



CAPITAL GAINS: EXPATRIATE ADJUSTMENT AND THE PSYCHOLOGICAL CONTRACT IN INTERNATIONAL CAREERS

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This paper argues that the notion of adjustment to careers involving international assignments needs to be developed further than the current literature reflects. An expatriate assignment is an expatriate's opportunity to build career capital and a company's opportunity to generate social and intellectual capital. The extent of the capital gains will depend considerably on the expatriate's adjustment during and after the assignment, which is influenced by the psychological contract. We argue that our understanding of the career impact of expatriation will be enhanced by a more refined picture of the adjustment that expatriates experience during the assignment and during repatriation. In particular, we examine adjustment as process rather than as event. We propose a broad conception of expatriate adjustment and its link to careers. © 2009 Wiley Periodicals, Inc.

Keywords: expatriate adjustment, international careers, career capital, psychological contract

Introduction

The continuing growth of international business and the increasing number of people working in countries other than their own have led to a renewed focus on the management of internationally mobile employees. The recent literature moves away from previous assumptions about expatriate adjustment toward recognizing the need for a more subtle and more nuanced approach to a complex phenomenon. There has been

increased recognition of the variety of types of international workers and assignments: Traditional expatriation packages now cover short-term assignments, international commuters, frequent flyers, and "electronic internationalists" (Tahvanainen, Welch, & Worm, 2005; Welch & Worm, 2006). The range of organizations has expanded from the traditional giant private sector companies to include small dot.com startups, denationalized public sector companies, intergovernmental organizations, and the not-for-profit sector. The international

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Human Resource Management, May–June 2009, Vol. 48, No. 3, Pp. 379–397

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Published online in Wiley InterScience (www.interscience.wiley.com).

DOI: 10.1002/hrm.20286



assignment is being put into a longer-term career perspective, and there has been increased recognition that international careers are less frequently bureaucratized and more commonly protean (Hall, 1996; Hall & Moss, 1998), boundaryless (Arthur & Rousseau, 1996), or postcorporate (Peiperl & Baruch, 1997). This developing awareness of the variety there has always been in international assignments is welcome.

The literature on expatriate adjustment has been, perhaps, disconnected from career considerations. This gives us only partial understanding of expatriate adjustment and consequently limits our understanding of the effects of international assignments on careers.

However, with the exception of electronically generated career options, it is the awareness that is new and not the developments themselves. "Standard" expatriation (i.e., moving from headquarters to a foreign subsidiary for a period of a few years) is still a substantial element in expatriation assignments. Many of the lessons that we have learned about it, such as factors supporting adjustment or leading to postassignment turnover, still apply. We build on those lessons by concentrating on "standard" expatriates to develop a more comprehensive understanding of how expatriate adjustment is a key element in global career development for the company and for the employee. We focus on "standard" expatriates to prevent the discussion from becoming too diffuse.

International assignments can have a significant positive impact on an individual's career capital. Increases in knowing-how, knowing-why, and knowing-whom that result from an international

assignment make those with international experience highly marketable (DeFillippi & Arthur, 1994; Inkson & Arthur, 2001). There is clear evidence from the comparatively high turnover rates among repatriates (Black, 1992; GMAC, 2008; Suutari & Brewster, 2003) that many former expatriates use that experience to develop their careers outside the organization, particularly if their adjustment back to the home location has been less than satisfactory. This is an unwanted

loss for internationally operating organizations.

The literature on expatriate adjustment has been, perhaps, disconnected from career considerations. This gives us only partial understanding of expatriate adjustment and consequently limits our understanding of the effects of international assignments on careers. Analyzing expatriate adjustment that takes into account the fact that adjustment is an integral part of career development rather than an isolated event will pay dividends for both scholars and practitioners concerned with careers and career management in a global economy.

We, therefore, examine the notion of international assignments as a key option for successful managerial careers in the 21st century. We discuss the psychological contract implications of expatriate assignments and explore the effect of adjustment on the development of career capital during the time in a foreign country and during repatriation. We discuss career issues mostly from the individual expatriate's perspective, including considerations of risk in foreign assignments, and, to a lesser extent, from the employing organization's perspective. We believe that our understanding of the career impact of expatriation will be enhanced by a more refined picture of the expatriates' adjustment during the assignment and during repatriation. We offer a process model of international careers with a special emphasis on adjustment to expatriation and repatriation. Finally, we draw conclusions from the model about the implications for research and practice.

International Experience and the Psychological Contract

International experience is an asset, perhaps even a requirement, for individuals and companies participating in the global economy. Assignments abroad are the most widely practiced method for gaining this experience. Consultancy surveys confirm the continued growth in expatriate populations in many major corporations across the globe (e.g., GMAC, 2008). Being asked to go on an



expatriate assignment also often means being identified as a high-potential employee. Sometimes there is a mutual understanding when the employee is hired that expatriation is a possibility. Some employees aspire to work abroad and actively initiate the process. Others, particularly younger people, go abroad on their own initiative (Peiperl & Jonsen, 2007; Suutari & Brewster, 2000; see Thomas & Inkson, 2004, for case examples). Except for the last path to expatriation, there are implications for the psychological contract between employer and employee. A psychological contract denotes “an individual’s beliefs regarding the terms and conditions of a reciprocal exchange agreement between that focal person and another party” (Rousseau, 1989, p. 123). It includes “assumptions regarding good faith, fair dealing, and trust, treating this contract as part of the larger fabric of the relationship between the parties” (Rousseau, 1989, p. 128). The psychological contract is formed and revised in several stages throughout an employment relationship (Rousseau, 2001). Accordingly, the psychological contract influences the whole process of expatriation—from the first approach of candidates to the final repatriation and reintegration into the home operation. This is represented in Figure 1 by the multiple arrows originating at the psychological contract box.¹

Rousseau (2001) points out that psychological contracts are based on schemas or mental models (cf. Schütz, 1944), promises, and mutual agreement. Psychological contracts are an important factor in expatriate assignments because a person uprooting his or her life and family to move to another country is exposed to more risks than a person on home soil. Vulnerabilities exist especially during the initial time abroad when previously available networks and support systems have not been replaced yet. As with any investment, the early psychological and financial costs outweigh the benefits. A legally binding contract cannot define the myriad eventualities of a foreign posting in every detail. A psychological contract develops even in preemployment stages that is based on professional norms and societal beliefs about working relationships in particular

kinds of jobs (Rousseau, 2001). Psychological contracts are “highly subjective and dynamic” (Guzzo, Noonan, & Elron, 1994, p. 618): i.e., during the course of employment, employees form and develop mental models about what careers look like in the organization, promises are made formally and informally in writing and in speech, and employees perceive or imply agreements about mutual obligations.

As Figure 1 shows, employees enter the process of expatriation with a certain psychological contract. Expatriation constitutes a significant transition in a person’s life and career. Any career transition is marked by a heightened level of uncertainty (Callister, Kramer, & Turban, 1999). In times of uncertainty, employees will try to interpret the situation by using available frameworks (Weick, 1995). The psychological contract is one such framework.

It is not uncommon for employers’ career development systems to imply accelerated career progression or improved opportunities upon return—i.e., informal promises that influence the psychological contract (Evans, Pucik, & Barsoux, 2002)—that often are not fulfilled (Schell & Solomon, 1997). This career promise will influence the risk assessment every potential expatriate makes by increasing the potential benefits of a move. Therefore, the psychological contract plays a particularly important role when the employee deliberates whether to accept an assignment or not. This is indicated by the first of three bold arrows in Figure 1. Another time of heightened salience of the psychological contract is the time of the move and the period following it. The move abroad involves plenty of uncertainty. Therefore, employees will be especially sensitive to any feelings of misplaced trust or perceived company promises seemingly broken such as lack of support in the transition or unexpectedly high cost of living without commensurate compensation. Repatriation, especially the possibility of enhanced

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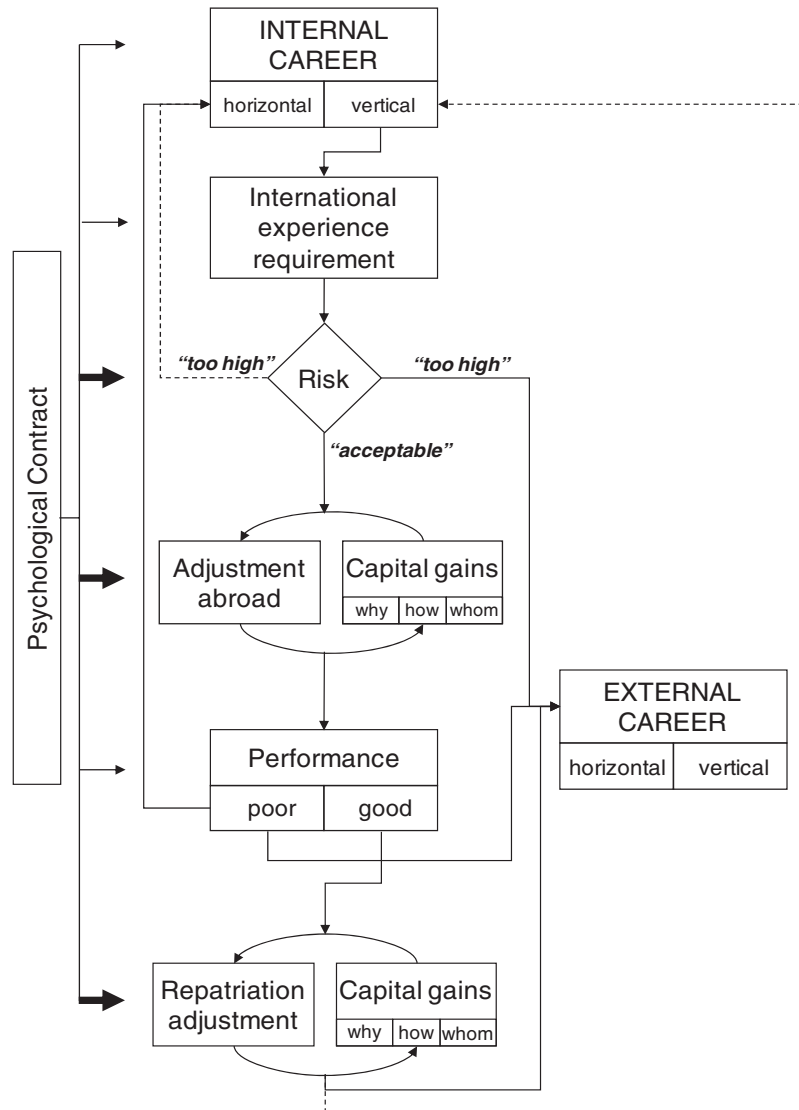


FIGURE 1. Careers and Adjustment: A Broader Model

career opportunities upon return, also involves heightened uncertainty; it is the third critical point giving the company another opportunity to hold up its side of the expatriate psychological contract. The unusually high turnover rate upon return, noted previously, may be related to international assignees' perception that the psychological contract has been broken.

Proposition 1: The psychological contract influences the adjustment to and the success of expatriate assignments.

Proposition 1a: Expatriates are particularly sensitive to perceived breaches of the psychological

contract at the major transition points: (1) the risk assessment and opting to accept an assignment, (2) the period of actual move including the first few months abroad, and (3) the repatriation period including reintegration into the home office. During those times there will be a stronger link between a perceived breach and turnover cognitions than at other times in the employment relationship.

Perspectives on Global Careers

There are at least two points of view to consider when looking at careers: the employee's and the organization's. From the employee perspective, a career is portable across



organizations (internal and external career in Figure 1). Portability depends on the extent of career capital the employee amasses. Using competency-based theories, career capital is normally seen to consist of three ways of knowing.² Attempts have been made to introduce new forms of career capital, such as “symbolic” capital (Bourdieu, 1986; Carpenter, Sanders, & Gregersen, 2000; Cronin & Shaw, 2002; Iellatchitch, Mayrhofer, & Meyer, 2003). But because these concepts are still in our judgment rather unclear and perhaps not measurable, we have chosen to use the more usual threefold categorization:

- Knowing-whom career capabilities consist of a range of intrafirm, interfirm, professional, and social relations combined in a network (Raider & Burt, 1996). They are created by individuals meeting and/or getting to know people who may be helpful to their career. Research indicates that social capital enables people to do their work more effectively because it facilitates access to knowledge and opportunities (Burt, 1997; Lin, 2001). Employees who actively network and thus have a large external network obtain jobs more easily (Boxman, De Graaf, & Flap, 1991; Granovetter, 1974; Kim, 2002; Lin, 2001) and earn more. The effect of foreign experience on such career capital is equivocal: By the nature of their job and role, expatriates will meet with more influential people than they would at home (Berthoin-Antal, 2000; Mäkelä, 2007). Being at a considerable physical distance from the main base makes such networking more difficult; the “out of sight; out of mind” syndrome (Stahl & Cerdin, 2004) may lead to a loss of knowing-whom capital in the home office (Dickmann & Harris, 2005).
- Knowing-how career capital includes the skills, expertise, and tacit and explicit work-related knowledge needed to carry out the job successfully (DeFillippi & Arthur, 1994; Inkson & Arthur, 2001). The term combines explicit knowledge, implicit experiences, soft skills, and technical expertise into a specific form of career capital that is clearly increased by the experience in a new context, new job, and so on, that comes with a foreign assignment. Dickmann and Harris (2005) found that expatriates reported gains in intercultural competence and a broader perspective. But there may also be some loss of knowing-how. For example, a transferee from a technical field in which the home organization is at the cutting edge may miss out on some of the latest developments.
- Knowing-why career capital describes the individual’s sense of purpose, motivation, energy, and identification with the world of work (Inkson & Arthur, 2001). It reflects the values, meanings, and interests that influence the way in which an individual attempts to develop his or her career (Jones & Lichtenstein, 2000). Knowing-why capabilities are seen as fundamental for commitment, which in turn improves performance. This indicates that increasing a person’s career capital is beneficial for both the individual and the organization, as long as the individual is committed to stay. International assignments may strongly influence an individual’s identity (Kohonen, 2005) and future career aspirations.

From the individual’s perspective, an international assignment generally develops his or her career capital. Therefore, the assignment can foster career prospects within the sending organization; it can also create opportunities outside.

The organization’s perspective on careers necessarily assumes that the individual’s career will be inside the organization. Considerations of external tracks enter only in terms of competition for talent. The organizational equivalents to the elements of career capital are intellectual capital, social capital, and the level of organizational commitment. Intellectual capital equates to knowing-how and refers to the sum of knowledge and skills of individuals in the organization (Nahapiet & Ghoshal, 1998). An organization’s social capital equates to knowing-whom and stems from the structure and content of the internal and external social relations of organization members (Adler & Kwon, 2002).

Commitment to the organization results from the employees' organization-focused knowing-why (Aycan, 1997; Meyer, Bobocel, & Allen, 1991). An expatriate assignment has the potential to create intellectual and social capital for the organization as well as organizational commitment. All three are influenced by the expatriate's level of adjustment to working and living abroad. But the relationships are sometimes complex. For example, commitment to the host organization goes up with the level of adjustment, while the reverse happens for commitment to home organization (Gregersen & Black, 1992). Expatriates' networks change as a result of expatriate assignments. Sometimes the expansion of the expatriate's international network coincides with the erosion of connections in the home office (Dickmann

& Harris, 2005). Poor adjustment abroad may go hand in hand with suboptimal development of knowing-how and knowing-whom for the expatriate and hence intellectual and international social capital for the organization. Good adjustment abroad may result in a change to knowing-why, which results in lowered commitment to the sending organization and thus contributes to postrepatriation turnover. This points to the central thesis of our

paper: Expatriate adjustment is an important, but largely ignored, variable in the development of global careers with complex implications for both the individual and the organization. We will discuss adjustment and the definition of successful adjustment in more detail in the section Adjustments During the Course of an Assignment.

Proposition 2: International assignments lead to a restructuring (gains as well as losses) of career capital with overall net gains in knowing-whom, knowing-how, and knowing-why for the well-adjusted expatriate.

Proposition 3: International assignments, in which the psychological contract is honored and the expatriate adjusts well, lead to gains in the

organizational equivalents of knowing-whom, knowing-how, and knowing-why.

Expatriate Assignments

The offer of an international assignment is the first transition point that increases the salience of the psychological contract. Faced with the invitation to consider an expatriate posting, the employee conducts a risk analysis. Technically, the term *risk* implies that the odds of positive and negative consequences are known, while unknown odds imply uncertainty (Adams, 1995). The former can be calculated; the latter is open only to judgment. In reality, because exact odds are hardly ever available, the distinction is blurred (Adams, 1995). Therefore, we go along with Adams (1995), who defines risk in an everyday fashion as "unquantifiable danger, hazard, exposure to mischance or peril." (p. 26) Potential expatriates' risk analysis consists of weighing potential benefits and costs, which results in a judgment call about the acceptability of risk. A number of variables enter into the equation besides the career benefit—the career capital gained—which is a major reason why the expatriate contemplates the assignment. Other benefits to individuals and families may include a sense of personal growth, an immediate increase in income, and opportunities to learn a new language or broaden horizons. Potential costs include the unavoidable pains of change and transition (Bridges, 2004). Thoughts about adjustment are part of risk assessment. Family adjustment, children's education, and the partner's career are leading concerns (GMAC, 2008). The perceived extent of cultural differences and the subjective desirability of the location partially mediate the risk assessment. Winegard and Warhoe (2003) call the explicit contract the most important risk control tool. Since employment contracts cannot cover all of the assignment's risks and uncertainties, the psychological contract plays an important role. It depends on the candidate's observations of previous expatriates, his or her career track inside or outside the organization, and the candidate's attributions of underlying reasons for undertaking

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the assignment. The psychological contract is of heightened importance during the risk analysis, which takes place before the expatriate accepts or rejects the assignment.

Proposition 4: The psychological contract influences the candidate's assessment of risks and benefits so that any perceived breach will lead to emphasizing risks and deemphasizing benefits.

Candidates who judge the risks to be too high will have two options, as Figure 1 indicates. First, they can opt to decline the foreign assignment and stay at home. Depending on the psychological contract, they may expect and accept career lateralization. Second, they can decide to leave the organization in order to join a company that does not require an expatriate assignment, offers different locations abroad, or is otherwise perceived to offer career advantages in light of the current request to go abroad.

If the candidate deems the risks acceptable, he or she joins the ranks of the organization's expatriates. Expatriates leave their home country post for an assignment of significant but limited duration in a foreign country; after a generally maximum 5-year period, and often considerably less, they return to their home country or go on to another foreign posting. A growing literature examining expatriation or repatriation from a career perspective has more recently addressed the paucity of research linking expatriation and careers (Inkson, Arthur, Pringle, & Barry, 1997; Leiba-O'Sullivan, 2002; Riusala & Suutari, 2000; Stahl & Cerdin, 2004; Stahl, Miller, & Tung, 2002; Suutari & Brewster, 2003; Tung, 1998). The meaning of success in this context (Arthur, Khapova, & Wilderom, 2005), however, and the outcomes of expatriate assignments remain unclear.

The definitions of the success of an expatriate assignment depend on viewpoints and timescales. The organization may consider success to be "accomplishing the assignment objectives at the expected cost," which is the definition of ROI the Global Relocation Trends Survey uses. A historical average of 63% of companies agreed with this definition (GMAC, 2008). A company may also include retention of the repatriate and transfer of acquired skills

back into the organization (Berthoin-Antal, 2001) in the definition of success. The expatriate may consider the expansion of career capital and the opportunity to move employers to be success (Tung, 1998). The expatriate's family may have yet different conceptualizations of success. Success may be measured in objective or subjective terms (Arthur et al., 2005), a distinction sometimes referred to as internal and external careers (Hall, 1996; Jones & Lichtenstein, 2000; Schein & van Maanen, 1977). Researchers have combined some of these different viewpoints with the time dimension (Yan, Zhu, & Hall, 2002) and evaluated them along dimensions of success, failure, or a mitigated success.

Adjustment to the foreign assignment and to the repatriation is one key component of the success of the assignment—however success is defined or measured. To be well adjusted is to have mastered a transition (Bridges, 2004) and is tied to the acquisition of career capital that could benefit the individual and the organization. For example, knowing-how is acquired by learning. Learning and adjustment develop in parallel (Pires, Stanton, & Ostenfeld, 2006). Experiencing shortcomings related to poor adjustment causes dissatisfaction, which is a motivator for learning (Huy, 1999). With learning (e.g., knowing how to interact in the host culture, how to conduct business, or how to be effective in the host organization), the level of adjustment increases. Knowing-how—for example, the ability to speak the host language—is related to adjustment (Shaffer, Harrison, & Gilley, 1999; Taylor & Napier, 1996). This also improves knowing-whom in the host culture. Knowing-why implies a sense of purpose, motivation, and energy that is hard to imagine without adjustment. With an increase in the individual's knowing-how and knowing-whom, the organization's intellectual and social capital grow as well. The only area in which organizational and individual perspectives on adjustment may not align

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involves knowing-why and its equivalent, organizational commitment. Adjustment abroad may include a change in cultural identity that alienates the employee from the home office. Thus, an expatriate may “go native” (Adler, 1996) by changing allegiance from home to host office (Gregersen & Black, 1992). There are distinct limits to the sending organization’s interest in the expatriate’s

development of a strong identification with and commitment to the host office (Brewster, 1993).

Adjustment is the outcome of a learning process that enables the individual to be more effective and content in the new circumstances.

Proposition 5: Knowing-whom and knowing-how of the expatriate and his or her organizational equivalents develop synchronously. This is not necessarily true for knowing-why and its equivalent. The expatriate’s personal development or a breakdown in the psychological contract may lead to increased knowing-why yet a reduced commitment to the employing organization.

Adjustments During the Course of an Assignment

The move abroad is the second transition point where the psychological contract becomes especially salient. The expatriate faces many uncertainties, is confronted with the need to adjust to the new situation, and is susceptible to a perceived lack of the company’s psychological contract fulfillment.

Adjustment in General

Any change in a person’s life entails a requirement to adjust. Adjustment is the outcome of a learning process that enables the individual to be more effective and content in the new circumstances.

We adopt the term adjustment rather than adaptation, assimilation, or acculturation to describe what is happening to expatriates and their families. The literature has used these and related terms in various sometimes interchangeable and sometimes

hierarchical ways (Berry, Kim, & Boski, 1988; Harrison, Shaffer, & Bhaskar-Shrinivas, 2004; Kim, 1988b). Berry et al. (1988) regard acculturation as including changes by the individual himself or herself and to the immediate environment. They see assimilation as one of several acculturation strategies. Stress theory distinguishes adaptation and adjustment in terms of the individual’s magnitude of change and whether or not a crisis precedes the change (Patterson, 1988). Since we are interested mostly in the individual’s career capital gains, adjustment and adaptation are the most relevant terms. Since it is irrelevant for a discussion of capital gains whether or not the individual suffered a crisis, the most commonly used term in the international assignment literature—*adjustment*—will suffice for our discussion.

Much of the research on expatriate employees over the last decade and a half has followed a conceptualization of expatriate adjustment that distinguishes three facets of adjustment: interaction, general adjustment, and work adjustment (Black, 1988; Black & Stephens, 1989). These three facets of adjustment formed the core around which Black, Mendenhall, and Oddou (1991) developed their model of international adjustment. Although this model has advanced our understanding considerably, several authors have pointed out shortcomings (Harrison et al., 2004; Hippler, 2000; Stahl & Caligiuri, 2005; Thomas & Lazarova, 2006). One shortcoming is that it measures adjustment on a one-dimensional scale from unadjusted to adjusted. In fact, however, adjustment has multiple dimensions of behaviors, cognitions, and emotions (Kim, 1988a; Shaffer, Harrison, Gregersen, Black, & Ferzandi, 2006; Ward, Bochner, & Furnham, 2001), as well as a personal component and one shared with family, work colleagues, and other contacts. Subjectively, expatriates may regard themselves as adjusted if they experience a satisfactory level of effectiveness in their new environment (behavior), are sufficiently clear about the various aspects of the new culture (cognitions), and neither feel overly stressed nor experience a preponderance of negative emotions. From a general perspective, an

expatriate may be regarded as adjusted if the external world, by and large, perceives him or her as adjusted. Different segments of the expatriate's social environment may come to different conclusions: Other foreigners may regard the expatriate as adjusted in comparison to themselves or to the expatriate community as a whole, while members of the local culture may regard the same individual as still lacking in adjustment. The expatriate's family may have yet another take on the employee's state of adjustment. To call someone adjusted presumes a criterion to measure the expatriate's level of adjustment against (Grove & Torbiörn, 1985). The levels of behavioral effectiveness, knowledge of the host culture, and degree of emotional well-being expected naturally vary among observers and among expatriates themselves. The expatriate may have to assimilate the new culture, integrate home and host cultures, or exist in the environmental bubble of an expatriate community (Berry, 1997; Ward et al., 2001). The definition of adjustment and, hence, of an adjusted expatriate can take many different forms, depending on the aspects one wants to stress (Thomas & Lazarova, 2006). A definition appropriate for our purpose might be as follows: Expatriates shall be called adjusted to a facet if they are effective in dealings in the new environment (in their own eyes and in the eyes of their hosts), perceive themselves as adequately knowledgeable about the local environment, and feel neutral or positive emotions overall.

The Process of Adjustment

Most expatriates, who go abroad for a few years and then return, tend to increase their levels of adjustment the longer they stay in a country. From a subjective perspective, they may be entirely comfortable and adjusted before they return. Time estimates to adjustment vary and may be as long as several years (Bhaskar-Shrinivas, Harrison, Shaffer, & Luk, 2005). From the perspective of host community members, expatriates may never become fully adjusted. Career expatriates stay abroad for the duration of several multiyear assignments in different countries. They may

develop a portable lifestyle they can transplant into a variety of different locations and cultures. They may also develop a separate identity that is no longer bound to any national culture. Career expatriates and employees on multiple successive assignments are beyond the scope of this paper, although, with appropriate adjustments, the ideas advanced for one-time expatriates apply to the others as well.

Expatriates, especially early in an assignment, continuously face novel demands that sometimes pile up and cause culture shock (Oberg, 1960). The process of arrival-shock-recovery adjustment has been described as the "U-curve" adjustment (Bhaskar-Shrinivas et al., 2005; Lysgaard, 1955). Over the years, many authors have criticized the accuracy and merely descriptive nature of the U-curve hypothesis and of culture shock (Black & Mendenhall, 1991; Church, 1982; Lundstedt, 1963; Ward, Okura, Kennedy, & Kojima, 1998). Black and Mendenhall (1991) have suggested that some expatriates experience a J-curve, or continuously upward sloping track of adjustment (i.e., many expatriates succeed by adjusting without going through shock first).

As Figure 1 indicates, adjustment abroad and capital gains influence each other; in some areas they are actually intertwined. A minimum of adjustment is necessary to acquire career capital. Take a completely unadjusted expatriate with no prior exposure to the host country as an extreme case. Most expatriates are in a less severe situation, but the underlying principles apply to them as well. The unadjusted individual has little or no knowing-whom and knowing-how about the host location. Obviously, some knowing-why in terms of interest and motivation to go on the assignment has to be present. Behavioral, cognitive, and affective adjustments interact with the three types of knowing in various ways. Taking the example of the work domain, different kinds of knowing will have different implications.

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- An unadjusted expatriate needs to develop a minimum level of behavioral effectiveness in order to build a usable network of work contacts (knowing-whom). Without this, he or she will be isolated. A certain level of emotional adjustment is necessary to meet people. For example, people with positive emotions show more prosocial behaviors and are therefore more likely to develop social relationships than those with negative emotions (Gerrig & Zimbardo, 2002). Suffering from social anxiety may even prevent people from affiliating with others altogether (Oatley, 2000).
- Effective behaviors depend on a threshold level of knowledge or cognitive adjustment. The expatriate has to adjust his or her homegrown mental frame of reference (Schütz, 1944). Cognitive adjustment such as the acquisition of cross-

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cultural knowledge is a subset of the expatriate's overall knowing-how. Effective behaviors help not only in the acquisition of host networks, but also in learning new knowledge since host contacts are an important source of information about local business rules and practices. Emotional adjustment is an

important ingredient in learning because emotions guide attention (Clore & Gasper, 2000). According to social learning theory, attention, in turn, is the starting point for learning (Black & Mendenhall, 1991). Unadjusted expatriates may focus on the wrong things because cognitive predispositions such as attentional, interpretive, and memory biases distort their learning. These biases are strongest in people with high anxiety (Eysenck, 2000). More generally, Lazarus (1991) observes that negative emotions impair and positive emotions facilitate social functioning, under which he includes "work and problem solving as well as social and family relations" (Lazarus, 1991, p. 412), i.e., issues related to knowing-how and knowing-whom.

- Knowing-why is an important precursor to adjustment. Only individuals who consider it valuable to maintain contacts with the hosts avoid separation or marginalization (Berry et al., 1988). This tendency, taken from migration research, is less pronounced for expatriates, who may survive several years in an expatriate environmental bubble (Cohen, 1977) without much host interaction. Adjustment to life in expatriate ghettos is faster but shallower than adjustment to life in a host society neighborhood (Brewster & Pickard, 1994). The level of behavioral, cognitive, and emotional adjustment feeds back on knowing-why in terms of the motivation to remain—the sense of purpose and meanings attached to the expatriate assignment. For example, a meta-analysis found that adjustment levels influenced withdrawal cognitions (Bhaskar-Shrinivas et al., 2005).

Proposition 6: Career capital and adjustment interact so that successful adjustment leads to net gains in career capital, while unsuccessful adjustment leads to net losses.

Adjustment abroad in conjunction with career capital is an ingredient in performance abroad. Knowing-whom of the host business and political community and knowing-how business is done are both critical for conducting business successfully. Things are more complicated for executives transferring into a position with responsibility for several countries or an entire region. The relative importance of adjustment to living in a country versus frequent business trips in terms of career capital gains is beyond the scope of this paper. Knowing-why as motivation and energy to do business and as values and meanings attached to working in the host environment is a necessary condition for performance. Empirical evidence of the importance of various adjustment ingredients is scarce and equivocal (Bhaskar-Shrinivas et al., 2005; Hechanova, Beehr, & Christiansen, 2003; Thomas & Lazarova, 2006). We assume here that good or poor performance is clearly recognizable. Of course, good performance is

the expected or hoped-for outcome. It means that the employee is holding up his or her part of the bargain with the company. Therefore, expectations are that the company will fulfill the psychological contract and repatriate the expatriate to ensure career progression. Poor performance may lead occasionally to early return to the home office (Harzing, 1995) but will more likely lead to a lateralization of the internal career, as Figure 1 indicates. Alternatively, poor performance may prompt the expatriate to seek a position with another company to avoid career damage. Some transfers to other organizations may mask developments that would otherwise lead to early return.

Proposition 7: Successful adjustment and gains in career capital are positively related to successful performance abroad.

Returning home after an at least moderately successful assignment is probably most common³ and hence most interesting for our purpose (GMAC, 2008). It constitutes a second geographical move and requires that the expatriate complete another adjustment process.

Adjustment to “Back Home”

The changes in attitudes, knowledge, and behaviors expatriates experience can have a lasting impact on their identities. Upon return to the home culture, a blending-back-in process will start. For some expatriates, the newly developed multicultural aspects of identity will fade after a while back home, and all that may remain are memories. Some of their gains in cross-cultural knowing-how and international knowing-whom will fade, too. For others, any blending back in is impossible; they may leave again to become permanent expatriates or immigrants in their chosen new home. This group’s knowing-why gains, or perhaps better trade-offs, have altered their commitment to the company and sometimes also to the home country. A third group may become boundary-spanning persons with multicultural identities (Adler, 1996) who enjoy lasting gains in career capital. Repatriation adjustment and career

capital interact in another dynamic relationship. For example, not only can changes in knowing-why influence repatriation adjustment, as indicated by high expatriate turnover rates, but the reverse is also possible. Blending back will result in an erosion of gains, while boundary spanning may solidify gains and build career capital further.

Repatriates face a number of uncertainties in changes of income, status, and lifestyle (Suutari & Brewster, 2003); in fitting back into the home organization (Baruch & Altman, 2002); and in possible reverse culture shock. Together, these uncertainties can make adjustment at this stage difficult. The psychological contract is again highly salient

as this is the third major transition point after the initial deliberations whether or not to go and after the move abroad. Like adjustment when going abroad, repatriation adjustment is a process: Different variables relate to adjustment at two and at nine months after the return, for example (Sánchez Vidal, Sanz Valle, Barba Aragón, & Brewster, 2007).

There has been an increasing number of studies of the repatriation process (see, e.g., Stahl & Cerdin, 2004; Stroh, Gregersen, & Black, 1998; Tung, 1998). Research shows that expatriates express the highest dissatisfaction with the organizational policy of repatriation (Stahl & Cerdin, 2004), which indicates a possible breach of the psychological contract. Between 10% and 25% of expatriates leave their company within one year of repatriation (Adler, 1996; Black, 1992; Suutari & Brewster, 2003)—a much higher figure than for equivalent nonexpatriates (Black & Gregersen, 1999). At this point, repatriates’ concerns with their long-term future are at their height (see Yan et al., 2002). Arguably, repatriation is the point at which the expatriates expect their employer to “deliver” the benefits of the international assignment portion of the psychological contract. They have been uprooted to go to another country; they have completed their time

The changes in attitudes, knowledge, and behaviors expatriates experience can have a lasting impact on their identities.

abroad; they have increased parts of their career capital (and possibly allowed parts of it to erode) (Dickmann & Harris, 2005); they have enhanced the organization's social and intellectual capital. Now they expect their employer to deliver a career boost—a good job (maybe a promotion)—and to show an interest in what they can now do for the organization. The high turnover rates indicate either that these expectations have not been managed successfully—which leads to the employee's perception of the psychological contract that deviates from the company's—or that the organization has failed to deliver on the contract. This has

Evidence is accumulating that international assignments are good for the individual even if they ultimately often lead him or her to pursue a career in another organization.

been seen as a major problem for the organization but may, of course, be positive for the individual's career: Evidence is accumulating that international assignments are good for the individual even if they ultimately often lead him or her to pursue a career in another organization (Baruch, Steele, & Quantrill, 2002; Yan et al., 2002).

Proposition 8: Expatriates are particularly sensitive to perceived breaches of the psychological contract at times of a geographical relocation (e.g., expatriation and repatriation). During those times, expatriates will experience a stronger link between a perceived breach and turnover cognitions than at other times in the employment relationship.

Figure 1 contains two dotted lines—one for individuals rejecting assignments, leading into a horizontal internal career, and one for those repatriating after a successful assignment, leading into a vertical internal career. These lines may indicate more the rhetoric than the reality of international assignment-related consequences (Sisson, 1994). Managers staying put in the home office preserve their know-how of important decision makers and do not suffer from the “out of sight; out of mind” syndrome (Stahl & Cerdin, 2004). Therefore, they may have an accelerated career compared to international assignees. Equally, a successful international assignment and the related career capital gains may not guarantee a

promotion upon repatriation. In fact, those gains only materialize once there is a market for them (i.e., once organizations are willing to recognize and pay for them).⁴

Repatriation is increasingly seen in the literature not as the end of the international assignment but as a stage in the individual's career; from the employee's point of view, the assignment may have been very successful even though the individual is now working for a different organization. Critically, repatriation will constitute a crucial development in the former expatriate's career. Caligiuri and Lazarova (2001) propose a range of practices that can facilitate repatriation, including career management practices such as mentoring (Seibert, Kraimer, & Liden, 2001).

Conclusion: A Broader Conception of Adjustment and Careers

On the basis of this discussion of adjustment, we suggest that our model provides a broader conception of adjustment and careers than commonly used and hence, as the propositions indicate, a wider research agenda.

A contemporary theory of expatriate adjustment and careers ought to be able to overcome the ad hoc nature of prevailing models. It must regard adjustment as encompassing behavioral, cognitive, and affective dimensions and incorporating feedback loops to allow for the dynamic character of adjustment processes and related career capital gains. The relationship between adjustment and careers needs to be very clear.

Figure 1 shows the connections between adjustment and careers against the background of the psychological contract. Adjustment in the foreign location and adjustment upon return home are both in a dynamic relationship with success (i.e., they are influenced by and also driving it). That success in itself is directly connected to careers either inside or outside the organization. Inevitably, the model reduces the complexity of reality. For example, one omission in Figure 1 is that career stages or career trajectories—managerial or professional/technical—are not covered. And, equally inevitably, the drawing involves considerable “abstraction” of the

ideas in this paper. However, it does highlight some of the key linkages requiring HR practitioners' further research and attention. On the research side, it is clear that our extant knowledge is extensive in some areas and limited in others. For example, although we know a lot about adjustment to the work domain or crossover between expatriate and spouse adjustment (Bhaskar-Shrinivas et al., 2005; Kraimer, Wayne, & Jaworski, 2001; Takeuchi, Yun, & Tesluk, 2002), there is little available research on the family adjustment as a unit (Haslberger & Brewster, 2008). In all these domains, there is a real need for more longitudinal research that assesses and compares individuals' adjustment at different points in their expatriate experience. The same issues also need more research performed during the repatriation process. There may be a need here for less traditional forms of research. Most recent expatriate research is quantitative research, which trades rich detail for statistical significance. Only a few studies approach expatriation with a qualitative methodology (cf. Osland, 1995) that can provide evidence to understand the subtleties and paradoxes of expatriate adjustment. The "sense-making" literature with the use of narrative (Glanz, 2003) may indicate some new ways of researching these topics in order to gain a deeper understanding. For example, "sense of coherence" moves from the pathogenic focus on the occurrence or absence of culture shock and variables influencing it to a salutogenic (Antonovsky, 1987) perspective of expatriates establishing a new order in their lives abroad (Glanz, Williams, & Hoeksema, 2001). A sense-making approach may fulfill the longstanding request to see expatriation more as a positive experience of growth than a possible ordeal to be overcome (Adler, 1975). Thus, it coincides with our emphasis on the possible capital gains resulting from expatriate assignments.

There is clearly a need for more research linking the concepts of adjustment, success, and careers. As indicated, none of these concepts has a universally accepted definition or meaning. The linkages among them are complex; they prompt, again, the ever-present call in expatriate research for longitudinal

studies. A fuller and more comprehensive research program is challenging but necessary.

On the practical side, this paper indicates a need for expatriates and their families to understand the linkages among adjustment, success, and their future careers and to be prepared to take greater ownership of their careers. This paper indicates that organizations need to take a more holistic and integrated view of the expatriation process (Yan et al., 2002). Organizations have a career management responsibility, even if it is shared with the individual; given the extensive loss of people with greatly enhanced career capital that occurs around the time of repatriation, it is in the organization's interest to take into account the perspectives of the different parties involved and the linkages between a broad view of adjustment and success. The different competencies and increased career capital expatriates develop (Berthoin-Antal, 2000; Caligiuri & Di Santo, 2001) are a potential source of competitive advantage for the organization. The fact that those who leave around the time of repatriation will probably stay in the same industry means that, in many cases, organizations are spending a lot of money improving their competitors' competencies. Organizations need to be more aware of the psychological contract's role in international assignments and manage it for positive consequences. Investment in retaining more of the repatriates through appropriate measures may pay dividends. Caligiuri and Lazarova (2001) provide some suggestions for improving the process, but envisaging the assignment as part of the individual's overall career is probably crucial. Organizations can support expatriates as a circus develops new acrobats: Provide them with the necessary skills and tools required to adjust and

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perform well, then stand back and let them do their adjusting act without undue interference. Most expatriates are quite capable of learning and growing without hand holding. But they need to be provided with a reliable safety net in case of a stumble to cushion the fall and avoid career injury.

Notes

1. It is necessary to identify assumptions underlying Figure 1 and our discussion. For the purposes of this paper, we assume expatriates to be “standard” expatriates—that is, assignees from headquarters to a foreign subsidiary. It is important to keep in mind that companies in advanced stages of internationalization add third-country nationals (TCNs) and inpatriates to their portfolio of international employees (Adler, 1996). The psychological contract issues, the assignment of TCNs and inpatriates introduced are beyond the scope of this paper because the building blocks of psychological contracts take on differing shapes in the cross-cultural exchanges between home country management and TCNs or inpatriates. Professional norms and societal beliefs about psychological contracts between employers and employees are different from culture to culture because psychological contracts are based on schemas or mental models (Rousseau, 2001), and those models differ between countries (Schütz, 1944). Language barriers and differences in interpretation (Hall, 1959, 1966) will impact what promises are given and received. Finally, ideas about what constitutes a mutual obligation and valid reasons to break it are culture specific. Research suggests that expatriates’ adjustment experience varies, depending on where they originate and where they go (Stahl & Caligiuri, 2005; Waxin, 2004). Therefore, it may even be difficult to compare empirical results for “standard” expatriates originating in different countries. For our theoretical discussion, this is not an issue because the level of abstraction accommodates different countries of origin of “standard” expatriates.

As Figure 1 shows, career paths may be horizontal or vertical (Peiperl & Baruch, 1997). A horizontal career move is one at an equivalent or lower level of responsibility with no advancement in the hierarchy. Horizontal moves may involve cross-functional or geographic changes. A vertical career path leads to successively more responsibilities and/or progression in the hierarchy. On the basis of the four-drives theory

of motivation, we assume that all employees have the objective of growing in and through their careers (Lawrence & Nohria, 2002). Because of the status-quo bias (Kahneman, Knetsch, & Thaler, 1991), we assume they try to pursue careers primarily within the organization and secondarily outside. We also assume that internationally active companies often encourage international experience for career progression (EIU, 2006; GMAC, 2008). There is a psychological contract including the possibility of an international assignment even before the organization and the potential expatriate discuss an individual case in any detail. Many career seekers are confronted with a more or less stringent expatriate experience requirement depicted in Figure 1. Clearly, there are other ways to gain international experience and the related career capital, but our focus here is on this common form of significant international experience. The unabated rise of expatriate assignments (GMAC, 2008, and earlier versions) justifies our approach.

2. We put our framework on the foundations of the career capital model, which is derived from a competency-based view of the firm (DeFillippi & Arthur, 1994). Its three-part split into knowing-whom, knowing-how, and knowing-why is similar to Becker’s (1993) conceptualization of human capital, which includes knowledge, skills, values, habits, health, and any other factors making people productive. In a study of MBA graduates, Baruch, Bell, and Gray (2005) list five types of human capital universities pass on to students: scholastic, social, cultural, inner-value, and market-value capital. As the DeFillippi & Arthur (1994) conceptualization was advanced in a discussion of boundaryless careers, it seems especially appropriate for the purposes of this paper.
3. The 2008 Global Relocation Trends Survey (GMAC, 2008) lists a 6% premature return rate for expatriate employees. More than 80% of companies monitor expatriate performance. Few companies measure the ROI; of those that do, 88% regard the ROI as good or very good. Taken together these facts allow the tentative conclusion that most expatriates enjoy at least a moderately successful assignment. The survey is silent on multiple assignments in succession. Anecdotal evidence indicates that most expatriates return home after assignment completion.
4. We are grateful to an anonymous reviewer for pointing this out.

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