

**WHY DO INTERNATIONAL ASSIGNEES STAY? A JOB EMBEDDEDNESS
PERSPECTIVE**

B. SEBASTIAN REICHE

IESE Business School
Department of Managing People in Organizations
Ave. Pearson, 21
Barcelona 08034, Spain
Tel: +34 93 602 4491
Fax: +34 93 253 4343
E-mail: sreiche@iese.edu

MARIA L. KRAIMER

Department of Management & Organizations
Tippie College of Business
University of Iowa
Iowa City, IA 52242-1994, USA
Tel: +1 319 335 0794
Fax: +1 319 335 1956
E-mail: maria-kraimer@uiowa.edu

ANNE-WIL HARZING

University of Melbourne
Department of Management and Marketing
Parkville Campus
Victoria 3010, Australia
Tel: +61 3 8344 3724
Fax: +61 3 9349 4293
E-mail: harzing@unimelb.edu.au

WHY DO INTERNATIONAL ASSIGNEES STAY? A JOB EMBEDDEDNESS PERSPECTIVE

Abstract

We apply a job embeddedness perspective to examine how international assignees' on-the-job embeddedness at the host unit relates to their retention. Specifically, we conceptualize assignees' social network at the host unit as links, their perceived identification with the host unit as fit, and their perceived career prospects in the organization and their firm-specific learning during the assignment as two sacrifices with leaving the organization. Using a longitudinal inpatriate sample, we found that inpatriates' links at the headquarters, in terms of average level of trust in their network, and their perceived fit with the headquarters positively related to their retention two and four years later, mediated by perceived career prospects. Further, inpatriates' links and fit positively related to their firm-specific learning. Learning also moderated the relationship between perceived career prospects and retention two years later such that career prospects was a mediator only for assignees with low levels of firm-specific learning.

Keywords: international assignments, job embeddedness, turnover, career prospects, learning

Retention of international assignees is particularly important in multinational corporations (MNCs) because a key motive for transferring staff abroad is not only to accomplish a specific task or goal during the assignment, but also to contribute to the long-term development of both individual talent and the larger organization (Edström & Galbraith, 1977; Gregersen, Morrison, & Black, 1998). For example, from the academic and practitioner literature we know that international assignees serve as knowledge agents between MNC units both during their assignments and upon repatriation to their home units (Lazarova & Tarique, 2005; Reiche, Harzing, & Kraimer, 2009). However, the high risk of repatriate turnover as shown by several studies (Stahl, Miller, & Tung, 2002; Stroh, Gregersen, & Black, 1998; Suutari & Brewster, 2003) suggests that MNCs may not be able to capitalize on such benefits once the assignee returns to his or her home country (i.e., repatriates). Despite the high risk of turnover, the factors that determine whether assignees choose to remain with their organizations upon completion of their assignments are largely unclear.

Addressing this gap in our knowledge, we adopt a job embeddedness perspective to investigate factors that facilitate retention of international assignees in MNCs. Mitchell and colleagues integrated various social and psychological explanations for why individuals continue to participate in an organization in their development of the job embeddedness concept (Lee, Mitchell, Sablinski, Burton, & Holtom, 2004; Mitchell, Holtom, Lee, Sablinski, & Erez, 2001). They proposed that individuals are embedded in their jobs to the extent that they have formal or informal *links* with organizational and community members, perceive that they *fit* the organization and community, and perceive *sacrifices* with leaving the organization or community. They refer to organization-related links, fit, and sacrifices as on-the-job embeddedness and community-related links, fit, and sacrifices as off-the-job embeddedness. Research has empirically demonstrated that job embeddedness of both the focal individual (Allen, 2006; Lee et al., 2004; Mitchell et al., 2001) and their coworkers (Felps et al., 2009) is positively related to the individual's retention and that this relationship is robust across culturally

diverse populations (Mallol, Holtom, & Lee, 2007). Because international assignees are on temporary job assignments in a foreign country, the community-embeddedness aspects may have a more complex meaning and impact on turnover decisions compared to community embeddedness in one's home country. For example, as assignees are likely to be aware of the temporary nature of their relocations, they will be less motivated to establish a far-reaching local network outside of work. Therefore, we only focus on on-the-job embeddedness facets as predictors of retention of international assignees.

Specifically, we use the dimensions of on-the-job embeddedness as a theoretical framework to develop and test a model of international assignee retention (see Figure 1). We propose that international assignees' informal connections to host-unit members (i.e., links) and perceived fit with the host unit are positively related to variables that reflect a sacrifice associated with leaving the organization: firm-specific learning acquired through the international assignment and perceived career prospects within the MNC. Perceived career prospects is in turn expected to be related to retention two and four years later. However, we expect the relationship between perceived career prospects and two-year retention to be moderated by the more immediate sacrifice associated with firm-specific learning. When assignees perceive that they have learned a great deal from their international assignment (high firm-specific learning), perceived career prospects is not expected to mediate the relationships between links and fit and the more short-term retention decision. We test our hypotheses using a particular group of international assignees – inpatriates. Inpatriates are employees from foreign subsidiaries that are temporarily transferred to a MNC's corporate headquarters (HQ) (Harvey, Novicevic, & Speier, 1999). We chose to investigate inpatriates because MNCs are increasingly using inpatriate assignments to develop talent in its foreign subsidiaries as an alternative to the more expensive staffing strategy of expatriating employees from HQs to foreign subsidiaries (Tharenou & Harvey, 2006). Retention of inpatriates is thus crucial to the success of this strategy for staffing foreign subsidiaries.

Insert Figure 1 about here

In sum, our study seeks to understand the factors that determine why international assignees in general and inpatriates in particular choose to stay with their employers and, thereby, contribute to research on turnover and international assignments. We contribute to research on turnover by examining the inter-relationships among the dimensions of job embeddedness. Although existing studies have examined the role of job embeddedness for individuals' turnover decisions and distinguished between on-the-job and off-the-job determinants (e.g., Mitchell et al., 2001), research on the relationship among the different dimensions of job embeddedness is scarce. We also contribute to turnover research by applying the job embeddedness perspective to the international assignment context. We contribute to research on international assignments by focusing on inpatriates, a group of international employees that has received relatively little attention in the literature compared to expatriate employees (Harvey et al., 1999; Thareneou & Harvey, 2006). Our theoretical model can be applied to both inpatriates and expatriates, but we test it by adapting the job embeddedness dimensions to reflect the unique circumstances of inpatriate employees.

THE ROLE OF INPATRIATE ASSIGNMENTS IN MNCs

The temporary inpatriation of subsidiary staff into the HQ of MNCs is an international assignment strategy that is receiving increasing attention both in academic research (Harvey, Novicevic, Buckley, & Fung, 2005; Reiche, 2006) and corporate practice (Oddou, Gregersen, Black, & Derr, 2001; Tharenou & Harvey, 2006). Like expatriation (i.e., the transfer of parent-country nationals from the HQ to foreign subsidiaries), inpatriation serves as a developmental relocation that provides the assignees with corporate socialization and firm-specific training, thereby preparing them for future management roles in the organization. Given the intimate understanding of both the local subsidiary and the HQ context that inpatriates develop, they are

able to cross existing intra-organizational, cultural and communication boundaries to link the HQ with its subsidiaries (Harvey et al., 1999). Thus, key to the inpatriation of foreign nationals is the notion that organizations may derive ongoing benefits from former inpatriates as long as the latter continue to act as boundary spanners upon their repatriation. For example, inpatriates can convey their acquired knowledge about the HQ culture and environment to subsidiary staff, thus further enriching the cross-unit links. For these reasons, the retention of inpatriates is particularly important for MNCs.

Inpatriates, however, face unique challenges during their international assignment that expatriates often do not experience. First, whereas expatriates carry with them the status and influence that is associated with their role as HQ representatives, inpatriates, coming from a foreign subsidiary, are unlikely to encounter the same level of credibility and respect (Harvey et al., 2005). Second, inpatriates are likely to deal with increased adjustment challenges in comparison to expatriates since inpatriates not only have to respond to acculturation pressures due to a change in the national culture but also need to be socialized into the MNC's HQ corporate culture (Barnett & Toyne, 1991). Indeed, learning the HQ corporate culture is considered an important motive for inpatriating foreign nationals whereas expatriates often impose elements of the HQ corporate culture upon the subsidiary to which they are sent (Harvey et al., 1999). Third, inpatriates are expected to collaborate with the host unit's (i.e., HQ's) management team. In contrast, expatriates generally continue to coordinate with their own home-country management team. Together, these unique challenges suggest that it is especially important for inpatriates to develop links to colleagues in, and shared values with, the HQ (i.e., to be embedded in the job) in order for inpatriates to serve the boundary-spanning role discussed earlier (Kostova & Roth, 2003; Reiche et al., 2009; Toh & DeNisi, 2007). A job embeddedness perspective of retention is therefore particularly relevant for inpatriates.

Consistent with Mitchell et al.'s (2001) multidimensional conceptualization of the construct, we propose that inpatriates' embeddedness may involve three elements: links with

host-unit colleagues; fit to the host unit; and sacrifices associated with leaving the MNC that stem from their international assignment. We define inpatriates' links to host-unit colleagues in terms of the size of their informal network with HQ colleagues and average trust in those network contacts. Our definition of links follows directly from Mitchell et al.'s (2001) definition by focusing on the "informal connections" between the individual and other organizational members at the HQ (i.e., host unit). We define inpatriates' fit as the extent to which they identify with the HQ's values and goals. Although Mitchell et al.'s (2001) conceptualization of fit included organizational and job fit, we focus only on organizational fit because our interest is in retention by the MNC rather than retention in the inpatriate job role.

Finally, with regard to the sacrifice dimension, we consider two distinct sacrifices that inpatriates would incur by leaving the organization. First, the firm-specific knowledge an inpatriate develops during the HQ assignment acts as a sacrifice because it cannot be deployed to the same extent at other organizations (Coff, 1997). A second sacrifice entails the future career prospects an inpatriate perceives in the organization as a result of their international assignment. We examine career prospects as a perceptual construct to reflect the fact that recent conceptualizations of career success emphasize the subjective, individualized nature of the meaning of success (Heslin, 2005). Career scholars have recognized that careers may no longer progress along vertical, or hierarchical, career tracks, but instead are much more flexible and defined by individuals' own career goals (Hall, 2002). Mitchell et al. (2001) recognized future career prospects as a potential sacrifice in developing their measure for on-the-job sacrifices. Our definitions of inpatriates' links, fit, and sacrifices recognize the unique ways that inpatriates may be embedded in their international assignments.

HYPOTHESES

Our theoretical model is provided in Figure 1. At a general level, we contend that inpatriates' willingness to remain in the organization over time, either in the form of repatriation

to their home subsidiary or a subsequent position at another MNC unit, may depend on the level of on-the-job embeddedness they develop during their HQ assignment.

Inpatriates' Links with HQ Staff and Sacrifices for Leaving

We expect that inpatriates' links with HQ staff positively relates to both sacrifice variables: firm-specific learning and perceived career prospects in the organization. With regard to firm-specific learning, we argue that links with HQ staff can provide inpatriates with valuable resources and information specific to the HQ. According to social resources theory (Lin, Ensel, & Vaugh, 1981; Mardsen & Hurlbert, 1988), individuals in one's informal social network (i.e., their social ties) are resources to the extent that they provide the individual with information or support that help the individual achieve his or her goals. In this vein, Borgatti and Cross (2003) demonstrated that an individual's social ties with other organizational members enables the individual to learn more about what these colleagues know, which in turn facilitates the individual's search for relevant information. We can assume that a broad goal for inpatriates is to be successful in their inpatriate assignments and it is through building social ties with HQ staff that inpatriates will be able to access information, gain support, and receive opportunities necessary to achieve this goal (Cross & Cummings, 2004). For example, through their social ties with HQ staff inpatriates may receive advice on how to produce a project report in line with HQ standards. Such advice will allow them to more readily accomplish their assignment objectives. Thus, developing a large network of host-country colleagues is important to inpatriates' learning.

We expect that not only the number of inpatriates' social ties at the HQ but also their relationship intensity relates to inpatriates' firm-specific learning. A high relationship intensity, defined as the average level of trust in one's network ties, means that the inpatriate has invested time and energy in developing strong relationships with HQ staff. In this respect, research indicates that strong and trustworthy ties facilitate the transfer of tacit knowledge (Hansen, 1999; Reagans & McEvily, 2003). A large part of inpatriates' learning constitutes such tacit knowledge that is specific to the organization they work in, for example learning the HQ corporate culture as

well as specific routines and management practices that are adopted by the HQ in particular and the wider organization in general (Harvey et al., 1999). Thus, developing trusting relationships with HQ staff should be valuable for inpatriates' learning of firm-specific knowledge.

Hypothesis 1. Inpatriates' links with HQ staff (defined as network size and average trust in network) will positively relate to their firm-specific learning during the assignment.

We also expect that inpatriates' links with HQ staff are positively related to inpatriates' perceived career prospects within the MNC. Given the informational resources that are rooted in inpatriates' social ties at the HQ (Lin et al., 1981), inpatriates with a larger social network are likely to be more successful in their assignments. Inpatriates who are successful in their assignments should perceive greater career prospects within the MNC because many organizations reward successful job performance with promotional opportunities (Judge, Cable, Boudreau, & Bretz, 1995; Lyness & Thompson, 2000). Success in the inpatriate assignment may also provide inpatriates with positive exposure and visibility at the HQ allowing them greater latitude to pursue positions that match their own career goals. Research has shown that individuals' social ties to other functions and levels in their organizations were positively related to career sponsorship, access to information, and greater extrinsic and intrinsic career success (Seibert, Kraimer, & Liden, 2001).

Again, we also expect that trust in their social networks relates to inpatriates' perceived career prospects. Social exchange theory (Blau, 1964) suggests that individuals are more likely to give career advice and assistance to their colleagues when they have a trusting relationship. Indeed, there is evidence that a high level of interpersonal trust results in the exchange of job-related information (Bouty, 2000). Such sharing of information and advice should provide inpatriates with greater perceived career prospects. Empirical research supports our theoretical contention: "strong ties," as opposed to weak ties, have been shown to be positively related to career sponsorship (Seibert et al., 2001) and job attainment (Bian, 1997).

Hypothesis 2. Inpatriates' links with HQ staff (defined as network size and average trust in network) will positively relate to their perceived career prospects in the organization.

Inpatriates' Fit with the HQ and Sacrifices for Leaving

Similar to the role of inpatriates' links with HQ staff, we contend that inpatriates' perceived fit with the HQ's values and goals also positively relates to firm-specific learning and perceived career prospects. Conceptually, we would assume that shared vision and values serve as an important means for sharing knowledge among organizational members, as they can prevent misunderstandings in members' communications and enable members to recognize the potential value of their knowledge exchange (Tsai & Ghoshal, 1998). This is particularly important in a cross-national context, where knowledge may be instilled with culture-specific meanings (e.g., Bhagat, Kedia, Harveston, & Triandis, 2002). Existing research at the work-unit level indeed indicates that shared values may affect the acquisition of knowledge. For example, in their study of Toyota, Dyer and Nobeoka (2000) found that strong network identities among organizational units promote knowledge acquisition and exchange. Similarly, there is evidence that shared social categorizations facilitate knowledge sharing and communication at the work-group level (Grice, Gallois, Jones, Paulsen, & Callan, 2006). We suggest that inpatriates' shared values and goals with the HQ help them to establish similar perceptions about the host unit and share common goals with HQ staff. This enables inpatriates to attribute more value to knowledge exchange with locals, and will thus increase the amount of knowledge they access from their HQ colleagues.

Hypothesis 3. Inpatriates' fit with the HQ will positively relate to their firm-specific learning during the assignment.

We also expect that inpatriates' fit with the HQ will be related to their perceived career prospects in the organization. Specifically, as Podolny and Baron (1997) argue career prospects may not only result from knowing whom to contact for career-related information and support but may also result from a coherent and well-defined organizational identity that entails clear and

consistent expectations about one's role. If an individual's values match those of the organization, the individual is more able to understand what is required to advance in the organization. For example, the literature on socialization emphasizes that communicating the values and ways of working collectively to new members helps shape their expectations about job-related behaviors (Louis, 1980). Sharing prevailing organizational values with coworkers may also facilitate the development of informal mentoring relationships that have been shown to lead to positive career outcomes (Chao, Walz, & Gardner, 1992). Indeed, existing research supports the notion that value congruence between the individual and the organization relates to job opportunities (Bretz & Judge, 1994). Taken together, this suggests that the more inpatriates perceive that they fit with the HQ's values and goals, the more likely they will perceive that their inpatriate assignment is preparing them for other career opportunities in the organization.

Hypothesis 4. Inpatriates' fit with the HQ will positively relate to their perceived career prospects in the organization.

Inpatriates' Sacrifices for Leaving and Retention

Of the sacrifice variables, we contend that only perceived career prospects within the MNC will be positively related to retention. This is because perceived career prospects constitute a future benefit of remaining in the organization whereas firm-specific learning represents a past investment of one's time and energy in the organization. While both past investments in the job and future benefits provided by the organization can contribute to perceived sacrifices of leaving the organization (Mitchell et al., 2001), we expect that future benefits are more likely to directly impact retention decisions, especially benefits related to one's career. Later, we propose that firm-specific learning moderates the impact of perceived career prospects on retention.

Career motivation theory (London, 1983) provides a theoretical explanation for our contention that future career benefits are important to retention decisions. The core tenet of career motivation theory is that individuals' work behaviors and decisions are, to varying degrees, motivated by their desire to achieve their own career goals (London, 1983; London & Mone,

2006). For example, employees may choose to accept a job assignment, such as an international assignment, partly to fulfill their own career goals. This means that from the employee's point of view, turnover decisions may be considered a career decision – an effort to better achieve one's career goals at another organization. When valued career prospects are perceived to be present in the organization, the employee has greater motivation to remain in the organization (London, 1983). The possibility that their careers can unfold within the current organization will make employees feel embedded with the organization because leaving would represent a sacrifice of valued outcomes related to employees' career goals (Mitchell et al., 2001). In support of this argument, there is evidence that promotional chances are negatively related to turnover (Griffeth, Hom, & Gaertner, 2000). Moreover, research suggests that it is especially important for international assignees to perceive a link between their assignment and their long-term career prospects in order for MNCs to retain assignees (Lazarova & Caligiuri, 2001).

Hypothesis 5. Inpatriates' perceived career prospects in the organization will positively relate to their retention in the organization two and four years later.

Perceived Career Prospects as a Mediator

Hypotheses 2, 4, and 5 combined suggest a model in which perceived career prospects mediates the effects of inpatriates' links and fit on their retention. Theoretically, we expect perceived career prospects to mediate both relationships for two reasons. First, with regard to links and retention, social resources theory (Lin et al., 1981) suggests that it is not the network ties in and of themselves that impact individuals' behaviors, but rather the resources embedded in those ties that lead to various behavioral outcomes. The social networks provide access to resources, such as information about job opportunities, and it is this access to information and resources that informs individuals' behavioral decisions. Second, with regard to fit and retention, the literature on person-organization fit suggests that shared values are related to more immediate attitudinal outcomes and beliefs about the organization, which then translate into individuals' turnover decisions (O'Reilly, Chatman, & Caldwell, 1991). Thus, we expect that inpatriates with

greater links and fit at the HQ will perceive greater career prospects within the organization, which in turn impacts more distal outcomes such as retention two and four years later.

Hypothesis 6a: Perceived career prospects will mediate the relationship between inpatriates' links with HQ staff and retention in the organization two and four years later.

Hypothesis 6b: Perceived career prospects will mediate the relationship between inpatriates' fit with the HQ and retention in the organization two and four years later.

Firm-Specific Learning as a Moderator

Finally, we contend that inpatriates' firm-specific learning during the assignment moderates the relationship between perceived career prospects and retention two years later. This is because firm-specific learning during the inpatriate assignment represents a significant and recent investment in the organization by the employee. The immediate costs of leaving the organization become greater as inpatriates acquire more firm-specific knowledge. Thus, firm-specific learning during the inpatriate assignment may mitigate the importance of future career prospects to short-term, but not necessarily long-term, retention decisions.

Specifically, when inpatriates' firm-specific learning is high, sunk costs theory suggests that a potential future benefit, such as career prospects, may be less important to retention decisions. A key argument of sunk costs theory is that individuals have a tendency to continue investing resources (i.e., money, time, or effort) into an endeavor where prior investments have been made (i.e., costs have been incurred) (Arkes & Blumer, 1985; Garland, 1990). Applied to inpatriate assignments, this suggests that when inpatriates acquire a great deal of firm-specific knowledge at the HQ, they will perceive greater sunk costs associated with their inpatriate assignments. Not only did they invest the time and energy in moving to a foreign country and developing relationships at the HQ, but they also acquired firm-specific knowledge about the HQ that would not be relevant at other organizations. As a result, when learning is high, potential future benefits in the form of perceived career prospects are less important to turnover decisions in the short term. In this case, inpatriates are motivated to make good use of their immediate

knowledge benefits derived from their inpatriate assignments rather than waste the time and energy they have invested in learning firm-specific knowledge. In contrast, when inpatriates do not perceive to have acquired a great deal of firm-specific knowledge during the assignment (i.e., low firm-specific learning) the sunk costs associated with their assignments are lower. In fact, the investments made by completing an international assignment may serve to provide them with greater external labor mobility to the extent that other MNCs value international experience (Stahl et al., 2002). In the case of low firm-specific learning, future career prospects are an important determinant of retention decisions as argued above.

Regardless of inpatriates' amount of firm-specific learning during their assignments, over time this knowledge becomes less useful as they have to adapt to changing demands of their jobs. Therefore, inpatriates' firm-specific learning becomes less relevant for long-term retention. This is why we expect the interaction between firm-specific learning and perceived career prospects to only influence two-year retention, and not four-year retention.

Hypothesis 7. Inpatriate firm-specific learning during the assignment will moderate the positive relationship between inpatriates' perceived career prospects and their retention in the organization two years later such that the relationship will be stronger when firm-specific learning is low, compared to when learning is high.

METHODS¹

Sample and Procedures

To test the proposed relationships, an on-line survey was administered to a sample of 643 inpatriates at 10 German MNCs' HQs. The national culture of the assignment destination was held constant in order to reduce potential variation due to cultural differences of the assignment context (Mendenhall & Oddou, 1985). We selected German companies for this study because Oddou et al. (2001) found that European MNCs in particular expect to increase their share of inpatriates in the future and because data collection could be facilitated since one of the authors

¹ Detailed analyses, figures and tables are available from the authors upon request.

had contacts at several German companies. The HR manager at each of the 10 MNCs agreed to cooperate with our study by inviting all of their inpatriates to participate in our on-line survey. Respondents had the choice to complete the survey either in English or in German. Confidentiality of survey responses was ensured to all participants. A reminder email was sent two weeks after the initial email. A total of 286 inpatriates completed the survey (a 44.5% response rate).

To collect two-year retention data, we conducted a follow-up survey two years later with the 189 respondents that had voluntarily provided their email address at the end of the Time 1 survey. Out of the 189 individuals that were contacted via their respective email addresses, 113 completed the Time 2 questionnaire (a 59.8% response rate). We obtained four-year retention data from company records. After deleting those respondents whose names could not be identified from their email addresses, we were able to collect retention data on 159 respondents four years after the initial survey data collection. The demographic characteristics of respondents at Time 2 and Time 3 are very similar to the sample at Time 1, indicating that these subsamples are representative of the larger sample.

To ensure language equivalence between the English and German versions of the Time 1 and Time 2 questionnaires, we adopted the following approach. First, we constructed the questionnaires in English, using simple sentence structures as well as clear and familiar wording as much as possible to facilitate subsequent translation. We then used the back-translation technique (Brislin, 1970) to produce the German-language version. We presented the original English version to a bilingual colleague and asked for a translation into German. Subsequently, a second bilingual colleague translated this German version back into English. Given the first author's fluency in both languages, a sound assessment about existing variations could be made, which were then discussed with both translators. After a few minor modifications to both language versions, the translation was considered satisfactory. Only 30 Time 1 respondents and

14 Time 2 respondents completed the survey in German. This number is too small to allow us to conduct valid tests for measurement equivalence across the two language groups.

Measures

All variables were rated by inpatriates and were measured at Time 1 except for retention.

Links. We followed an ego-network approach to data collection (Burt, 1992) to measure inpatriates' links with HQ staff. Respondents were asked to consider up to ten people with whom they interacted on an everyday basis, and answer a range of questions with regard to every person they identified. We operationalized links in terms of *network size* and *average trust in network*. Network size represents the total number of people identified by each participant in the ego-network question (from 0 to 10). Based on previous research (e.g., Tsai & Ghoshal, 1998; Seibert et al., 2001), average trust in network was measured by asking respondents to indicate for each contact person: "To which extent can you rely on this person without any fear that s/he will take advantage of you?," "To which extent do you think this person feels that s/he can rely on you without any fear that s/he will be taken advantage of by you?" (1 = *not at all* to 7 = *to a great extent*), and "How close is your relationship with this colleague?" (1 = *not at all close* to 7 = *extremely close*). All three items were then aggregated across each respondent's ego network, leading to an average score of trust.

Fit with the HQ. To operationalize inpatriates' fit with the HQ, we constructed a three-item scale based on Tsai and Ghoshal (1998) and Reade (2001). Two example items are "I share the same ambitions and vision with HQ management" and "I am enthusiastic about pursuing the collective goals and mission of the whole organization" (1 = *strongly disagree* to 7 = *strongly agree*). The three items were averaged to create a scale score for fit with HQ.

Perceived career prospects. As no valid, established measure of perceived career prospects was available in the context of inpatriate assignments, we had to develop a new measure. We operationalized *inpatriates' perceived career prospects* with a five-item scale. Two example items are "This assignment is essential for my career advancement within this company"

and “This company will provide me with future positions that fit with my career goals” (1 = *strongly disagree* to 7 = *strongly agree*). The five items were averaged to create a scale score. To ensure internal consistency, we measured perceived career prospects again at Time 2, resulting in a similar level of reliability.

Inpatriate learning of firm-specific knowledge. Similar to the variable of perceived career prospects, we had to establish a measure of learning of firm-specific knowledge that is specific to the inpatriate context. Given the role of inpatriate assignments for the socialization and professional development of foreign nationals at the HQ (Harvey et al., 1999; Reiche, 2006), we focused on these types of firm-specific knowledge acquired by inpatriates. We developed a four-item scale of inpatriate learning including “During my assignment to the HQ I have learned the corporate culture” and “During my assignment to the HQ I have learned how things are done at the HQ” (1 = *strongly disagree* to 7 = *strongly agree*). We averaged the four items to create a scale score.

Retention. The two-year retention data was obtained by asking the inpatriates if they were “still employed at the same company.” This was coded 1 = “still with the same MNC;” 0 = “left the original MNC.” We collected the four-year retention data from company records (coded 1 = “still with the same MNC;” 0 = “left the MNC”). All respondents that had indicated to have left their company at Time 2 were listed as not employed in the company records at Time 3, thus triangulating our data.

Control variables. We measured a number of variables that may be necessary to be controlled for in order to improve our model estimation. *Gender* was dummy-coded (1 = “male,” 2 = “female”), *age* was self-reported in years and *organizational tenure* was self-reported in months. In line with previous research on international assignments (e.g., Harrison, Shaffer, & Bhaskar-Shrinivas, 2004), *time on assignment* was measured in terms of the months respondents had already been in their inpatriate assignment. To control for the possibility that inpatriates’ links with HQ staff were established prior to the inpatriate assignment, we measured the number

of previous HQ visits the inpatriate had made prior to their assignments. Given that the inpatriates in our study came from a wide variety of countries-of-origin, we also considered controlling for *cultural distance* between inpatriates' home-country culture and the German culture. To do so, we used the respective country scores along Hofstede and Hofstede's (2005) four cultural dimensions (power distance, individualism, masculinity and uncertainty avoidance) and calculated the corresponding aggregate cultural distance scores using Kogut and Singh's (1988) algebraic index. Finally, we constructed a three-item scale to measure inpatriates' *German language fluency*. An example item is "Please state the level of your German language proficiency in work-related interactions" (1 = *very basic* to 7 = *fluent*). We included German language fluency as a control variable when testing our hypotheses to partial out the effect that lack of German language fluency may have on one's ability to develop links with colleagues, acquire firm-specific knowledge, and reach perceived career prospects at the German HQ.

We also examined possible response differences with regard to inpatriates' affiliation with any of the ten companies. Accordingly, we computed the intraclass coefficient scores for each of our four endogenous variables to test whether they are subject to significant systematic between-group variance (Bliese & Hanges, 2004) but did not find evidence for nonindependence among the observations with regard to company affiliation.

ANALYSES AND RESULTS

To evaluate the discriminant validity of all variables measured at Time 1 (network size, average trust in network, fit with HQ, inpatriate learning, perceived career prospects) we first conducted a series of confirmatory factor analyses with AMOS (Arbuckle & Wothke, 1999). We used the full sample from Time 1 (n = 260 after eliminating cases with missing data) to conduct these analyses in order to have a large enough ratio of sample size to parameter estimates to obtain stable estimates. The analyses reveal that the hypothesized five-factor model fit moderately well and, importantly, was better fitting than any of the alternative nested models, indicating support for the distinctiveness of the constructs in the study.

To test for common method bias, we conducted another confirmatory factor analysis ($n = 260$) in which all scale items were indicators of their respective theoretical latent factor as well as a single, unmeasured latent factor (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). We then compared the five-factor model without the latent common methods factor with the measurement model including the common methods factor. The decrease in χ^2 was insignificant, suggesting that the addition of the latent common methods factor did not significantly improve the fit of the measurement model. In addition, all factor loadings of the measurement model remained significant.

To test Hypotheses 1-4, we conducted two hierarchical regression analyses: one for inpatient learning and one for perceived career prospects. In both regression equations, the control variables were entered in step one and links with HQ colleagues (network size and trust) and fit with the HQ were entered in step two. Both average trust in network (inpatients' links) and fit with HQ were positively related to inpatient learning over and above the control variables. At the same time, the results also demonstrate that network size, our other measure of inpatients' links, was not significantly related to learning. Similarly, both inpatients' trust towards HQ colleagues and their fit with the HQ were positively related to inpatients' perceived career prospects whereas the effect of network size was insignificant. Our results did not change when using the 159 respondents with data at Time 1 and Time 3. Overall, these findings partially support Hypotheses 1 and 2 and fully support Hypotheses 3 and 4.

Hypotheses 5 to 7 were tested together following the procedure described by Baron and Kenny (1986). We used logistic regression because retention is a dichotomous variable. We regressed inpatient retention onto network size, trust, and fit with HQ along with the control variables (entered in step one) and the hypothesized mediator, perceived career prospects (entered in step two). Step one of tests for mediation is to show that the independent variables relate to the dependent variable. The results show that inpatients' fit with HQ positively related to two-year and four-year retention whereas network size and average trust in network (inpatients' links) did

not. Step two for tests of mediation aims to show that the independent variables relate to the mediator. The previous hierarchical regression results indicated that average trust in network and fit with HQ positively related to perceived career prospects. Step three of mediation is to show that the mediator affects the dependent variable. Perceived career prospects is indeed positively related to two-year and four-year retention when the independent variables are taken into account. Finally, for full mediation we need to show that the predictor is no longer related to the dependent variable when the mediator is in the equation. The results demonstrate that fit with HQ was no longer significantly related to two-year and four-year retention once we added in perceived career prospects. These results support Hypotheses 5 and 6b.

Scholars have recently questioned the need to show step one in establishing whether a significant mediation effect exists. As the mediation process becomes temporally more distal (as in the present case), the size of the association between the independent and the dependent variables may become smaller due to the potential of additional links in the causal chain, introduction of competing causal mechanisms, or random effects (Shrout & Bolger, 2002). In our case, it is thus possible that inpatriates' trust towards HQ colleagues influences their retention through their perceived career prospects even though there is no direct effect on the dependent variable. Accordingly, we complemented the Sobel (1982) test with bootstrapped confidence intervals (CIs) using an application provided by Preacher and Hayes (2004). The formal two-tailed significance test demonstrated a significant indirect effect of inpatriates' trust towards HQ colleagues on their two-year and four-year retention. Bootstrap results confirmed the Sobel test, with a bootstrapped 95% CI around the indirect effect not containing zero. These results suggest that Hypothesis 6a was also supported: Inpatriates' links to HQ colleagues in the form of trust indirectly related to inpatriate retention through their perceived career prospects.

Finally, Hypothesis 7 asserts that inpatriate learning moderates the relationship between inpatriates' perceived career prospects and their retention two years later. We tested this hypothesis using moderated logistic regression in which we entered the control variables, the

links and fit variables, perceived career prospects, and inpatient learning in step one, and the interaction term for perceived career prospects \times inpatient learning in step two. We used the centered scores for each component of the interaction term in order to reduce multicollinearity (Aiken & West, 1991). Our results show that the interaction term is negative and significant in predicting two-year retention. To conduct simple slope tests (Aiken & West, 1991) in moderated logistic regression, we used an application provided by Hayes and Matthes (in press). The analysis revealed that perceived career prospects is positively related to inpatient retention when inpatient learning is low but not significantly related to retention when inpatient learning is high. These results provide support for Hypothesis 7. As a final analysis, we tested this interaction effect in predicting four-year retention but the interaction term was not statistically significant when entered in the regression equation.

DISCUSSION AND CONCLUSION

Our study has highlighted the factors that influence inpatient retention in MNCs. In particular, the results suggest that inpatients' trusting links with HQ staff and their fit with the HQ positively related to their firm-specific learning and their perceived career prospects, and that the latter predicted their retention two and four years later. In this regard, perceived career prospects mediated the direct relationship between inpatients' fit with the HQ and inpatient retention as well as the indirect relationship between inpatients' trust with HQ staff and their retention. Furthermore, we found that inpatients' firm-specific learning during the assignment mitigates the effect of perceived career prospects on retention decisions two years later.

Theoretical Implications

Our study contributes to the job embeddedness, turnover, and international assignment literatures. With regard to the concept of job embeddedness, we built on Mitchell et al.'s (2001) multidimensional construct and applied it to the inpatient context. While past research has examined the construct across ethnically diverse populations (Mallol et al., 2007), ours is the first

study to consider job embeddedness with regard to international careers. Our results suggest that job embeddedness is a useful framework for identifying relevant job factors associated with international assignments that may impact turnover decisions, and perhaps other behaviors, of international assignees. In addition, while existing research has distinguished between on-the-job and off-the-job embeddedness, scholars have thus far been primarily interested in the overall level of embeddedness (Lee et al., 2004) rather than its specific elements and their interrelations. We proposed an underlying set of relations in which an individual's links and fit relate to the sacrifices that are associated with leaving the organization. Our results provided support for this claim, demonstrating that inpatriates' links with HQ staff and their fit with the HQ positively related to two specific costs of leaving: learning of firm-specific knowledge and perceived career prospects. Further, we found that a future-related sacrifice serves as a mediator for the relationship between other elements of embeddedness and turnover.

We also contribute to the turnover literature by introducing two specific forces that may motivate employees to stay with the organization. First, we found that perceived career prospects predicted retention two and four years later. Although turnover theories have alluded to the notion that promotional opportunities may motivate employees to remain in the organization either as a sacrifice for leaving (Mitchell et al., 2001) or for rational, calculative reasons (Maertz & Campion, 2004), studies have not directly examined the role of career prospects in predicting turnover as we did here. Our findings suggest that career-related issues, in general, may play an important role in turnover decisions especially for managerial and professional workers. The second factor we introduced, learning of firm-specific knowledge, moderated the positive effects of perceived career prospects on two-year retention such that the relationship was only significant when inpatriates' learning was low. Whereas research has examined "general" knowledge development (e.g., participation in tuition reimbursement programs) as predictors of turnover (Benson, Finegold, & Mohrman, 2004), we are not aware of research that has considered how developing firm-specific human capital relates to turnover. Our findings suggest that firm-

specific learning may compensate for a lack of immediate perceived career prospects but that the role of firm-specific knowledge may decline over time. We speculated that sunk-costs theory may explain why individuals will be motivated to remain in the organization in the short term after acquiring firm-specific knowledge. Future research should more explicitly incorporate career theories with turnover models to further our understanding of what motivates turnover decisions among career-oriented individuals.

Finally, we contribute to the research on international assignee retention. We found that assignees' level of trust in their HQ network and, to a greater extent, their fit with the HQ positively related to their retention through the career prospects perceived in the MNC. The finding that assignees' trust with HQ staff only indirectly affected their retention indicates that the expected direct effect may decrease over time. Indeed, the direct effect of trust was even weaker for four-year than two-year retention. We would thus assume that interpersonal trust can only serve as a retention mechanism for assignees if they feel that their trust building at the host unit is associated with continuous future benefits in the form of career prospects. This indicates that repatriation and career support may be even more important for retaining international staff than previously assumed (Kraimer, Shaffer, & Bolino, 2009). In contrast, the finding that inpatriates' fit with the HQ continues to impact on inpatriate retention suggests that this dimension of job embeddedness has a more enduring character and helps to bind assignees to the company. The finding that size of the social network at the HQ did not relate to learning or perceived career prospects was surprising given that past research has demonstrated a positive effect on knowledge acquisition (e.g., Cross & Cummings, 2004) and career benefits such as sponsorship and promotions (e.g., Seibert et al., 2001). It is possible that, given the ethnocentric biases inpatriates may face at the HQ (Harvey et al., 2005), HQ staff may only be willing to provide inpatriate assignees with such resources if they have developed trusting relationships.

Managerial Implications

Our research results have several implications for managerial practice. First, the finding that inpatriates' fit with the HQ constitutes an important determinant for their long-term retention suggests that socialization is important for international assignees. One way for MNCs to achieve this is to more explicitly offer induction programs and preparatory training prior to the relocation. Furthermore, the role of fit with the HQ emphasizes the selection of individuals for inpatriation based on value congruence. Research suggests that newcomers with a higher level of organization fit in terms of shared values and goals at the time of entry will more quickly adjust to the new organizational environment (Chatman, 1991). For MNCs to benefit from their international staff in the long run, the selection of candidates for international transfers thus needs to move beyond the focus on technical skills that still dominates corporate practice.

Second, the international assignment literature has pointed to a frequent lack of adequate positions that are available to assignees upon their repatriation (e.g., Kraimer et al., 2009; Suutari & Brewster, 2003). In this vein, our results highlight that inpatriates will be more likely to continue their membership in the short term irrespective of whether they perceive career opportunities to be available if they have acquired firm-specific knowledge. Accordingly, companies need to provide assignees with rich learning opportunities, especially in the case of developmental transfers. Finally, whereas many companies plan and conduct international transfers on an ad hoc basis, such an approach fails to capitalize on the long-term benefits that result from a firm's ability to both facilitate assignees' development of social ties during the assignment and, given the retention capacity of such links, maintain this social capital in the long run. As a result, HR managers need to embed staff transfers into logical career paths that are consistent with the long-term goals of both the company and the individual assignee.

Limitations

Our study's contributions have to be considered in the context of its limitations. A first limitation concerns the use of self-report data for the assessment of our variables and the inherent sources of bias in respondents' perceptions. For example, there is evidence that individuals tend to over- or under-report certain characteristics of their ego networks (Casciaro, 1998). Our study is not able to assess whether inpatriates' social ties are reciprocated by HQ staff. Similarly, we did not explicitly measure the organizational values of the HQ. A second limitation of this study is the potential of common method bias, which can inflate relationships among variables. Several measures were taken to minimize this risk, including the combination of ego-network and perception-based question formats, the separation of items for the independent and dependent variables into different sections of the questionnaire, and the use of different scale endpoints. To further address this issue, we had also measured inpatriates' perceived career prospects at Time 2. When we regressed the Time 2 measure of perceived career prospects onto the two links and fit variables measured at Time 1, we found that average trust in HQ staff and fit with the HQ were significantly, positively ($p < .01$) related to perceived career prospects at Time 2, thereby replicating the cross-sectional results and providing additional evidence that common method bias is unlikely to be a major concern in this study.

In sum, by integrating the literatures on job embeddedness, turnover and international assignments, the relationships tested in this study extend our theoretical and empirical understanding of what determines inpatriate retention in MNCs. In this vein, the concept of job embeddedness provides a fruitful lens to examine both the international assignment process as well as assignees' turnover decisions.

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FIGURE 1

Theoretical Model and Hypotheses

