furthermore Harvey (1983) has argued that the longer someone spends away from home, the more likely that home conditions will change, thus increasing uncertainty upon return.

Successful repatriation will also have positive impacts for the organization, as the organization is able to utilize the knowledge, skills and networks that individuals have developed while on assignment. Researchers, Stroh and Caligiuri (1998) advocate that international assignments are important for organizations to develop a pool of global

leaders for operating internationally (Lazarova & Caligiuri, 2001) and developing a “global mindset.” This global mindset could be used for the development of future international strategies. Previous research in the area has found that human resources (HR) policies and practices do play a prominent role in explaining successful repatriation transitions (Stevens, Oddou, Furuya, Bird, & Mendenhall, 2006). These researchers have developed a framework for managing the repatriation of international assignees to ensure a successful transition based on social support. Hence, it could be argued that HR support for repatriation does provide repatriates with a better experience when returning home. Newton and Hutchings (2006) found that the willingness to provide support for repatriation is dependant on the value that the organization places on internationalization and international experience, therefore, the more value placed, the more likely support practices will be available. For instance, research by Engen (1995) found that some organizations have been filling positions as overseas type assignments rather than having career development assignments, and therefore, repatriate support practices were not needed. Furthermore it is important to examine support practices as researchers Cavanaugh and Noe (1999) found that where HR practices were designed to make repatriates feel supported, employees were more satisfied and intended to stay with the organization. A model is presented in Figure 9.1. As stated above, the HR support practices are characterized into pre-assignment support, on-assignment support, pre-repatriation support, and post-repatriation support. The appropriate provision of these will have an impact on the individual’s repatriation experience that is it will be positive, which will influence an individual’s organizational commitment, their turnover intentions and their perceptions of career success. The model is now discussed in relation to previous literature.

Pre-Assignment Support

The first recommendation to improve repatriation is to select the correct person in the first place (Engen, 1995) for an international assignment. This means the person selected is an appropriate fit for the assignment to increase the probability of assignment success. Selection for an assignment may also be based on how important that assignment is for an individual’s career, or the type of career development that they gain from the experience (Rehfuss, 1982). Previous research indicates that the appointment of a “career manager” or advisor is essential for effective mobility management and this person monitors the expatriate’s development, keeps him or her informed and serves as an advocate during



Figure 9.1. A model of the effective management of repatriation in multinational enterprises.

the company's career succession planning sessions (Jassawalla et al., 2004). It has also been suggested that in regards to an individual's career, the repatriation stage is often ill-planned and haphazard (Linehan & Scullion, 2002b). The HR planning at the "pre-assignment" stage is important in order to make predictions or scenarios as to the types of positions that international assignees could be placed into on their return to their home country (Poe, 2000; Solomon, 2001). Organizations can contribute to successful repatriation by articulating the likelihood of positions available on return as this is known to reduce levels of stress (Jassawalla et al., 2004). This practice has the effect of adopting a strategic HRM orientation in regard to international assignments. Jassawalla et al. also suggest that poor planning is more likely to result in turnover and HR planning is essential. Coupled with HR planning, it is also necessary to include career planning and management initiatives to assist the assignee in working towards his or her career goals, during and after the assignment (Downes & Thomas, 1999; Yan et al., 2002). It is important to manage the expectations of individuals about what is going to occur during an assignment and on repatriation in order to reduce levels of uncertainty (Caligiuri & Lazarova, 2001; Linehan & Scullion, 2002b; Stroh & Caligiuri, 1998). This will help to ensure that the psychological contract between the organization and employee is maintained. It is possible that it will take time to find the returnee an appropriate job or that obtaining a promotion would be a lengthier process than they imagined. GMAC Relocation Services (2005) reports that 81% of respondent organizations discussed repatriation before the individual went on assignment, which assists in the development of expectations. Formal policies also promote the development of expectations about repatriation. If organizations had formal policies and signed contracts in regards to promises regarding repatriation this could further reduce the uncertainty of the international assignee and encourage them to take on an assignment (Harvey, 1983; Jassawalla et al., 2004). These researchers found in their qualitative research that formal policies for repatriation such as written guidelines will assist in reducing uncertainty as repatriates have information to follow up on. However, GMAC Global Relocation Services reported that 57% of respondents did not provide written contractual guarantees to employment post-expatriation. One reason might be that organizations lack long term strategic orientation to HR planning or are reluctant to do so as they may perceive that it is difficult to plan for in 2 to 3 years time when an expatriate assignment has finished.

Giving international assignees realistic previews for repatriation processes would have the effect of developing sound and realistic employee expectations (Jassawalla et al., 2004). An understanding of what repatriation may entail would assist in the development of that per-

son's expectations about repatriation. Gregersen and Stroh (1997) found that human resource policies that attempt to clarify repatriate job roles should ease uncertainty upon repatriation. As long as the individual perceived that they received support practices such as realistic previews of the repatriation processes, and their expectations were met, this would influence their satisfaction on return. Therefore, the following proposition is offered:

Proposition 1: The perception of adequate and relevant pre-assignment support will have a positive effect on the individual's repatriation experience.

On Assignment Support

There are a number of support practices that an organization can provide to ensure that individuals are supported while on assignment, which relate to repatriation. This can include mentoring which is broadly referred to as the 'extent to which there is an advocate back at the home country who will look after an assignee's interests' (Feldman & Thomas, 1992). Having mentor support in the host country is important so the individual is mentored into the everyday running of the office, and have someone who can provide advice and feedback (Feldman & Bolino, 1999). In addition Engen (1995) suggests that mentors should be appointed in both the home and host country office. A home country mentor can also maintain contact with the international assignee to keep them up to date with what is going on in their home country office such as changes that may be occurring. Research on women's repatriation in particular also found that having a mentor at the repatriation stage is important as assignees can obtain information, training, advice and career direction from them (Linehan & Scullion, 2002a, 2002b).

Jassawalla et al. (2004) suggest that maintaining regular levels of communication is important to create feeling of connectedness with the organization. The sending of newsletters and information about current occurrences in the home organization is a critical strategy that helps to keep communication lines open (Downes & Thomas, 1999). Assignees should be encouraged to maintain personal contact with their colleagues in their home office while on assignment as this personal contact assists in feelings of being included and in touch with the organization. Other types of practices can include providing trips back home once a year (Poe, 2000), travel allowances for family members or partners who remain in the home country to visit, and allowances for communication technology and telephone calls to call family members and friends. Gregersen and

Stroh (1997) suggest that giving trips home to people will reduce the amount of uncertainty after returning home from assignments, as people can see first hand changes that may occur while on assignment. This helps to reduce reverse culture shock when the international assignees return permanently to their home country. It also allows them an opportunity to mingle with people in their home office, to reduce an “out of sight and out of mind syndrome.” Telecommunications technology such as e-mail assistance may also be useful so that international assignees have a point of contact that can be called upon when problems need to be sorted out. Web based tools may also be appropriate so that international assignees can have access to a range of resources online to assist them (GMAC Global Relocation Services, 2005). Increasingly organizations are using these tools as innovative practices to support international assignees while away (GMAC Global Relocation Services, 2005). Therefore, the following proposition is offered:

Proposition 2: The perception of adequate and relevant on-assignment support will have a positive effect on an individual’s repatriation experience.

Pre-repatriation Support

Adequate and timely preparations and arrangements should be made for international assignees, for their return. Mendenhall, Dunbar, and Oddou (1987) suggest that an internal position search should occur 6 months before the end of an assignment. Results of the GMAC’s (2005) survey indicated that 83% of organizations found new jobs for repatriates within the company which is positive. A designated international assignment manager or HR consultant should be assigned to each individual during the repatriation process to ensure that the repatriates have a point of contact to help with job search other issues relating to their return to the home country. Black and Gregersen (1991) suggested that the provision of pre-return/cross-cultural training for the expatriate and/or spouse is also a way to ensure and facilitate reentry adjustment. Apart from finding a suitable job for the repatriate, preparations for return may include making relocation arrangements, such finding a place to live, arranging school places for their children, finding a job for the spouse, ways of assisting the repatriate to reconnect with people such as family, friends and colleagues. To address pre-repatriation support, the following proposition is developed:

Proposition 3: The perception of adequate and relevant pre-repatriation support will have a positive effect on the individual's repatriation experience.

After Repatriation Support

It is necessary to provide appropriate after repatriation support to reorientate the international assignee back into the home organization. As levels of uncertainty and anxiety could tend to be high on reentry for many individuals, Forster (2000) has suggested the design and delivery of reentry orientation programs. These include organizational specific information regarding new organizational processes, practices, people and power structures as well as other matters that impact on the repatriates. Apart from all the issues relating to housing, employment, educational placement assistance for dependent children discussed earlier, researchers also suggest that it is important to include spouses in the repatriation process, such as debriefings, as they also experience reentry shock and any problems they have may have a "spillover" effect onto the repatriate (Black, Gregersen, & Mendenhall, 1992b). Including family in reorientation programs is important to facilitate their re-adjustment of the whole into the home country (Black et al., 1992b; Liu, 2005).

In general, Solomon (1995) has suggested that a process for debriefing is suitable, so that the international assignee can share their knowledge with their peers, colleagues and supervisors. Solomon (1995), in her examination of Monsanto Corporation found that a debriefing session was held after three months with the person's superior, peers and colleagues to work out problems and to determine whether they felt that their skills were being utilized. This was organized with the assistance of a trained facilitator. The process gave the home office valuable insight into the experience gained by the individual and allowed their skills to be leveraged effectively (Solomon, 1995). Reorientation initiatives also help the repatriate's manager align their expectations with the actual situation encountered upon arrival in the home country and this is proposed to influence reentry satisfaction (Hammer, Hart, & Rogan, 1998). To address this area, the following proposition is offered:

Proposition 4: The perception of adequate and relevant after repatriation support will have a positive effect on the individual's repatriation experience.

Repatriation Experience

In terms of repatriation experience, the MNE's goal is to return and retain an expatriate employee who will be a valuable addition to the organization in contributing knowledge, experience and networks gained overseas. In this chapter, we include a number of variables when defining repatriation experience. These include receiving a position on return in the organization that is fulfilling; that has autonomy and responsibility; the utilisation of international skills, valuation of international experience; the maintenance/increase of social status; promotion; attractive future assignments; and continued development (Yan et al., 2002). For the purpose of this chapter, an individual achieving these outcomes would be defined as an individual who had a successful repatriation experience and conversely, not achieving these outcomes would be considered an unsuccessful repatriation experience. Whether repatriation is successful or not is also a matter of expectations of what the repatriate expected when they returned home. These expectations may have been developed through organizational support practices. If these expectations were met, then it is more likely that the repatriate would exhibit higher commitment to their organization than repatriates whose expectations were not met (Stroh et al., 2000).

Black, Gregersen, Mendenhall, and Stroh (1999) argued that successful repatriation would include being given a job with a clear job description that met the person's expectations, and assurance that they were not placed into a holding pattern (Black et al., 1999). For the purposes of this chapter we define a holding pattern as "being placed into a position, that is not really a job, but waiting for something more permanent to come up." Placement into a holding pattern can be problematic and soul destroying to an employee and has an impact on that individual's psychological contract, thereby having an impact on retention (Harvey, 1989). It may also have an effect on the organization trying to attract people to participate in international assignments (Lazarova & Caligiuri, 2001). International assignees often have fulfilling roles while on assignment as they are usually given more responsibility than in the home office, and when they return their positions may not be perceived by them as so fulfilling. Therefore, they may feel a sense of loss of status, career or promotional opportunities (Mendenhall et al., 1987), challenging roles and under utilisation of their talent. There is also risk of returning home to an undesirable job, which is putting people into jobs that they do not really want to do, simply because there is nothing else available (Gomez-Meija & Balkin, 1987).

Repatriates may experience a loss of authority and autonomy when they return from assignment (Black et al., 1999). Therefore, managers seeking to retain and motivate repatriates who will remain committed to

the organization's goals and objectives should seek to give them appropriate levels of responsibility, status, and autonomy and continued development (Yan et al., 2002). The effective utilisation of international skills may also be a good indication of a successful repatriation experience. For instance, expatriates gain unique country and cultural knowledge, language proficiency, and international management skills while on assignment (Black et al., 1999). Therefore, we have included the utilisation of those skills as a measure of success. Also scholars (Lazarova & Caligiuri, 2001; Stroh, 1995) have argued that repatriated staff can leverage the strategic capabilities of the organization, through their international skills. Hence, it is important to keep individuals who are high performers, who fit with the organization's strategic goals, and can contribute to the achievement of the organization's vision.

If these skills are underutilized, or used inconsistently, this could be frustrating for the repatriate and may make them feel undervalued. It also may be a waste of an investment into the employee's development from the organization's point of view, not to use such international skills (Black et al., 1999). Black, Gregersen, and Mendenhall (1992a) suggest where managers do not value international experience it may hinder that individual's organizational commitment and influence turnover intentions of the repatriate. It can be frustrating for the repatriate to come back to a position that does not use or leverage their skills, and this may result in the repatriate seeking more professionally rewarding opportunities elsewhere (Stroh, 1995). International assignments require high investment from the organization (Boyacigiller, 2000) and failure in repatriation means the organization not only loses the new skills and experience of the international assignee, but also the return on its investment in the employee (McNulty & Tharenou, 2004).

A perceived decrease in role status, especially if it was unexpected, could contribute to negative feelings and dissatisfaction in the repatriate on their return. Caligiuri and Lazarova (2001) found that individuals who experience positive outcomes during repatriation are more satisfied with work than individuals who do not, and also they found that it has an effect on positive turnover intentions. In their study, perceptions of organizational support were positively related to intentions to stay. Therefore, a successful repatriation experience would mean that the individual utilized the skills and knowledge that they had developed while on assignment on their return to the home country (Yan et al., 2002). Similarly, repatriates should feel as though they are being challenged by their new jobs at least to the same level, if not beyond, the challenges they experienced on assignment. To come back to positions without the expected challenges would be demotivating and demoralizing to repatriates resulting in dissatisfaction. Yan et al. (2001) found that an individual's assessment of assignment

success will be based on how positive an impact the completion of the assignment will have on the career development of the individual, and whether the expectations were met or unmet. Success is measured by longer term career growth, continued development opportunities, challenging job assignments, or enlargement of responsibilities. Research by Black et al. (1999) found that only one in ten repatriates are given a promotion on return. Their research also found that 77% of American repatriates were given a demotion in comparison to the level that they had been on while away on assignment. This demotion may be associated with the fact that people had higher status jobs in a foreign location or there had been significant organizational restructuring while they were away on assignment. Demotions may have a negative influence on whether people feel that they have achieved career success from their international assignment. For instance, Gomez-Meija and Balkin (1987) find that satisfaction with repatriation is influenced by the impact that the assignment had on the person's career. Therefore, the more positive result the assignment had on a person's career, the more that these individuals would perceive that their repatriation experience was successful.

A number of relationships have been proposed in this chapter with the variable repatriation experience and other variables. These other variables include organizational commitment, turnover intentions and perceptions of career success. These variables are discussed in the remainder of the chapter.

Organizational Commitment

The concept of organizational commitment (OC) has occupied a prominent place in organizational behavior research for many decades and continues to be of interest to behavioral scientists, practicing managers and human resource professionals. Porter, Steers, Mowday, and Boulian, (1974) argued that organizational commitment generally could be characterized by three dimensions. These are (a) a strong belief in, and acceptance of, the organization's goals and values, (b) a willingness to exert considerable effort on behalf of the organization, and (c) a strong desire to remain with the organization and to work hard toward its goals (Porter et al., 1974). More recent research has postulated that organizational commitment (OC) is a multidimensional construct consisting of affective, continuance and normative commitment (Allen & Meyer, 1990; Allen & Meyer, 1996). Affective commitment refers to an employee's emotional attachment to, identification with, and involvement in a particular organization. Continuance commitment refers to commitment based on the costs that the employee associates with leaving the organization. Normative commitment refers to

the employee's feelings of obligation to stay with the organization (Allen & Meyer, 1990). Allen and Meyer (1990) suggest that these three components develop from different antecedents. For example antecedents of affective commitment relate to work experiences that "satisfy employee's needs to feel comfortable in their relationship with the organization and to feel competent in the work role" (p. 4).

It has also been posited that there is a relationship between organizational commitment and the perception of positive repatriation experiences. A study by Stevens et al. (2006) of 305 Japanese repatriate managers found that the development and implementation of supportive HR policies had an impact on how committed and attached repatriates were to their organization. If organizations provide what is perceived to be appropriate support in regards to repatriation, the more committed repatriates will be to their organization. Stroh et al. (1998) also examined repatriates' expectations about repatriation and organizational commitment. More specifically they found a relationship between repatriates' expectations about their job performance and standards at repatriation and levels of organizational commitment. Met expectations were positively related to higher levels of commitment to the organization (Stroh et al., 1998). Stroh et al.'s study found that with respect to job discretion, those whose expectations were overmet displayed higher levels of commitment to their organization than those who had undermet expectations. This meant that if people believed that they were only going to be given some responsibility and job discretion, and they were given more than what was expected they were more committed to their organization (Stroh et al., 1998).

Organizational commitment has been found to be related to turnover intentions. Lazarova and Caligiuri (2001) found that while there was no direct positive link between repatriate support practices and organizational commitment it could be measured indirectly through the respondents' intention to stay or to leave the organization. This supports earlier findings by Whitman (1998) that organizational commitment including affective, continuance, and normative commitment, was significant and negatively related to the repatriate's intentions to leave the organization, with commitment the strongest predictor of intent to leave. Thus with contrary evidence this link between repatriation support practices and organizational commitment is still uncertain and remains to be tested. The following proposition is developed about the relationship between repatriation experience and organizational commitment.

Proposition 5: The perception of a positive repatriation experience will have a positive effect on the repatriate's level of organizational commitment.

Turnover Intentions

It has been reported that 23% of repatriates leave the organization after 1 year of returning, and 20% of repatriates leave after 1 and 2 years of returning from their foreign assignment (GMAC Global Relocation Services, 2005). Previous research has examined the extent to which negative repatriate experiences have had an influence on the turnover of repatriates (Adler, 1981; Black et al., 1992b). They proposed that repatriates who had the experience of being placed in nonchallenging jobs, having a lack of promotional opportunities, a loss of status and autonomy, a lack of career planning and counseling, a lack of support on behalf of managers and colleagues and sluggish career advancement would influence people's turnover intentions (Adler, 1981; Black et al., 1992). Feldman and Thompson (1993) found that the most important factor in retaining repatriates in MNEs was how well the MNE managed their repatriation process, and indicated this implied that the better that the organization is managed, the less likely that repatriates will leave. This suggests that if repatriation issues are addressed by organizations when strategically planning, it is less likely that repatriate regrettable turnover will occur. Furthermore, Lazarova and Caligiuri (2001) found that the activities that ensure high retention are more likely to happen during the expatriate assignment, rather than after it, and hence this suggests that organizations should also be concerned with ongoing management of expatriates while on assignment. These researchers found that perceptions of organizational support were directly associated with intentions to stay. From this past research the following hypothesis is developed:

Proposition 6: The perception of positive repatriation experience will have a positive effect on the repatriate's intentions to stay with their organization.

Career Success

Prior research has rarely considered the effect of repatriation experience on the career success of individuals. Considering that most people take international assignments for the purpose of advancing their careers (Adler, 1986), it would be worthy to examine the relationship between a person's repatriation experience, whether it is positive or negative, and their perceptions of their career success. Examining relationships between repatriate support practices and career success would also be important as the provision of HR support practices may influence whether people find appropriate jobs on return or receive career promotions. It has been suggested that repatriation is a critical phase in a

repatriate's career. Suutari and Brewster's (2003) investigation of repatriated Finnish engineers found that the engineers believed that their assignment would be beneficial for their career. Stahl and Cerdin (2004) found that repatriates were frustrated with the long term planning of their repatriation. Mendenhall et al. (1987) have suggested that research examining the effect of expatriation on the careers of individuals is deficient, and therefore, future research is necessary to investigate this area. To meet this deficiency, the relationship between repatriation experience and perceptions of career success is examined in the model proposed in this chapter. For the purposes of this chapter career success is defined as both objective and subjective career success (Greenhaus, Parasuraman, & Wormley, 1990). Objective success encompasses whether an individual receives a promotion, and an increase in salary, whereas subjective success includes career satisfaction. A promotion is defined as "any increases in level and/or significant increases in job responsibilities or job scope" and an increase in salary is defined as "having increase in the amount of money one receives" (Seibert, Kraimer, & Crant, 2001, pp. 358). Career satisfaction is defined as whether the person was satisfied with the progress that they had made in achieving their career goals, their income levels, their skill levels and advancement (Greenhaus et al., 1990). If repatriates are appropriately supported in their repatriation, having a positive influence on their repatriation experience that meets their expectation, this should have a positive effect on their perception of their career success.

Proposition 7: The perception of a positive repatriation experience will have a positive effect on the repatriate's perception of career success.

FUTURE RESEARCH AND CONCLUSIONS

This research differs from previous research as it seeks to develop a more comprehensive model on the effective management of repatriation and to examine the influence of repatriate support practices on the repatriate's perceptions of career success. Research on repatriation continues to be an important issue as organizations continue to globalize. Repatriation is not always handled well by organizations, and people's repatriation experiences can be negative at great cost to the individual and the organization. One way to reduce a negative experience is by providing appropriate HR support to repatriates. The chapter sought to review the literature related to repatriation support practices, organized according to four types of support; before assignment, during assignment, pre-repatriation and after repatriation support. The authors have attempted to

develop a normative model on how to manage repatriation processes based on the concepts of uncertainty reduction, social support and psychological contract theory. International literature in the field was reviewed to develop this model. The relationships between HR repatriation support practices in relation to repatriation experience were examined, and it was suggested that higher the perception of repatriation support the higher the quality of repatriate experience. Repatriate experience was then related to outcome variables such as organizational commitment, turnover intentions and perceptions of career success.

To understand whether this model is appropriate quantitative research methods could be used to explore its facets and would allow an understanding of the complex phenomena and relationships surrounding repatriation, organizational commitment, turnover and career success. This would allow exploration of the experience of repatriates who have returned after a lapse of time, to understand how their repatriation had been managed and whether the perception of higher quality relevant and appropriate levels of repatriation support had positive effects on their perception of career success. Therefore a quantitative approach that tests the relationships suggested in this chapter would be a contribution of knowledge to the research literature, and especially the effect that repatriation experiences would have on people's perception of career success.

The appropriate management of repatriates would hopefully see that more people are encouraged to participate in international assignments, and that this has a positive effect on their future career. International assignments commonly develop many attributes in people that are beneficial for organizations. This includes knowledge of overseas conditions, markets, people, distribution networks, and expertise in international business (Gerhard & Ulrike, 2005). The effect of repatriation on family members can also be examined in future research (Liu, 2005) as the family unit can have an impact on the work experiences of the repatriate employee (Black et al., 1999) and vice versa. It would also be appropriate to examine innovative practices used by MNEs for repatriation and to publish these as case studies. It is poor strategic practice if organizations cannot utilise employee competencies and expertise developed on assignment, if they have poorly managed repatriation processes, especially when they result in talented repatriates pursuing opportunities elsewhere. Retaining repatriates, especially high performers, will then have positive effects on the further execution of international strategies. In conclusion, developing appropriate strategies to support repatriates is becoming an important area that MNEs need to focus on, to retain high performing international assignees, as businesses continue to internationalize.

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CHAPTER 10

ON THE VALUE OF COGNITIVE SENSE-MAKING THEORY IN MODELLING THE DYNAMICS OF INTERNATIONAL EXECUTIVE REPATRIATION

Gráinne Kelly and Michael J. Morley

While there is a substantial body of research on expatriate employees' cultural and work adaptation upon entry into a novel cultural environment, the individual experience of repatriation and the associated dynamics of readjusting to one's home culture after an extended sojourn abroad, have received much less attention. This chapter explores the phenomenon of repatriation using sense making theory. It is argued that the cross cultural transition, like that of a newcomer organizational entry experience, is underpinned by cognitive sense making processes triggered by issues of ambiguity and identity uncertainty. To advance understanding of repatriation as a critical, but often neglected, aspect of the international assignment cycle, the chapter develops a model of repatriation sense making. The model, and associated propositions, draws attention to the importance of expectations, individual attributes and social brokerage in the process of repatriation and successful reacclaculturation.

INTRODUCTION

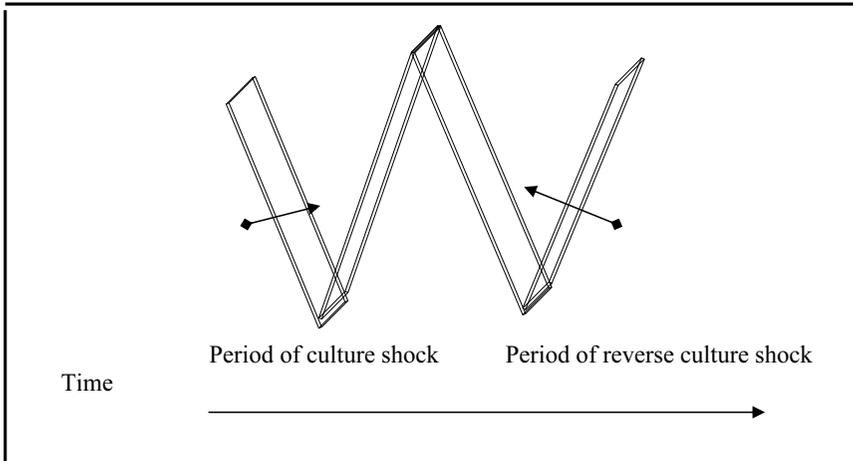
Although a substantial body of research exists on expatriate employees' cultural and work adaptation upon entry into a new cultural environment, the individual experience of re acculturation, the process of readjusting to one's home culture after an extended sojourn abroad has received much less attention (Black 1992; Morley & Heraty, 2004; Sussman, 1986; 2000). This is in spite of the growing organizational costs of turnover and withdrawal behaviours associated with executives returning home that have become particularly acute for firms attempting to operate internationally. Indeed, while there have been a number of survey based studies that proffer the stressful nature of the return transition, the design of more effective readjustment programmes requires that theorists and practitioners enhance their knowledge of the return transition. To advance understanding of the phenomenon the chapter draws upon Louis's (1980) sense-making paradigm and develops a theoretical model of repatriation sense making. The chapter is divided into two sections. It begins by defining and conceptualizing repatriation and subsequently an integration of sense-making theories and repatriation literature is provided to advance understanding of the dynamics of a repatriation transition.

DEFINING AND CONCEPTUALIZING REPATRIATION

In discussing the concept of repatriation, authors point to the ability of the returning executive to readjust into the home organizational and cultural environment and the degree of ease (or difficulty) that executives have with the various work and nonwork related issues in the returning environment (Leiba-O Sullivan, 2002; MacDonald & Arthur, 2005). This suggests that when an executive initially arrives back into the home country, considerable uncertainty is encountered about many different aspects that trigger a process of adjustment. Accordingly, similar to that of expatriation, repatriation has been conceptualized as a transition into a novel cultural environment (Adler, 1981; Forster, 1994).

Specifically, the experience of uncertainty and disorientation upon returning home, termed reverse culture shock, mirrors the culture shock experienced by an expatriate upon entering a host environment. In examining the concept, Oberg (1960) states that culture shock is,

precipitated by the anxiety that results from losing all our familiar signs and symbols of social intercourse. These signs or cues include the thousand and one ways in which we orient ourselves to the situation of daily life. This loss



Source: Gullahorn and Gullahorn (1963, pp. 33-47).

Figure 10.1. W curve of cultural adjustment.

of orientation is rooted in an inability to interpret the cultural context; and this frustration can lead to anxiety, frustration, stress and depression. (p. 177)

Similarly, in discussing the uncertainty during the transition period between leaving the host country and entering the home country, Linehan and Mayrhofer (2005) state that it is a period in which most repatriates are likely to experience a sense of disorientation and crisis. In this regard, the u shaped curve of adjustment (Lysgaard, 1955), used frequently to understand the process of intercultural adjustment was extended by Gullahorn and Gullahorn (1963) to reflect the repatriate adjustment process (see Figure 10.1).

In support, numerous studies have defined repatriation as a process of adjustment underpinned by a number of domains that include (1) readjustment to the job (2) readjustment to interacting with host nationals (3) psychological readjustment (Black & Gregersen, 1998; Black, Gregersen, Mendenhall, & Stroh, 1999; Chew, 2004). In so doing, this parallels developments from a unilateral understanding of expatriation to that involving a process of adjusting in response to a number of unfamiliar aspects in the host setting (see Black & Gregersen, 1991). Following this, the conceptual framework of the proposed model rests on Black, Gregersen, and Mendenhall's (1992) definition of repatriation as a multifaceted cultural adjustment phenomenon.

A PROCESS MODEL OF REPATRIATION SENSE MAKING: AN INTEGRATION OF REPATRIATION AND SENSE-MAKING THEORY

According to Louis (1980) and Weick, Sutcliffe, and Obstfeld (2006), newcomers typically experience some degree of surprise or role shock upon entering a new organization. This builds on Van Maanen and Schein's (1979) research on domestic career transitions suggesting that an individual's entry into a new organization involves a boundary-crossing event in which the individual must learn the formal and the informal requirements of a new role and the ropes of the organization and thus is associated with high levels of uncertainty. In parallel, recently authors discussing the adjustment concerns of executives crossing international boundaries such as during inter cultural reentry transitions also refer to the uncertainty and ambiguity characteristic of their experiences (Feldman & Bolino, 1999; Morley & Flynn, 2003; Peltonen, 1998; Stahl, Miller, & Tung, 2002).

Here, it appears that an encounter with a novel cultural environment where the sense of belonging is unclear is likely to cause a sense of disorientation characteristic of Oberg's (1960) culture shock phenomenon (see Lindgren & Wahlin, 2001, p. 361). In so doing, authors concur that a cross cultural transition like that of a newcomer organizational entry experience is underpinned by cognitive sense-making processes triggered by issues of ambiguity and identity crisis (Arnett, 2002; Maitlis, 2005). First, Louis's (1980) antecedents of newcomer sense-making are used to understand an experience of reverse culture shock. Subsequently, the chapter develops a framework of repatriation sense-making by examining the individual and the social resources drawn upon by a repatriate as coping mechanisms during attempts at readjustment home. Finally, the chapter details the individual and the organizational outcomes of an executive's process of sense-making during a return transition

Triggers of Repatriation Sense Making

A period within interorganizational (Louis, 1980; Weick, 2006) and inter cultural organizational transitions (Bird & Osland, 2005; Glanz, 2005) concerns the encounter period where novel incidents arouse newcomer awareness of the difference of their situation from their expectations or past experiences. Similarly, it seems that repatriate adjustment like that of newcomer entry adaptation is characterized by a complex configuration of changes and expectations within the home environment (see Stroh, 1995). Specifically, Louis differentiates between three types of dif-

ference that characterise an interorganizational transition; that of change, contrast and surprise. She further posits that these provide a context of uncertainty in which a sense-making process is activated (Louis, 1980). Thus, prior to ascertaining how an individual repatriate seeks to cope coming home it is necessary to explore change, contrast and surprise variables within the established the repatriation framework:

Change

According to Louis (1980), change is the objective difference between new and old roles that create the need to learn new tasks. Similarly, in assuming the role of a newcomer, a repatriate faces a number of changes. In this regard and as noted earlier, authors concur that there are three aspects that repatriates' must make sense of and refer to psychological, organizational and sociocultural changes in the returning environment (Clague & Krupp, 1978). In addition, increasingly authors point to the unfamiliar sociocultural environment faced by the repatriate's family that impact repatriate adjustment (see Harvey & Buckley, 1998 for a discussion). An important point here is that irrespective of the type of change whether that of cultural and organizational differences, job or family issues the result is that the sense-making process is triggered (Glanz, 2005).

Contrast

According to Louis (1980), a second aspect of the newcomer experience is that of contrast and relates to subjective perceptions of difference between new and old settings. In elucidating this aspect of difference, Van Maanen (1978) posits that, "contrasts emerge from both the objective differences between new and old settings, including changes and characteristics of the new setting, as perceived by the transitioner" (p. 331).

In other words, they are personally rather than publicly noted. Black and Gregersen (1996) illustrate a contrast in their study of American assignees. As such these executives do not often experience job rotation in different departments prior to their departure stemming from their cultural work ethic. Thus, they possess conscious job expectations of a re entry position in the local work unit and given that such a rotation is an unfamiliar experience or a contrast to their past position in the home organization, postentry a discrepancy occurs between a conscious job expectation and the reality of the setting. In so doing, this is an example

of one of Louis's (1980) unmet conscious job expectations triggered by a contrasting situation.

Surprise

According to Louis (1980), the activity of placing stimuli into frameworks or sense-making is most visible during surprise encounters when an individual prediction fails to materialize. In other words, where there is a discrepancy between an individual's expectations and the actual experience of an event, a feeling of surprise emerges, that "the difference between an individual's anticipations and subsequent experiences in the new setting" (p. 237).

In so doing, this suggests that occasions for sense-making coalesce around violations in psychological expectations. Along these lines empirical evidence points to differences between repatriate expectations and the reality of the home environment as a principal source of reverse culture shock or negative surprise characteristic of the returning experience (Peltonen, 1998; Pickard & Brewster, 1995). In particular it appears that situations of cognitive dissonance or negative reentry surprise are triggered by unmet expectations of Louis (1980) framework. Moreover, such an environment stimulates a desire to restore order and clarity as to appropriate behavior in the new setting (Glynn & Weber, 2006; Solomon, 1997; Van Maanen, 1978). Following this literature, we offer the following proposition:

Proposition 1: Reverse culture shock, arising from the cumulative impact of change, contrast and surprise experienced by the individual repatriate triggers their cognitive sense-making process

Inputs to Repatriation Sense Making

According to Louis (1980) and Andersen (2006), for an individual to make sense of an ambiguous situation such as that encountered upon organizational entry a number of personal and situational resources are drawn upon. Specifically similar to the newcomer, as repatriates' come to learn about their role, colleagues and the home organization, their adjustment increases (Black et al., 1992). This occurs through a process of reconstructing a mental map of the home environment that has changed over the duration of the sojourn. Consequently, a potent aspect of repatriate adjustment and that crucial for understanding how an

individual comes to cope and make sense during the reentry process is the production of accounts that render the returning environment familiar and meaningful (Poole, Gioia, & Gray, 1989; Weick & Roberts, 1993). Within the domestic relocation literature, according to Feldman (1991) this process is thought to occur during the third stage of socialization, change and acquisition. Moreover, Fiske and Taylor (1991) refer to this as a time associated with cognitive and behavioral efforts to master, reduce, or tolerate demands. Analogous to the newcomer (Miller & Jablin, 1991) or expatriate (Harvey, Buckley, Novicevic, & Wiese, 1999; King, Weidong, Cambell, & Sethi, 2005), the sense-making or attribution of meaning by individuals is achieved by receiving inputs from a number of sources. These include similar past experiences, personal dispositions, local interpretation schemes and the influence of others (Lazarova & Caligiuri, 2001; Linehan & Mayrhofer, 2005). In addition to playing a perennial role within inter organizational transitions (Ashforth & Saks, 1998; Miller & Jablin, 1991; Reichers, 1987) these aspects are also germane to several studies on repatriation.

(1) The Influence of Others

In their canvassing of repatriate literature, Linehan and Scullion (2002) and Chew (2004) similarly found that information transmitted from various organizational sources during the reentry stage will help individuals' cope with the sense of surprise or role shock and the uncertainty they may experience. Also, Feldman and Thomas (1992) assert that repatriates perceive assistance from others within the organization to be a beneficial coping strategy. Festinger (1957) articulated the reason for which in terms of the social nature of the sense-making phenomenon where a "sense" of familiarity and psychological comfort primarily depends on interaction and communication with other individuals. In this vein, Sussman (2000) states that in contrast to executives who have not departed for an assignment and who possess developed schemas about the nature of work roles and responsibilities, repatriates' schemas are partial and incomplete. Continuing this, Black et al. (1999) explain that a mentor can assist a repatriate's sense-making through their knowledge of the organizational changes that have occurred over the period of their assignment in the home environment. Indeed, Chew argues that supervisors and peers are key socializing agents and play an integral part of an individual's attempt to reorient themselves to existing roles. In particular, a crucial aspect is the discussion of the career of the returning executive and the planning for an appropriate position upon their return. In so doing this attaches importance to a

social broker or a mentoring individual for an individual attempting to readjust home (Martin, 1984; Sussman, 2000). This mirrors Caligiuri and Lazarova's (2002) observation that experienced members of the organization provide an expatriate with the sense of what to expect in a new host environment. Hence, we propose:

Proposition 2: The presence of repatriate career management practices and a social support mechanism will be positively associated with the repatriate's cognitive sense-making ability

(2) Personal Dispositions

Authors concur that a repatriate like that of an organizational newcomer also lack knowledge on appropriate behavior and conduct upon returning to an unfamiliar and novel organizational environment. Consequently, a further facilitating readjustment factor is the possession of personality traits and characteristics like social self-efficacy and a proactive nature to search out the necessary information and appropriate modes of action (Black & Gregersen, 1996). Indeed, according to Katz and Tushman (1983), an individual experiences different concerns that become salient at varying times during a transition such as a cultural relocation. He explains that while initially newcomers are primarily perturbed about fitting in socially they tend to worry about their performance at a later stage of adjusting and thus different types of information are needed that necessitate a proactive stance that fits their individual needs. In agreement, Louis' (1980) comparison of an organizational newcomer with an ethnographer suggests that each organizational newcomer searches out information relevant to their specific concerns that will enable them to develop a conceptual framework. Extending these findings into the international sphere, Leiba-O Sullivan (2002) noted that conscious sense-making behaviors such as information seeking and social interaction are critical for reestablishing an identity with others in the home environment after a sojourn abroad. Furthermore, Black et al. (1992) highlight that readjustment processes vary depending on an individual's sense of control and mastery of role in the home environment. They suggest that the reconstruction of a repatriate's identity in the home organizational environment is partly determined by his or her attempts at informal networking in addition to the social support through more formal supervisor protégé relationships during the return transition. In so doing this is consistent with that which Bandura (1995) defines as the self-efficacy motive underpinning an individual's sense-making process as, "The belief's in

one's own capabilities to organise and execute the courses of action required to manage prospective situations" (p. 2)

In sum, having lost his or her foundation for ongoing action a repatriate must cope with multiple changes, which is often compounded by an uncertainty regarding their capacity to re acculturate. In other words, they experience doubt surrounding their self-efficacy for successful readjustment. Thus we propose,

Proposition 3a: Repatriates with high self-efficacy tend to acquire knowledge and understanding of work related tasks and thus higher self-efficacy is positively related with their cognitive sense-making ability

Proposition 3b: Repatriates' with high relational skills will tend to network with home colleagues in order to gain understanding of the altered home milieu and thus high relational skills will positively influence their cognitive sense-making ability

(3) Local Interpretation Schemes

Leiba-O Sullivan (2002) argues that it is crucial for a repatriate to re adapt to the organization's culture and become integrated into the informal work group. To accomplish these tasks repatriates, like that of an expatriate upon organizational entry in a host culture, need to identify prevailing norms and cultural values (Morley & Flynn, 2003; Scullion & Collings, 2006). Thus, she concludes that successful adaptation home is dependent on the repatriate's possession of normative information or information about the expected behaviors and attitudes (Leiba-O Sullivan, 2002; see also Brett & Stroh, 1992; Feldman & Thompson, 1993; Miller & Jablin, 1991 and for a discussion on domestic relocations). In support, Black and Gregersen's (1996) research on Japanese repatriates found that one of the primary reasons for difficulties in transitioning home were the attitudinal and behavioral changes undergone by the individual in adjusting abroad and the lack of cultural knowledge concerning appropriate behavior upon returning home. As Black and Gregersen explain, "As expatriate managers' change to fit into the local culture and the environment during international assignments their focal point shifts from the home country and parent organization to the host country and foreign organization" (p. 218).

Moreover, their research on returning Japanese managers suggests that a successful adjustment abroad to the country and culture of their overseas assignment implies, "These executives have not only shifted

their focus from the home country ... but they have also made attitudinal and behavioural changes those that render readaptation arduous" (Black & Gregersen, 1996, p. 218).

This is analogous to what Berry (1990) terms internal changes that an individual experiences during the process of acculturation to a new country. Accordingly, upon returning home these executives need to shift their thinking and become acquainted with local knowledge. In addition, Stroh and Caligiuri (1998) report that repatriates and their family members experience a sense of disillusionment in returning to the home environment that does not reflect the fond memories and sometimes myths they held about the general environment and culture in their home country while abroad. Adler (2002) posits that this occurs because when such repatriates are experiencing the trauma of culture shock in a foreign assignment, "they often idealise their home country, remembering only the good aspects of home-in essence creating something to hold onto and dream about" (p. 59).

In identifying the latter problem, Baruch and Altman (2002) highlight the value of frequent contact through formal organizational mechanisms like structured yearly visits and mail communication that helps establish a more realistic view of the home country. In addition, in commenting on the former financial problems, they found that a "balance sheet approach" was a useful organizational strategy to managing repatriates financial issues and involved calculating an expatriate's net disposable income and the applying the local cost of living. In so doing, "A fit ... was achieved ... between UK terms and conditions and the local ones, as well as the ability to readjust to former levels following the repatriation" (p. 663).

Amassing the sense-making and repatriate literature, it thus appears that repatriates' who are kept up to date with changes occurring in the home milieu over the duration of the sojourn are more likely to make sense of the return environment during the adjustment process and thus we surmise that:

Proposition 4: We amended this to: Frequent ongoing contact with the parent firm over the sojourn will be positively related with a repatriate's cognitive sense-making ability.

(4) Similar Past Experiences

Although all surprises in the home environment cannot be anticipated due to the idiosyncratic nature of the returning transition (Arthur & Macdonald, 2003) a prior experience in transiting home from abroad and an

awareness of the need to adapt one's thinking can be helpful for learning to recognize and accept differences that have occurred at home. Indeed, Feldman (1991) asserts that a primary obstacle to the readjustment process within the home environment is the unexpected need to adapt to changes that occur during the period of the assignment. Consequently, because repatriates' are surprised at the need to acquire new variants of behavior they may initially choose a replication strategy of adjustment (Nicholson, 1984). This returning strategy is problematic according to Caligiuri and Phillips (2003) because the repatriate fails to seek new cultural knowledge or social assistance. In so doing, such individuals' become increasingly frustrated by an absence of necessary knowledge and are unable to adjust to the dynamism and equivocality characteristic of the home environment. According to Black, Mendenhall, and Oddou (1991), past international experience facilitates the adjustment of an executive in that it fosters accurate estimates of future stressors. They further argue that executives who go abroad frequently indicate a more positive overseas experience as they are able to anticipate and forecast the cognitive and behavioral discomfort associated with transitioning abroad. As such this stems from their accumulated knowledge and past experiences of attempting to work overseas. In so doing, this aligns with the notion that sense-making occurs on the basis of learning new aspects of a culture and adding knowledge to past background and experience of the setting (Gioia, 2006; Hernes & Bakken, 2006). Accordingly, we suppose:

Proposition 5: Previous overseas experience will facilitate the formation of more realistic expectations concerning a need for cognitive and behavioral adjustment and thus experience in transitioning abroad will be positively related to a repatriate's cognitive sense-making ability

The Process of Repatriation Sense Making

In discussing incidents of surprise, Katz and Tushman (1983) comment that during experiences of role ambiguity and uncertainty newcomers strive to construct a new definition of organizational reality and role identities through social interactions. Continuing this, Louis (1980) proposes a psycho-social sense-making approach to organizational entry, in which newcomers learn to make sense of surprises they experience when encountering novel events. According to Louis (1980) and Weick (2001), sense-making refers to a social cognitive process that unfolds during an individual's attempt at adjustment in an unfamiliar environment. Further, this process consists of a number of dimensions; (1) identity construction;

(2) retrospection (3) enacting of sensible environments (4) social (5) ongoing (6) focused on and by extracting cues (7) driven by plausibility. In support of this conceptualization, Weick (1995) suggests that these sense-making processes underpin the development of attitudes and behaviors that enable or constrain newcomer adjustment in the changed setting. The period of reentry is also characterized by sense-making processes through which returning executives come to understand, interpret, and respond to the novelty characterizing the home environment. Specifically, we propose that:

Proposition 6: High environmental novelty encountered on re entry will necessitate multiple cognitive sense-making responses

Outcomes of Repatriation Sense Making

Within the literature on international assignments, a converging mode of inquiry on the outcomes of the sojourn transition is through the psychosocial sense-making perspective of employee coping (see Harvey et al., 1999 for a discussion; see also Osland & Bird, 2000). In her synthesis of extant literature on international adjustment, Glanz (2005) advocates the necessity of this lens due to the relationship between individual distress manifesting at behavioral and psychological levels (cognitive dissonance, withdrawal related behaviors and individual turnover) and the negative proximal and distal organizational outcomes (higher absenteeism levels, poor performance, replacement costs). In parallel, a large proportion of studies on repatriate distress highlight the prevalence of a higher propensity of such individuals to turnover or to exhibit withdrawal behaviors that include a lower performance (Stroh, 1995; see also Black & Gregersen, 1998; Morley & Collings, 2004). Thus, an integration of research on sense making and readjustment also produces a fruitful avenue for exploring the potential outcomes of a repatriate's sense-making process and that delineated below.

(1) Repatriate Commitment in the Parent Firm

Stevens, Oddou, Furuya, Bird, and Mendenhall's (2006) research on repatriate distress offers an insightful account of the psychological stress prevalent during a return transition and the pernicious effects on reentry work behaviors, one of which is turnover behavior. With this in mind our earlier discussion on repatriate sense-making began with advancing an understanding of such distress in introducing repatriation like that of

expatriation as a work role transition (Linehan & Mayrhofer, 2005; Stahl & Tung, 2002). Specifically, an uncertain and ambiguous climate encountered by sojourners while expatriating abroad is reversed in repatriating home and in so doing creating a corollary need for psychological adaptation and adoption of new variants of work and nonwork behaviors. Following this, we also noted within our discussion of the antecedents of reentry sense-making that to understand repatriate behaviors upon reentry and their relationship with repatriate discomfort one must look to the temporal dimension and more specifically to the number of changes that have occurred during the sojourn. A key finding here is the change undergone by the repatriate that diffuses ability to identify with and understand behavior within the home culture and that which negatively affects the readjustment of such individuals (see Sussman, 2000 for a detailed discussion). This links with recent literature that draws attention to how traveling between cultures lessen the identity of the expatriate with the sending organization and that which lowers the commitment expectancy of returning executives (Lindgren & Wahlin, 2001).

For instance, Gregersen's (1992) and Gregersen and Black's (1992) research on variables that affect American expatriates' commitment to the parent firm identified that such executives felt their identity was split between the parent and the host organization. As such, this duality was also apparent for American executives whilst overseas in Gregersen and Black's (1990) study. This is problematic because as Osland (2000) explains, in oscillating between various cultures an individual's sense of organizational belonging often becomes unclear as they encounter the "paradox of marginality, defined by a feeling of being at ease anywhere but belonging nowhere" (p. 232).

In so doing, this reflects one of the principle components of Allen and Meyer's (1990) framework of organizational commitment, that of affective commitment. In sum, Allen and Meyer posit that individuals will possess differential degrees of commitment to an organization, ranging from affective, to normative and finally to that of a continuance type. Given the individual viewpoint from which this thesis takes to examine repatriate sense making, we found it important to explore all commitment facets. In their model, affective commitment refers to an individual's emotional attachment with and identification to an organization (Allen & Meyer, 1990), that which Ashforth and Saks argue manifests as feelings of loyalty and belongingness. While the majority of studies on expatriate employees' cite affective commitment as a specific outcome of expatriation, an exception is found in the work of Shaffer and Harrison (1998). Their study was conducted on 452 expatriates and 224 expatriates and their spouses across 45 countries. Specifically, it indicates the potency of a second component of Allen and Meyer's commitment model within the

international adjustment framework, that of normative commitment. According to Allen and Meyer, normative commitment refers to an individual's perceived obligation to remain in the organization. Finally, although not directly referred to throughout studies on expatriation and repatriation the third component of Allen and Meyer's thesis, that of continuance commitment is also characteristic of the international assignee sense-making decision framework. As such, this is illustrated within research that delineates costs associated with leaving a sending firm such as a damaged career as an alternative reason that determines repatriate commitment to a firm. In so doing, this reflects Allen and Meyer's interpretation of continuance commitment as an individual's decision to remain in the organization due to the perceived costs associated with departing. Following this, we surmise that:

Proposition 7: A repatriate's turnover intention which may change temporally is underpinned by fluid cognitive sense-making processes

(2) Repatriate Withdrawal Cognitions

Within the stressor strain paradigm of employee adjustment a further criterion that denotes a successful life transition such as repatriation is that defined in terms of an individual repatriate's performance in their return environment. In particular, theories of stress associated with domestic and international relocations surmise that role and situational stressors are common attributes of such transitions and thus those which can carry a functional or dysfunctional effect on both an employee's ability and willingness to perform. In so doing, this concurs with contemporary definitions of a failed readjustment outcome that include repatriate problems stemming from psychological withdrawal behaviors. In discussing this phenomenon, Black et al. (1992) posit that these behaviors are exhibited by individuals who remain with the parent organization upon their return but who cognitively withdraw from their home environment due to maladjustment. Caligiuri and Santo (2001) suggest that these result in individual experiences of diminished self-esteem, impaired relationships and a poor motive to perform. Accordingly, a recurring theme within the international repatriate literature is that poor readjustment is quite costly to international operations with indirect losses for the firm of such behaviors that include a reduction in productivity and market share in addition to damaged staff and supplier relations (Scullion & Brewster, 2001). Indeed, our synthesis of the international literature indicates that

in addition to the large body of organizational research that focuses on expatriate adjustment and turnover, a proportion of authors have begun to examine the organizational implications of a reduction in repatriate performance (see Kamoche, 1997 for an analysis of this trend).

This focus has developed from the premise that international assignments provide individuals with the opportunity to gain international knowledge (for instance, knowledge about the complexities of global operations and cultural variations defining divergent organizational practices (Downes & Thomas, 1999). However, more recently, research attests that the knowledge and skills learned by sojourners represent a potential emergent assignment outcome to be capitalized upon (Hocking, Brown, & Harzing, 2004). To this end, related work highlighting the importance of retaining repatriated individuals indicates that expatriation offers the opportunity to acquire knowledge abroad and consequently that repatriation creates the opportunity to transfer and apply this knowledge in the organization (Downes & Thomas, 2000; Kamoche, 1997). In accordance with this development, expatriate performance and its dimensionality have been of interest to researchers (for instance, Arthur & Bennett, 1995). Essentially, in coalescing extant expatriate performance models Shaffer and Harrison (2005) highlight two performance facets of relevance for international knowledge transfer: (1) specific task requirements and (2) developing and maintaining relationships with host country nationals that are underpinned by sociocultural adjustment. They also comment that these two dimensions are consistent with the task/technical and interpersonal aspects of performance frameworks found within domestic literature (Shaffer & Harrison, 2005). In addition, as a more overarching measure of performance, Shaffer and Harrison also include a third dimension, that of expatriates' overall performance on the job. Following this literature and considering sense-making theory, this chapter underscores the significance of sense-making processes during the readjustment period to repatriate performance with specific reference to: (1) task based performance (2) relationship based performance of an individual executive in their indigenous firm. Specifically, we propose the following in regards to repatriate performance:

Proposition 8a: Repatriate cognitive sense-making is positively related to an individual's psychological well being and exhibition of task based behaviors in the home organization

Proposition 8b: Repatriate cognitive sense-making is positively related to an individual's sociocultural readjustment and interaction with colleagues in the home organization

Figure 10.2. Theoretical model of repatriation sense making

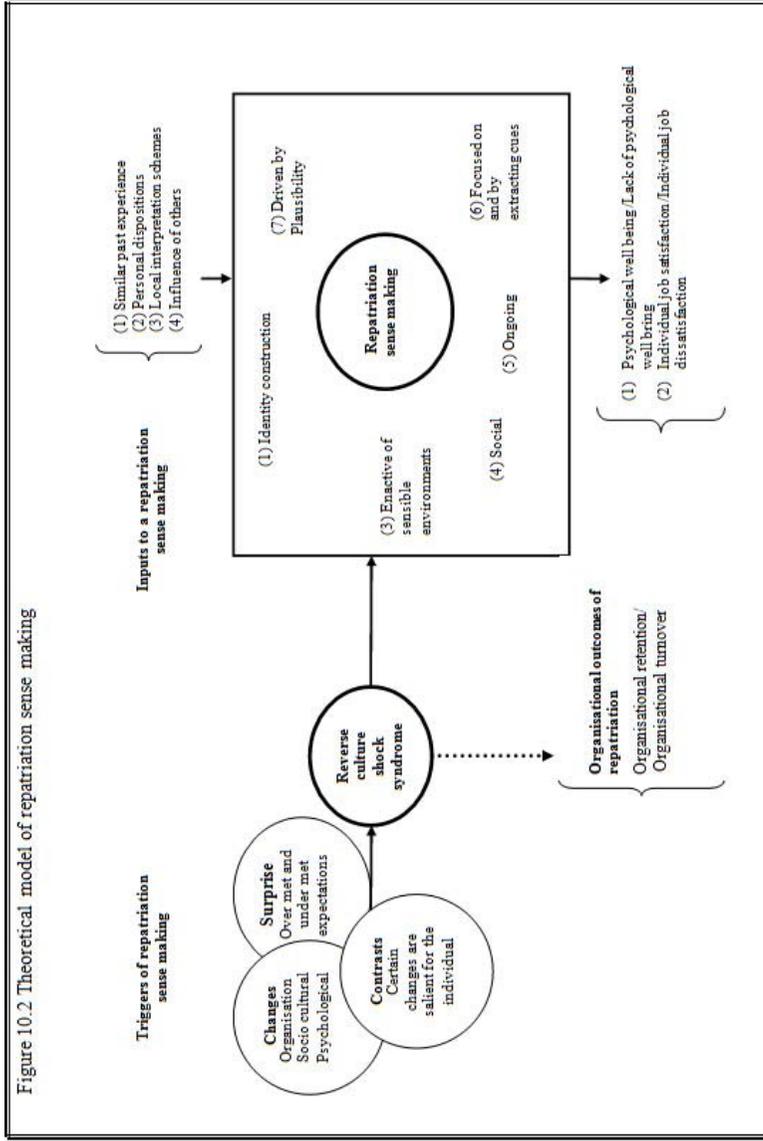


Figure 10.2. Theoretical model: Repatriation adjustment: A psycho-social sense-making process.

CONCLUSION

This chapter offers a different perspective, that of sense-making theory to examine the phenomenon of repatriation. The relevance of this framework is apparent from an integration of the intercultural reentry and sense-making literatures that indicates the initial encounter of surprise and types of sense-making behaviors adopted during the returning transition. Referring to studies of domestic and international sense making, an underlying finding is that an absence of sense-making during the adjustment period results in both psychological and behavioral withdrawal from one's organization, spilling over to poor observable performance or higher turnover propensity (Shaffer & Harrison, 2001). Indeed, Glanz (2005) posits that responses to a break down in an individual's ability to sense make in the novel environment may take the form of withdrawing psychologically from the task, taking longer to get up to speed with work projects or failing to develop and maintain good relationships with colleagues. Harvey et al. (1999) also comment that an individual's sense-making process varies during adjustment depending on the possession of personal resources and individual career motives in addition to the organizational provision of social support resources. From our critique of the repatriate literature it is also apparent that the possession of personal attributes and dispositions (that include strong self-efficacy) and situational factors (such as the presence of social support) assists an expatriate's transition as they learn the ropes or become proficient in the performance of task role and intrapersonal requirements of the indigenous environment. Essentially by mastering such demands a repatriate can undergo a healthy psychological adjustment process home, however, a lack of mastery, knowledge and understanding can produce individual distress.

Continuing this search of the readjustment literature, we also identified the prevalence of negative individual outcomes that are associated with the individual experience of a lack of social support and the absence of repatriate career management strategies underpinned by normative and affective turnover. Although the process whereby social support and individual outcomes are thus related, drawing the literatures on sense-making and readjustment theory together it appears that this may not be a direct relationship as espoused in extant repatriate literature. Rather, we surmise that levels of repatriate commitment and withdrawal behaviors are mediated by the fulfilment of an individual expatriate's psycho-social sense-making needs that manifest as a result of an experience of a reverse culture shock and which constantly change over the course of the expatriation and repatriation periods of the assignment. This leads to the suggestion that the employee should be assisted in inter cultural sense-making prior to and

during their returning period. Clearly, there is a significant need to establish a theoretical basis for understanding repatriate sense-making needs so that policies can be designed to address them. In providing a theoretical framework that explores the dynamics of repatriation as a sense-making process this chapter makes a significant step in this direction and contributes to the field of IHRM and global career management.

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Emerging Themes in International Management of Human Resources is the third volume in the Research in Organizational Analysis series. This volume investigates important human resource management (HRM) issues within an international context. The papers in this volume provide insight into several HRM areas. First, the international context's effects on management knowledge transfer, privatization of traditionally governmental services, and the relation between social capital and organizational diversity is considered. The second part of this volume is concerned with the issue of staffing in international organizations with special emphasis on HRM selection and termination practices for the cross-national company. Third, women's issues in the international firm are explored. Gender issues such as flexible work arrangements and the role of culturally defined gender egalitarian values on role differences among women and men managers are investigated. Finally, the volume explores the issues of expatriation and repatriation among firms. It explores the role of psychological contracts in supporting successful expatriate experiences, how repatriate support practices influence repatriate organizational commitment, turnover intentions and career success, and an investigation of repatriation as sense-making process are discussed. This volume provides a good basis for understanding how HRM practices are affected by cross-cultural differences and provides insight into best HRM practices for the international organization.

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