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## The Opportunity Cost of Saving Money

### An Exploratory Study of Permanent Transfers and Localization of Expatriates in Singapore

**Abstract:** *In this exploratory study we draw on interviews with 12 expatriate staff, seven of whom are permanent transfers to a Singapore-based subsidiary of a global knowledge-based firm. Using goal congruence theory as an extension of agency theory, we compare the motivation, adjustment, retention, and careers of permanent transferees who subsequently localize in the host location to those of traditional expatriates in the same location. Our findings show that expatriates who are expected to work as “locals” in a host country not only receive less compensation, but also receive less preparation and support than traditional expatriates despite the fact that both groups of employees work under similar conditions and face similar challenges. Our study has important implications for research and practice in the planning and management of global mobility programs.*

Global mobility research has been dominated over the past two decades by a focus on long-term expatriates and the various challenges they present to multinational corporations (MNCs) in terms of adjustment (Black, Mendenhall, and Oddou 1991), turnover (Shaffer and Harrison 1998), and job performance (Lee and Donohue 2012). Recently, scholars have turned their attention to other types of interna-

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tional assignees, including self-initiated expatriates (Peltokorpi and Froese 2009), flexpatriates (Mayerhofer, Hartmann, and Herbert 2004), international commuters (Meyskens, von Glinow, Werther, and Clarke 2009), and short-term assignees. The growing use of these alternative assignments has been driven by an increasing demand for and shortage of cross-border talent (Collings, Scullion, and Morley 2007) and exacerbated by dual-career issues (McNulty 2012), security concerns (Claus 2009), and a focus on reducing costs (ORC Worldwide 2008). Among these alternative forms of mobility is a relatively new, and increasing, trend in the form of permanent transfers resulting in the localization of expatriates, which has received some recent attention in the consulting field. For example, Brookfield (2012) found that more than one-third of the 123 participating firms in their survey used permanent transfers, which is viewed as a cost effective alternative to the traditional expatriate assignment. A survey by Cartus (2010) identified skills shortages in host country locations as an additional factor in the use of permanent transfers. Yet beyond a focus on compensation and benefits (e.g., Bonache, Brewster, and Suutari 2007; Suutari and Tornikoski 2001), little attention has been paid to this type of assignment by global mobility scholars. Nor has systematic academic analysis of this practice taken place. Indeed, very little empirical research on the implications for global mobility of permanent transfers and the subsequent localization of expatriates exists (for a recent exception, see Kuhlmann and Hutchings 2010). We contend that this type of assignment brings with it a new set of challenges and implications for MNCs that may be similar to, and yet different from, traditional (long-term) international assignments. As such, we aim to bridge the divide between research and practice by providing a better understanding of the implications arising from permanent transfers.

In this study, we explore permanent transfers and the localization of expatriates in an MNC subsidiary in Singapore in terms of the motivation, adjustment, retention, and careers of these employees in comparison to those of traditional expatriates in the same subsidiary. Our focus on Singapore is intentional given its highly transient expatriate population. Moreover, Asia is an important region due to its dynamic and changing workforce (Economist Intelligence Unit 2010) and expatriates' motivation for undertaking assignments within the Asia Pacific region.

### **Defining permanent transfers and localization**

We define a permanent transfer as one in which an employee resigns from their home country office and is hired by the host country office of the same MNC, but for which there is no return (repatriation) to the home country and no guarantee of company-sponsored re-assignment elsewhere (Yates 2011). Permanent transfers are "one-way moves" directed by an MNC in which employees operate as a "local" in the host country. When a permanent transfer is used, host-country compensation and benefits are applied with relatively few, if any, typical expatriate package benefits made available over the long term (ORC Worldwide 2004). In some instances, a

“local-plus” compensation package may be offered to a permanent transferee during an initial transfer period of up to two years to facilitate transition to the host location. A local-plus package is one that compensates employees according to the salary levels, structure, and administrative guidelines of the host location, as well as providing them with limited “expatriate-type” benefits such as transportation, housing, and dependents’ education in recognition of the employee’s “foreign” status (Stanley 2009). Local-plus compensation is used during permanent transfers to encourage employees to go. We define employees who undertake a permanent transfer as “expatriates,” given their non-immigrant status and lack of citizenship (passport) of the host country. We further define permanent transfers as being directed by the MNC, as the participants in our study do not represent self-initiated expatriates who have chosen a permanent transfer of their own volition.

Permanent transferees who subsequently localize do so in one of two ways. In delayed localization, an expatriate commences a traditional expatriate assignment and, after a period of between three to five years, transitions to local terms and conditions (i.e., is “localized”) on their own or the employer’s initiative (ORC Worldwide 2004). For example, some traditional assignees relocate with full knowledge that localization will occur after two years in the host country, as predetermined in their contract; others may not be localized until completion of the initial or subsequent extension(s) of the assignment, which may be five to seven, or even ten, years after it first began (Brookfield 2012). Delayed localization may also occur when expatriates do not wish to repatriate or reassign as directed by an MNC, electing instead to remain in the host location on local terms and conditions (Yates 2011). Importantly, there will be cases where neither the MNC nor the expatriate intend for delayed localization to occur; rather, it frequently arises as an assignment progresses, taking into account changes in company strategy or the expatriate’s life circumstances, as well as other unexpected events (e.g., economic downturns). This may explain why many MNCs tend to deal with localization on a case-by-case basis.

Immediate localization, on the other hand, takes place at the onset of an assignment in the form of a permanent transfer. The distinction between delayed and immediate localization is important given that the motivation, adjustment, retention, and careers of permanent transferees immediately assuming local status will likely be different from those of transferees who localize at a later point in time and may not have initially undertaken an international assignment with localization in mind.

Key characteristics specific to the localization of expatriates require clarification. First, localization almost always involves replacing (and reducing) an expatriate package (e.g., base salary, incentives, allowances, perquisites, social security, and retirement plans) with compensation comparable to that offered to host country nationals (HCNs) or other locally hired employees. The difference between immediate versus delayed localization is that the latter involves phasing out compensation over a transition or “wind-back” phase during which remuneration is reduced incre-

mentally over a one- to three-year period. Within this timeframe, it is common for localized employees to resign from his/her home country office and be hired by the host-country office of the same MNC. A second characteristic is that localization removes the MNC's obligation to repatriate expatriates to their home countries or to reassign them elsewhere. Third, localized expatriate employees are still expatriates until such time as they assume citizenship (a passport) of the host country.

We make these clarifications in light of a somewhat confusing stream of research in the academic literature that has used the term "localization" to refer to the "extent to which expatriate managers are replaced by local employees who are competent to perform the jobs originally held by expatriate managers" (Law, Song, Wong, and Chen 2009, 1359), or "displacing expatriate managers with local talent" (Fryxell, Butler, and Choi 2004, 269). This stream of research assumes that "local employees" are HCNs. Further, by this definition, localization is often linked with HCN employee development in an emerging economy (Bhanugopan and Fish 2007). We define "local employees" as constituting both HCNs and localized expatriates. In this study, we refer to the localizing of expatriates as being linked in some instances to permanent transfers, which our literature review suggests is a well-defined and well-known practice among mobility professionals (ORC Worldwide 2004).

### **Goal congruence theory**

The theoretical context for our study rests in goal congruence theory as an extension of agency theory. Adapting from Harvey, Speier, and Novecevic (2001), we examine the motives of the MNC for using permanent transfers and examine whether these are consistent with, and supportive of, the motives and subsequent adjustment of employees who agree to undertake such an assignment. We use information symmetry to explore the extent to which the degree of available and needed information made available to permanent transferees enables them: (1) to make an informed decision as to whether a permanent transfer is likely to satisfy their personal goals in undertaking such an assignment; and (2) to successfully adapt in the host location. Building on Collings et al. (2007), we examine the degree of congruence between an MNC's decision to use permanent transfers as a global staffing choice and whether doing so provides the intended outcomes in terms of achieving its broader organizational objectives. We contend that a number of factors related to expatriate adjustment may impact the success of permanent transfers as a global staffing choice, which can mediate the degree of goal congruence and subsequent success likely to be attained. We suggest that although employees transferred permanently are viewed and treated differently by an MNC in terms of policy, status, and compensation, they are still expatriates and as such are likely to face the same adjustment challenges as traditional expatriates but without the same level of support. These adjustment challenges are the same because, like traditional expatriates, permanent transferees are not citizens of the host country.

### **Motives for permanent transfers**

The prevalence of permanent transfer policies among MNCs is to be expected and is consistent with global strategies seeking to maximize both talent management and cost containment (Meyskens et al. 2009). Reports by KPMG (2003) and ORC Worldwide (2004) show that more than three-quarters of companies have some form of localization policy in place. Indeed, Brookfield (2012) found that half of the firms in their survey were switching employees to localized conditions, with a marked increase in permanent transfer and localization activity overall. We postulate that MNCs are likely to have both strategic and operational motives for the use of permanent transfers and subsequent localization, including to: (1) support a strategy of local responsiveness in processes, routines, and practices (Pudelko and Harzing 2007); (2) signal a long-term commitment to the host country; (3) minimize perceived inequities between expatriates and HCNs (Yates 2011); and, (4) reduce expatriate compensation costs (Brookfield 2012).

From the employee's perspective, and in line with recent research (e.g., Collings et al. 2007), we posit that individuals may seek out permanent transfers as a step toward fulfilling their own career development, even though doing so may not advance their career in their current company. McNulty (2013) found in her study of 71 expatriates across five MNCs that 89 percent of expatriates perceived an international assignment to be of benefit not only to their current employer but also to their increased marketability to other employers. Thus, expatriates' ability to increase external marketability seems to enhance the attractiveness of international assignments. However, no studies have yet explored the motives for undertaking permanent transfers. Hence, our first research question is: What are the organizational and employee motivations for using permanent transfers?

Extrapolating from extant literature (e.g., Caligiuri, Phillips, Lazarova, Tarique and Burgi 2001), we speculate that the negative consequences of permanent transfers may include personal and financial disadvantages to the employee (relative to traditional expatriates), and employee retention problems for employers. This may be particularly true for permanent transferees who are not supported or "valued" by an MNC as much as other types of expatriates are but who, nonetheless, work in an environment where there are lucrative career opportunities available across organizational boundaries. As McNulty (2013) suggests, cost-reduction strategies facilitating the use of "cheaper" assignments that may be appealing to MNCs can also lead to unintended outcomes in terms of unforeseen opportunity costs (such as the loss of critical talent) arising from "shortsighted decisions."

### **Factors affecting permanent transferees' adjustment**

Expatriate adjustment is undoubtedly a major and critical factor in the success or failure of an international assignment. Research has shown that expatriate adjustment is a complex process, commonly conceptualized at three levels: general

(cultural), interaction, and work adjustment (Black, Mendenhall and Oddou 1991). Studies have identified a range of factors that influence expatriate adjustment, including predeparture training, language skills, and prior international experience (Bhaskar-Shrinivas, Harrison, Shaffer, and Luk 2005), spouse and family support (McNulty 2012), preparations for repatriation (Oddou, Osland, and Blakeney 2009), and career planning (Jokinen 2010). When handled well, these factors can reduce uncertainty and assist employees to be prepared for an assignment. Importantly, because permanent transferees will not be repatriated, their concerns may be focused more on career planning, particularly if they encounter adjustment problems in the new location and subsequently do not foresee for themselves a long-term future in the host country. Under these circumstances, they could develop a “self-initiated expatriate orientation” (see McNulty 2013) such that a boundaryless or global career across multiple companies may be a highly attractive option (Sullivan and Arthur 2006).

Adapting from Caligiuri et al. (2001), we suggest that the process of adjustment can be facilitated by met expectations, a theoretical perspective that suggests the more compatible an individual’s expectations are with their reality once on assignment, the greater the individual’s level of satisfaction and adjustment. We contend that when an employee’s expectations are aligned with his/her experiences during an assignment, the greater the likelihood the employee will adjust to the host country, irrespective of whether s/he is a traditional expatriate or permanent transferee. However, little is known about how permanent transferees experience adjustment to a host country.

We suggest that the adjustment of permanent transferees may be more critical than that of traditional expatriates, given that they are on a one-way ticket. It may also be more difficult for permanent transferees to adjust than it is for those who localize at a later stage in their assignment, because their adjustment to the host country takes place without the initial “cushion” of a full expatriate or local-plus compensation package. That said, HCNs may be more resentful and less welcoming of traditional expatriates due to inequities in compensation (Richards 1996), in which case the immediate or eventual local compensation package offered to permanent transferees may facilitate acceptance among HCNs, which, in turn, may positively affect the transferees’ adjustment.

Therefore, our second research question is: What factors influence the adjustment process for permanent transferees?

## Method

Semistructured telephone interviews were conducted with 12 employees in “Global-co,” a large U.S.-headquartered MNC with subsidiaries in over 60 countries. As a knowledge-based firm, employees include many highly qualified scientists working in specialized fields. As this is an exploratory study, we used purposive judgment sampling (Tharenou, Donohue, and Cooper 2007). The participants represent five

traditional expatriates and five permanent transferees based in the Singapore subsidiary, of which two permanent transferees are also members of the Asia Pacific Leadership Team (APLT). In addition, we interviewed two HCN managers in Singapore. As shown in Table 1, the sample represents nearly one-quarter of the total number of Globalco employees currently on an international assignment in Asia Pacific. The majority of participants (80%) relocated with a spouse, and 60 percent were on their first international assignment. Participants originated from six home countries. The interview questions addressed overall assignment experience, selection methods, preparation methods, performance, and retention practices. Content analysis was completed manually for the fully transcribed interviews and the data were then coded (Tharenou, Donohue, and Cooper 2007) using open, axial, and selective coding.

## Findings

Our first research question explores the motives of organizations and employees for undertaking permanent transfers. From an organizational perspective, and in line with prior research (e.g., Collings et al. 2007; Tharenou, Donohue, and Cooper 2006), interviews with the APLT members revealed that the type of assignment an employee is offered at Globalco is determined by the purpose of the assignment as well as the type of role available. For example, when the role is temporary and short-term or the purpose is to develop an individual's leadership and managerial skills, it is more likely that a traditional assignment will be utilized. In contrast, Globalco uses a permanent transfer when the assignment combines the following features: (1) a permanent position in the host country; (2) the assignment location is in the same region as an employee's home country; (3) there is not likely to be a suitable role in the home country for an employee to return to; and (4) cost reduction is a priority. This raises the notion of a hierarchy or "organizational architecture" at Globalco (Insch, McIntyre and Napier 2008). Traditional expatriates evidently represent the elite class of international assignees being of high strategic value, while permanent transferees appear to be stuck beneath a type of "expatriate glass ceiling" where strategic and operational restrictions exist, as this APLT member explains:

We look at the individual. Is this really a leadership assignment for them? In other words, are we expecting them to develop, and if so . . . we will put this person on an [expatriate] assignment. Or is the person just going to do a role in which they are required to be functionally competent? Those would be the big drivers as to how we would determine is it an [expatriate] assignment or is it localization. (#9, APLT Member & Traditional Expatriate)

For Globalco employees, traditional expatriates and permanent transferees alike emphasized career development and skill acquisition as their motives for undertaking an assignment (Stahl et al. 2002), in addition to also "giving back" and sharing knowledge in the home or host country. A point of irony is that for permanent

transferees, there is no plan to be repatriated “home” to share their experience. In order to be repatriated they will need to leave Globalco.

Our second research question explores what may influence the adjustment process for expatriates and permanent transferees. We have identified five factors: compensation and benefits, cross-cultural issues, company support and relocations services, HCNs attitudes and identity and organizational hierarchy. These factors are delineated here.

### *Compensation and benefits*

Traditional expatriates at Globalco are supported by a full package of compensation and benefits, while permanent transferees are remunerated on a “local-plus” package for two years and then switched to HCN status and salary conditions. Permanent transferees reported substantial concerns and anxiety about the “two-year” mark when their salary would be reduced:

For me it worked out ok because I hit here right at the bottom of the financial crisis so things were fairly cheap . . . but ongoing certainly after 2 years it’s going to be line-ball whether it’s actually worthwhile me staying here. (#10, Permanent Transferee)

Further exacerbating the sense of there being “no way out” is Globalco’s policy that all expenses incurred by the firm must be repaid by the assignee if they resign prior to the “two-year” mark.

### *Cross-cultural issues*

Cross-cultural training (CCT) is made available to all traditional expatriates on a case-by-case basis, whereas for permanent transferees there is an apparent lack of consistent CCT provided. Overall, all respondents, including HCNs, viewed CCT as very important:

I would argue that [not providing cultural training] is a mistake because cultural training in Asia is 180 degrees from cultural training in Europe, and, of course, there is no such thing as Asian culture, there’s 20 different countries in the region and each one has a unique culture and set of norms. We did have previous experience on assignments and so we were willing to live with a certain amount of fog and confusion and uncertainty until things got worked out, but it did leave a bit of a sour note, it was a bit frustrating. (#1, Traditional Expatriate)

As might be expected, in the absence of CCT preparation, significant cross-cultural difficulties were more pronounced among permanent transferees, unanticipated by the majority as shown:

Those first few weeks are just so critical, it’s a first impression, and it sets up the conversation for the next 6 months . . . my wife was in tears a lot, the children were struggling at school, my wife was saying to me what had we done . . . the

Table 1  
**Sample Characteristics (N = 12)**

Participant	Demographics			Type of interviewee				Organizational tenure				Home country										
	Male	Female	Age (31–40)	Age (41–50)	Age (51–60)	Trailing spouse	First assignment	Expatriate	Localized	Manager	APLTM	Tenure 1–5 years	Tenure 6–10 years	Tenure 11–15 years	Tenure 21+ years	Singapore	Philippines	United States	South Korea	Australia	India	
1	X				X	X		X*		X*					X			X				
2	X		X			X	X		X			X					X					
3	X			X				X				X						X				
4	X		X			X	X	X				X							X			
5	X			X		X	X	X				X										X
6		X	X			N/A	N/A		X			X				X						



local Singaporean culture doesn't support privacy, it takes community to the extreme, where anything you do is everyone's business. And so we had all these bizarre things where our landlord would rock up at our house at 7 a.m., wanting to build a relationship . . . I always thought culture shock was just a made up term . . . you didn't realize what was going on at the time until someone pointed out this is what culture shock is. It was very difficult . . . we still struggle today. (#11, Permanent Transferee)

### *Company support and relocation services*

A point of difference between traditional expatriates and permanent assignees is that while both have access to a relocation agent, expatriates are offered a more comprehensive suite of services. Nonetheless, all expatriates were critical of host country support.

Permanent transferees viewed their support as amounting to "a neighborhood tour . . . it was a waste of time" (#10, Permanent Transferee). Many spoke of the additional stress and impact on their job performance arising from difficulties in the "job handover" from home to host country. As this traditional expatriate explains, the anticipated arrival of a new assignee is not well planned, thus supporting Farh et al.'s (2010) theorizing that both information and social support networks are important for adjustment:

I provided in advance information to the leadership team about [the new permanent transferee], her background, what her new role is going to be, and who she will need to work with, but I don't believe that below that level there is any formal communication or training other than "she is coming." . . . I don't think enough attention is given to training the local organizations to prepare for a foreign national. (#1, Traditional Expatriate)

### *HCN attitudes*

Although Globalco places a high value on global mobility and workforce diversity as core to its corporate culture, both traditional expatriates and permanent transferees nonetheless faced resentment by HCNs during their assignment, in slightly different ways:

[There's] almost a subtle, or not so subtle, resistance . . . the locals often view expats as highly paid, fancy perks, living in nice apartments that are paid for, sending their kids to private schools; there is almost a resentment of that [because] they have never been educated about the tremendous sacrifice that the assignee is engaging in personally, leaving family behind, coming to a new city where they don't know anybody. It's a real emotional and stressful situation, selling houses, giving up pets and so on. (#1, Traditional Expatriate)

It's pretty well accepted that there will be people from different parts of the world working anywhere really, but there's an underlying tension around people tak-

ing jobs that could have gone to local people from the region. (#12, Permanent Transferee and APLT Member)

These findings confirm our earlier assumption that traditional expatriates at Globalco tend to represent an elite class of international assignee, whereas permanent transferees are not viewed in the same way. Hence, HCNs appear to be stuck in a “glass box,” as foreigners take up both temporary and permanent positions in the host subsidiary. This likely represents a clash between reality and HCNs’ own career expectations and the type of “localization” they thought might occur (i.e., replacing expatriate managers with local talent to enable HCN employee development).

### *Identity and organizational hierarchy*

Our findings clearly show that one of the challenges at the Globalco Singapore subsidiary is a “localized versus expat” culture. Traditional expatriates are aware that they are given special, and better, treatment in comparison to permanent transferees and HCNs, who are viewed as “lower-order” employees. Yet, even though permanent transferees initially, or eventually, have the same status as HCNs in a hierarchical “pecking order,” they too report a special type of treatment in being inappropriately viewed as “true locals” because of their compensation terms and conditions, when clearly they were not. Instead, permanent transferees see themselves as being in somewhat of a limbo, neither a traditional expatriate nor a true local like HCNs. For permanent transferees this causes distress, as shown:

That’s one of the major things that you struggle with when you get on to the assignment, particularly on a local package. There is the belief that if you’re local, you’re local and this is your home. The company or the locals haven’t realized that it’s not your home country, even though you are localized. You’ve left your whole support system back at home. I understand why there’s a difference [between expatriate and localized assignees], but it kind of makes me feel well, that’s ok, but help me adjust, help me get onboard. Why does an expat . . . get treated completely different from the get-go? That’s the bit I don’t get . . . you’re localized and you’re there by yourself, but you’re still an expat, but you don’t get necessarily all of the same support as the real expats get. (#11, Permanent Transferee)

### **Limitations and implications**

While permanent transferees offer GlobalCo a short-term cost saving, our findings raise the question as to whether this type of assignment will enable Globalco to achieve its long-term goals regarding talent management and knowledge sharing. Further, permanent transferees’ mismatched expectations as to the outcomes of their assignment may have negative implications in terms of satisfaction and adjustment.

Our study is innovative in exploring an under-researched form of global staffing that is of high strategic value to MNCs, albeit with a small sample in one company

and location. Future research could examine a larger population of permanent transferees across different organizations and host countries. Furthermore, we focused on the adjustment of permanent transferees who knew from the outset that they would be localized within a two-year timeframe. It would be fruitful to explore the adjustment challenges of, and implications arising from, localization of traditional expatriates who do not initially undertake an international assignment with localization in mind.

This study offers several valuable contributions to theory, research, and practice in global staffing. First, using goal congruence theory we extend discussions of permanent transfers and localization beyond a focus only on compensation and benefits (e.g., Bonache et al. 2007). To this end our exploration of the organizational motives for utilizing permanent transfers indicates cost cutting and position filling are the underlying drivers. At the individual level, and mirroring other findings (e.g., Collings et al. 2007), expatriates accept permanent transfers for career development and personal gains. Additional motives are a desire to “give back” to the home or host country and to share knowledge.

A second contribution is that our findings point toward the opportunity costs associated with utilizing permanent transfers and localization in relation to the turnover of expatriate staff. Clearly, there are risks that mitigate the benefits to be gained from reduced compensation and cost containment.

A third contribution is that our findings extend support for Black et al.’s (1991) multi-dimensional concept of cross-cultural adjustment across a relatively new type of assignment—permanent transfers subsequently leading to localization. Consistent with previous research that has focused on long-term traditional expatriates (e.g., Bhaskar-Shrinivas et al. 2005), we identified factors related to general (cultural) adjustment, interaction (comfort dealing with HCNs), and various aspects of work. These include cross-cultural training, company support, and career management. Further, the findings support previous research showing that organizational support enhances adjustment by providing informational and emotional support, such as financial and housing assistance, cross-cultural training, and family support, to expatriate employees (Kraimer et al. 2001). Conversely, unmet career expectations and difficulties in the adjustment process may lead to problems with employee retention.

Lastly, we identify that there is a need for permanent transferees and localized staff, as well as traditional expatriates, to build effective relationships with the HCN workforce (see Vance, Vaiman, and Andersen 2009), in order to enhance their overall acceptance and adjustment into the local culture.

Recognizing that MNCs are increasingly focused on localization as a cost containment measure in relation to global staffing, there is an urgent need for research exploring the implications arising from the organizational hierarchy we found at Globalco, particularly from a career management and retention standpoint for permanent, one-way transfers. From this perspective, we advocate for localization to be reconceptualized in academic terms from the current narrow focus on “sav-

ing money,” to recognition that there are substantial individual and organizational consequences associated with localization.

In practical terms, permanent transferees’ adjustment could be facilitated with more realistic expectations as to the potential career paths likely to arise from a one-way transfer. Additionally, mentoring specifically related to acculturation into the host culture seems essential for permanent transferees, on the basis that these assignees are not “true locals” despite their status as “localized employees.” There is also a need to recognize the vital role to be played by HCNs in helping permanent transferees to adjust, as well as to alleviate the perceived negative benefits associated with localizing expatriate employees to the detriment of developing local staff (Vance et al. 2009).

Our research provides an initial and exploratory step toward understanding the organizational and individual implications arising from the increasing use of permanent transfers. The fact that permanent transfers and localization are widely, and increasingly, used in MNCs, yet largely overlooked and even misunderstood by academics, represents an urgent need for scholarly attention to bridge the divide between research and practice in global mobility.

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