

EXPATRIATE RETURN ON INVESTMENT

YVONNE M McNULTY
Monash University
724 Whitetail Circle
King of Prussia PA 19406

PHYLLIS THARENOU
University of South Australia

INTRODUCTION

The costs associated with a long-term international assignment, defined as the relocation of an employee abroad by a firm for a year or more, are said to be high (Cendant, 2002; Boyacigiller, 2000; Kobrin, 1988; KPMG, 2003; Mercer Human Resource Consulting, 2003). Some evidence suggests the costs exceed \$1 million per assignee, per assignment, and that the total cost to US multinational corporations (MNCs) is about \$75 billion a year (Copeland and Griggs, 1985; Sheridan, 1998). In spite of the costs, a recent industry survey indicated that it is possible long term international assignments provide little return on investment (ROI) (GMAC Global Relocation Services, National Foreign Trade Council, and SHRM Global Forum, 2002). As Black, Gregersen, Mendenhall and Stroh (1999: 2) said,

“An international assignment is the single most powerful experience shaping the perspective and capabilities of effective global leaders. It also happens to be the single most expensive per-person investment that a company makes in globalizing their people. It is unfortunate that most firms are getting anemic returns on this substantial investment”.

Clearly, obtaining a return on investment from long-term assignments is important. First, cost-reduction is one of the reasons MNCs use alternatives to expatriation, including virtual team assignments and tele-working, short-term assignments, business trips, cross-border commuting, inter-regional travel, frequent flying, rotational assignments and host country nationals (HCNs) (Cendant, 2002; GMAC Global Relocation Services, National Foreign Trade Council, and SHRM Global Forum, 2001; GMAC et al., 2002; KPMG, 2003; PricewaterhouseCoopers, 2000, 2001). Yet MNCs still continue to use expatriate assignments (Mercer Human Resource Consulting, 2003; PricewaterhouseCoopers, 2002). Second, determining a return on investment is necessary to justify the continued use of long-term assignments. As Bonache, Brewster, and Suutari (2001) asserted, cost-effective alternatives are often available. Third, the continued reporting of expatriate assignment failures, with 44% of MNCs reporting failures in the Asia Pacific region and 63% reporting failures in Europe (Cendant, 2001), seems to indicate that the direct and non-direct costs associated with expatriation are substantial. It highlights the need to understand the return on investment from international assignments.

THE NEED FOR EMPIRICAL EVIDENCE

Very little academic research has been done on expatriate ROI. Evidence exists only from

industry surveys. The GMAC (2002: 55) global relocation trends survey reported that expatriate ROI is not only poorly calculated amongst MNCs but also not widely used as a tool to reduce expatriate costs. Expatriate ROI was defined by 99% of the respondents as “the accomplishment of assignment objectives at the expected cost”. Yet, only 30% rated their expatriate ROI as “good” or “excellent”. Only 9% indicated they had specific programs in place to improve it. In fact, 70% of the respondents indicated that their ROI was average, fair or poor. KPMG’s (2003: 9) global assignment policies and practices survey reported that only 14% of respondents rated “controlling program costs and ensuring an acceptable return on investment” as their most important goal for their long-term international assignment program. In light of the above, empirical investigations of expatriate ROI, based on careful conceptualization of the construct, seem necessary.

DEFINING EXPATRIATE RETURN ON INVESTMENT

Expatriate return on investment, for the purposes of this paper, is defined as a strategic calculation in which the financial and non-financial benefits to the MNC are compared to the financial and non-financial costs of the international assignment, in regard to the assignment’s purposes (Danfy, 1975; Dyer and Reeves, 1995; Edstrom and Galbraith, 1977). This paper is concerned with extending the way expatriate returns are considered beyond the three most common indicators; that is, premature return from the assignment (Tung, 1981, 1987), turnover rates from repatriation (Stroh, 1995), and financial relocation program costs (Van Pelt and Wolniansky, 1990). There are a number of problems with these indicators and the methods used to measure them. First, Boudreau and Ramstad (1997) asserted that they only provide an indication of past performance once the expatriate assignment has been completed or aborted, thereby reducing an MNC’s ability to control costs during the assignment. Second, Danfy (1975) argued that the importance of an ROI calculation is not just in determining the statistical rate of return, but in also knowing why rates of return increase and decrease.

This paper extends the definition of expatriate ROI beyond a statistical or financial equation to consider a more strategic approach because the decision to use expatriates is clearly more than just a financial consideration (Edstrom and Galbraith, 1977; KPMG, 2003; Tan and Mahoney, 2003). For example, Harzing (2001) pointed out that international assignments produce many non-financial outcomes, such as transferring a firm’s culture and capability, and developing global managers. Dyer and Reeves (1995) proposed that firm performance could be affected by both the financial *and* strategic value of a long-term international assignment, with the strategic value of an international assignment having the potential to affect firm performance as much, if not more, than the expected financial gains and losses. Prahalad and Hamel (1990) argued that the assessment of the strategic value of an international assignment would force MNCs to examine expatriation from a long-term, rather than short term, perspective. This is important because, as Mills and Print (1995) pointed out, accurate calculations of expatriate ROI are less likely to be made in the short-term if the long-term benefits of the assignment cannot be identified in the period during which the calculation occurs.

It is therefore proposed that a strategic, non-financial approach to expatriate ROI will produce a more useful outcome than a financial calculation alone, because it will enable broader decisions to be made for short and long-term competitive advantage (e.g., succession planning,

the expansion of operations internationally). The approach will also incorporate financial and non-financial costs and benefits, specific to the strategic objectives of the MNC, into an ROI definition that is linked to the purpose of the long-term international assignment. The purpose of the strategic ROI approach is to ensure that items included in the ROI calculation are based on a link between all of the costs and benefits of the assignment and the purpose of the assignment itself.

THEORETICAL FOUNDATION OF EXPATRIATE ROI

Return on investment is an accounting term. In its simplest form, Flamholtz (1985) defined ROI as a financial ratio that expresses profit in direct relation to investment. However, scholars in economic theory (Brief and Lawson, 1992; Laitinen, 2003) have cast doubts on the appropriateness of using only traditional accounting methods in determining ROI. Boudreau and Ramstad (1997) argued this is because accounting measures indicate only past performance – defined as “lagging indicators” – as opposed to predicting future performance or providing “leading indicators”.

In the economics literature, return on investment is defined within the context of economic profit (EP) (Canibano, Garcia-Ayuso, and Sanchez, 2000; Mills, Rowbotham, and Robertson, 1998). EP combines a value-based approach to measure both current (lagging) and future (leading) returns and includes financial and non-financial data in the ROI calculation. EP is most commonly used in the economic equations of *shareholder value analysis* (SVA) (Rappaport, 1981) and *economic value added* (EVA) (Stewart, 1991). Both SVA and EVA calculate ROI from the perspective of overall value, where value is defined in terms of both financial and non-financial (strategic) gains and losses. The economic perspective of value in ROI is consistent with the argument that a strategic approach to expatriate ROI based on financial and non-financial strategic values can potentially improve the accuracy and usefulness of the calculation. This is because “leading indicators” of value (e.g., establishing new corporate structures in subsidiary offices, or developing global leadership talent) can be related to increases and decreases in ROI. When they are identified prior to, and during, the international assignment, performance outcomes may be more readily predicted and managed.

In terms of explaining expatriate ROI from industry surveys, the GMAC (2002: 55) definition of ROI (“accomplishment of the assignment objectives at the expected cost”) is considered inadequate in comparison to definitions given by scholars in related fields (Canibano et al., 2000; Mills et al., 1998). As Boudreau and Ramstad (1997) asserted, the definition of expatriate costs needs to be more fully explained in terms of both the financial and non-financial (strategic) gains and losses associated with HRM investments. A part of any strategic definition of expatriate ROI is whether the benefit to the MNC outweighs the costs of the international assignment (Kobrin, 1988; Sheridan, 1998).

A number of management theories may explain expatriate ROI in terms of what may cause it to increase and decrease, and why rates of return may differ from one assignment to the next. Edstrom and Galbraith (1977, 1994) proposed three major purposes for using expatriates: to fill international positions when qualified locals are not available, for management development, and to help control, coordinate and assist in the transfer of a firm’s culture. Given that MNCs differ

greatly in terms of industry, organizational culture and overall strategic objectives (Boyacigiller, 1990), they will have different reasons for using expatriates. It is proposed that these differences will therefore lead to varying rates of return from one assignment to the next, as the costs and benefits associated with each purpose will be different.

Building on Edstrom and Galbraith's (1977, 1994) approach, Barney's (1991) resource-based view (RBV) of the firm further explains why the use of expatriates can increase or decrease ROI. The RBV of the firm emphasizes the strategic importance of using employees as a source of competitive advantage to increase a firm's success (Lepak and Snell, 1999; Wright, Dunford, and Snell, 2001). In terms of expatriate ROI, one potential source of competitive advantage is the international assignee (i.e., expatriate) whose skills and qualifications can be viewed as rare, valuable, inimitable and nonsubstitutable firm resources (Barney, 1991; Wright et al., 2001). Internal firm resources (e.g., expatriates) can reap significant strategic benefits for the firm, including increasing firm knowledge and dynamic capability (Wright et al., 2001), and using expatriates to support the activities of a global strategy (Tan and Mahoney, 2003). From this viewpoint expatriates can add more economic value (i.e., benefits) to the firm than local employees or HCNs in the long-term.

In terms of what may influence costs and benefits, Williamson's (1985, 1999) transaction cost theory focuses on the combination of transactions, costs arising from transactions, and the minimization of transaction costs through efficient control structures. Masten, Meehan, and Snyder (1999) defined a transaction cost as the identification of factors influencing costs, and the organization of the factors to minimize the expected costs of managing the transaction over the life of the contractual relationship (i.e., the international assignment). It is therefore proposed that there are transaction costs associated with international assignments that may reduce ROI. For example, Benito, Tomassen, Bonache-Perez, and Pla-Barber (2003) found evidence to suggest that cultural differences could increase transaction costs because managers were required to spend more time dealing with organizational conflicts than focusing on job performance. Yet higher levels of managerial experience, in terms of being able to effectively deal with conflict and having more authority to perform well, were found to decrease transaction costs. Overall, Benito et al. (2003) proposed that an MNC's ability to manage an expatriate's career path (or "manage the transaction over the life of the contractual relationship"), in terms of developing management experience, could in the long-term reduce costs and increase the benefits of international assignments. In terms of expatriate ROI, transaction cost theory provides a foundation for the strategic approach used in this paper. It acknowledges that there is a system of activities taking place during all stages of a contract (an international assignment may be considered as a contract) that has the potential to influence costs and benefits to the firm.

Identifying Antecedents Relevant to the Costs and Benefits of Expatriation

Based on the theoretical approaches outlined above, it is suggested that expatriate ROI should be considered from a strategic perspective which takes into account the antecedents causing ROI to increase and decrease. These antecedents constitute a system of HRM practices taking place during expatriation, and as appropriate to the firm's reasons for using expatriates in long-term international assignments. As proposed by Becker, Huselid, Pickus, and Spratt (1997), and Huselid (1995), HRM activities that are viewed as a *system* of high performance

work practices can more fully explain increases and decreases in performance than individual practices alone. We propose that an effective HR system of nine practices comprising planning, selection, relocation, training and development, compensation, family support, performance management, turnover, and repatriation, will reduce costs and increase benefits, and thus increase expatriate ROI. We further argue that accurate rates of return are likely to be determined when the benefits are compared to the costs, irrespective of whether a cost is financial (e.g., cross-cultural training) and the corresponding benefit is non-financial (e.g., improved performance). The nine HRM practices in this section were identified from the literature as the major HRM practices taking place before, during and after an international assignment in most MNCs (Becker et al., 1997; Farid and Buda, 1998).

Planning the Assignment. Kamoche (1997) proposed that international assignments should meet clear business needs and have clear business goals. If the purpose of an assignment cannot be identified, it may not be possible to assess the assignment's value or determine an accurate return on investment. It is therefore proposed that planning an expatriate assignment, based on meeting strategic objectives, can potentially decrease the costs (e.g., failure to achieve specific strategic goals) and increase the benefits (e.g., improve the likelihood of assignment success) to MNCs. It is expected that overall expatriate return on investment will increase.

Recruitment and Selection of Expatriates. Scholars have argued that when recruitment and selection practices are adhoc and reactive, decreases in performance and productivity and increases in failed assignments are likely to occur, which are more costly to the organization in the long run (Forster, 2000; Harris and Brewster, 1999; Torbiorn, 1994; Welch and Welch, 1997). Decreases in ROI would therefore be expected.

Implementing the Relocation Program. It is estimated that a relocation program can cost approximately US\$200,000 (Van Pelt and Wolniansky, 1990). It is proposed that outsourcing the non-strategic functions of the relocation program (e.g., processing of immigration documentation) to independent specialists can possibly decrease overall costs because independent specialists can generate greater cost-savings, and HR staff are able to concentrate on the strategic benefits of the assignment, such as developing and retaining expatriate talent. Overall ROI is expected to increase.

Compensation. Scholars have argued that customized expatriate compensation packages which account for differences in assignment objectives or cultural conditions are often a critical factor in motivating expatriates to not only accept assignments, but also to perform in difficult locations (Bonache and Fernandez, 1997; Gomez-Mejia and Welbourne, 1991). When expatriate compensation is linked to the strategic objectives of the assignment, resulting in improvements in global organizational performance (Fish and Wood, 1996; Gomez-Mejia, 1993), increases in ROI are more likely to occur.

Training and Development. The training and development of expatriates, in terms of cross-cultural preparation and language programs, represents a significant financial cost to MNCs in the initial stages of an international assignment. Yet, there are significant long-term strategic benefits to be gained from training in terms of better performance and cultural adjustment (Eschbach, Parker, and Stoeberl, 2001; Tan and Mahoney, 2003). Customized training and

development programs can lead to more realistic expectations, higher levels of cross-cultural adjustment, and better overall performance. Increases in ROI are then more likely to occur.

Family Support Practices. A number of surveys (GMAC et al., 2002; KPMG, 2003; PricewaterhouseCoopers, 2000) have reported that family support issues, in terms of adjustment and the dual career issue, were the most common reasons for assignment failure and increases in assignment costs. Scholars have found that family support practices are often critical during expatriation in order to facilitate the achievement of an assignment's objectives (Caligiuri, 1997; Harvey, 1985; Shaffer, Harrison, Gilley, and Luk, 2001; Tung, 1987). It is therefore proposed that family support practices can potentially influence expatriate ROI.

Performance Management. Gregersen, Hite, and Black (1996) found that customized performance appraisals, which accounted for differences in an assignment's objectives and the different types of jobs being performed, could improve expatriate performance by enabling MNCs to address issues before they impacted achievement of an assignment's objectives. It is proposed that effective performance management, which includes early intervention and appropriate support on the part of an MNC, could potentially improve overall firm performance and ROI.

Turnover. Stroh (1995) concluded that the turnover of expatriate staff during repatriation incurs an obvious cost to MNCs when the loss is unexpected and an MNC loses key employees considered pivotal to achieving its long-term strategic objectives. Unexpected turnover of expatriates *during* an assignment (e.g., early withdrawal and premature returns) can be equally as costly (Shaffer and Harrison, 1998; Tung, 1988b). It is therefore proposed that unexpected turnover of expatriate staff, during or after an assignment, incurs considerable strategic and financial costs to MNCs, and decreases overall ROI.

Repatriation. When repatriation is a strategic objective of an international assignment, one of the benefits MNCs hope to gain is a strategic competitive advantage from developing global competencies in their international managers (Barney and Wright, 1998; Lazarova and Caligiuri, 2001). Successful repatriation, which is managed so as to retain and leverage an expatriate's international expertise gained from the assignment, will increase ROI.

RECOMMENDATIONS FOR FUTURE RESEARCH

From our review of the literature pertaining to expatriate ROI, we conclude that further research is required to more fully understand the concept. Future research needs to investigate ROI conceptually in terms of financial and non-financial costs and benefits. Two questions are proposed: What are the financial and non-financial costs and benefits required to calculate ROI from a strategic perspective? What are the effects of the combined list of antecedents or strategic factors increasing or decreasing a return on investment of expatriates? The proposed research questions are intended to improve the method of determining expatriate rates of return, such that MNCs are better able to control costs during the assignment, and improve their system of HR practices for future assignments.

REFERENCES

- Barney, J. B. 1991. Firm resources and sustained competitive advantage. *Journal of Management*, 17: 99-120.
- Barney, J. B. 1996. The resource-based theory of the firm. *Organization Science*, 7: 469.
- Barney, J. B. & Wright, P. M. 1998. On becoming a strategic partner: The role of human resources in gaining competitive advantage. *Human Resource Management*, 37: 31-47.
- Becker, B. E., Huselid, M. A., Pickus, P. S., & Spratt, M. F. 1997. HR as a source of shareholder value: Research and recommendations. *Human Resource Management*, 36: 39-47.
- Benito, G. R., Tomassen, S., Bonache-Perez, J., & Pla-Barber, J. 2003. *A transaction cost analysis of staffing decisions in international operations*. Paper presented at the Nordic Workshop on Transaction Cost Economics in Business Administration, Norwegian School of Economics and Business Administration, Norway.
- Black, J. S., Gregersen, H. B., Mendenhall, M., & Stroh, L. K. 1999. *Globalizing People Through International Assignments* (First ed.). Reading, MA: Addison Wesley.
- Bonache, J. & Fernandez, Z. 1997. Expatriate compensation and its link to the subsidiary strategic role: A theoretical analysis. *International Journal of Human Resource Management*, 8: 457-475.
- Bonache, J., Brewster, C., & Suutari, V. 2001. Expatriation: A Developing Research Agenda. *Thunderbird International Business Review*, 43: 3-20.
- Boudreau, J. W. & Ramstad, P. M. 1997. Measuring intellectual capital: Learning from financial history. *Human Resource Management*, 36: 343-356.
- Boyacigiller, N. 1990. The role of expatriates in the management of interdependence, complexity and risk in multinational corporations. *Journal of International Business Studies*, 21: 1-11.
- Boyacigiller, N. A. 2000. The International Assignment Reconsidered. In M. E. Mendenhall & G. Oddou (Eds.), *Readings and Cases in International Human Resource Management*, Third ed.: 125-132. London, UK: South-Western College Publishing.
- Brief, R. P. & Lawson, R. A. 1992. The role of the accounting rate of return in financial statement analysis. *The Accounting Review*, 67: 411-426.
- Caligiuri, P. 1997. Assessing expatriate success: Beyond just "being there". In D. Saunders & Z. Aycan (Eds.), *New Approaches to Employee Management*, Vol. 4: 117-140. Greenwich, CT: JAI Press.
- Canibano, L., Garcia-Ayuso, M., & Sanchez, P. 2000. Accounting for intangibles: A literature

review. *Journal of Accounting Literature*, 19: 102-130.

Cendant. 2001. International Assignment Policies and Practices Survey: Asia Pacific 2001. Hong Kong.

Cendant. 2002. 2002 Worldwide Benchmark Study: New approaches to global mobility. Baltimore, MD.

Copeland, L. & Griggs, L. 1985. *Going International: How to make friends and deal effectively in the global marketplace* (1st ed.). New York: Random House.

Danfy, R. J. 1975. Analyzing the return on investment. *Management Accounting*, 57: 31-32.

Dyer, L. & Reeves, T. 1995. Human resource strategies and firm performance: what do we know and where do we need to go? *The International Journal of Human Resource Management*, 6: 656-670.

Edstrom, A. & Galbraith, J. R. 1977. Transfer of managers as a coordination and control strategy in multinational organisations. *Administrative Science Quarterly*, 22: 248-263.

Edstrom, A. & Galbraith, J. 1994. Alternative policies for international transfers of managers. *Management International Review*, 1: 71-82.

Eschbach, D. M., Parker, G. E., & Stoeberl, P. A. 2001. American repatriate employees' retrospective assessments of the effects of cross-cultural training on their adaptation to international assignments. *The International Journal of Human Resource Management*, 12: 270-287.

Farid, M. & Buda, R. 1998. Enhancing the link between expatriate selection and success: Organization commitment to global career development. *International Journal of Management*, 15: 516-524.

Fish, A. & Wood, J. 1996. A review of expatriate staffing practices in Australian business enterprises. *The International Journal of Human Resource Management*, 7: 846-865.

Flamholtz, E. 1985. *Human Resource Accounting: Advances in concepts, methods and applications* (Second ed.). San Francisco: Jossey-Bass.

GMAC, SHRM Global, & NFTC. 2001. Global Relocation Trends 2001 Survey Report. New Jersey.

GMAC, SHRM Global, & NFTC. 2002. Global Relocation Trends 2002 Survey Report. New Jersey.

Gomez-Mejia, L. & Welbourne, T. 1991. Compensation Strategies in a Global Context. *Human Resource Planning*, 14: 29-41.

- Gregersen, H. B., Hite, J., & Black, J. S. 1996. Expatriate performance appraisal in U.S. multinational firms. *Journal of International Business Studies*, 27: 711-739.
- Harvey, M. G. 1985. The Executive Family: An overlooked variable in international assignments. *Columbia Journal of World Business*, 20: 84-92.
- Harzing, A.-W. 2001. Of bears, bumble-bees, and spiders: The role of expatriates in controlling foreign subsidiaries. *Journal of World Business*, 36: 366-379.
- Huselid, M. A. 1995. The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal*, 38: 635-672.
- Kamoche, K. 1997. Knowledge creation and learning in international HRM. *The International Journal of Human Resource Management*, 8: 213-225.
- Kobrin, S. J. 1988. Expatriate reduction and strategic control in American multinational corporations. *Human Resource Management*, 27: 22-29.
- KPMG. 2003. KPMG's Global Assignment Policies and Practices Survey. New York.
- Laitinen, E. K. 2003. Future-based management accounting: A new approach with survey evidence. *Critical Perspectives on Accounting*, 14: 293-323.
- Lazarova, M. & Caligiuri, P. 2001. Retaining repatriates: The role of organizational support practices. *Journal of World Business*, 36: 389-207.
- Lepak, D. P. & Snell, S. A. 1999. The human resource architecture: Toward a theory of human capital allocation and development. *Academy of Management Review*, 24: 31-49.
- Masten, S. E., Meehan, J. W., & Snyder, E. A. 1999. The costs of organization. In O. E. Williamson & S. E. Masten (Eds.), *The Economics of Transaction Costs*. Cheltenham, UK: Edward Elgar Publishing Ltd.
- Mercer Human Resource Consulting. 2003. International Assignments Survey 2003. Switzerland.
- Mills, R. & Print, C. 1995. Strategic Value Analysis. *Management Accounting*, 73: 35-37.
- Mills, R., Rowbotham, S., & Robertson, J. 1998. Using economic profit in assessing business performance. *Management Accounting*, 76: 34-38.
- Prahalad, C. & Hamel, G. 1990. The Core Competence of the Corporation. *Harvard Business Review*, 68: 79-91.
- PricewaterhouseCoopers. 2000. International Assignments: European Policy & Practice - Key

Trends 1999/2000. Europe.

PricewaterhouseCoopers. 2001. Managing a Virtual World: Key Trends 2000/2001.

PricewaterhouseCoopers. 2002. Managing Mobility Matters - A European Perspective. Europe.

Rappaport, A. 1981. Selecting strategies that create shareholder value. *Harvard Business Review*, 59: 139-149.

Shaffer, M. A. & Harrison, D. A. 1998. Expatriates' psychological withdrawal from international assignments: Work, non-work, and family influences. *Personnel Psychology*, 51: 87-118.

Shaffer, M. A., Harrison, D. A., Gilley, K. M., & Luk, D. M. 2001. Struggling for balance amid turbulence on international assignments - work/family conflict, support and commitment. *Journal of Management*, 27: 99-121.

Sheridan, W. R. 1998. Expatriates: Moving from cost management to ROI, ACA News, Vol. 41: 6-7.

Stewart III, G. B. 1991. *The Quest for Value: A Guide for Senior Managers*. New York: HarperBusiness.

Stroh, L. K. 1995. Predicting turnover among repatriates: can organisations affect retention rates? *The International Journal of Human Resource Management*, 6: 443-456.

Tan, D. & Mahoney, J. T. 2003. Explaining the utilization of managerial expatriates from the perspectives of resource-based, agency, and transaction costs theories. *Advances in International Management*, 15: 179-205.

Torbiorn, I. 1994. Operative and strategic use of expatriates in new organisations and market structures. *International Studies of Management & Organization*, 24: 5-17.

Tung, R. L. 1981. Selection and training of personnel for overseas assignments. *Columbia Journal of World Business*, 16: 68-78.

Tung, R. L. 1987. Expatriate Assignments: Enhancing Success and Minimizing Failure. *Academy of Management EXECUTIVE*, 1: 117-126.

Tung, R. L. 1988. *The New Expatriates: Managing Human Resources Abroad*. Cambridge, MA: Ballinger.

Van Pelt, P. & Wolniansky, N. 1990. The high cost of expatriation. *Management Review*, 79: 40-41.

Welch, D. E. & Welch, L. S. 1997. Pre-expatriation: the role of HR factors in the early stages of internationalisation. *International Journal of Human Resource Management*, 8: 402-413.

Williamson, O. E. 1985. *The economic institutions of capitalism*. New York: Free Press.

Williamson, O. E. & Masten, S. E. 1999. *The Economics of Transaction Costs*. Cheltenham, UK: Edward Elgar Publishing Ltd.

Wright, P. M., Dunford, B. B., & Snell, S. A. 2001. Human resources and the resource based view of the firm. *Journal of Management*, 27: 701-722.

**ACADEMY OF MANAGEMENT
PROCEEDINGS COPYRIGHT INFORMATION 2004**

Permission is not required to make copies of articles published in the Academy of Management Proceedings for one-time classroom or internal corporate use. Those who desire formal, documented clearance should submit their request for permission to:

Academic Permission Service
Copyright Clearance Center
222 Rosewood Drive
Danvers MA 01923
Phone: 978-750-8400
Fax: 978-750-4470
<http://www.copyright.com>

Individuals and publishers who wish to republish materials in other works must obtain formal permission from the Copyright Clearance Center (CCC) and pay the appropriate fees. Inquiries should be directed to the contact information given above or addressed to their corporate emails: info@copyright.com.