

Making repatriation work: The benefits of social capital

The international relocation of managers presents both challenges and opportunities for multinational corporations.

September 7, 2012

Counterintuitive as it may seem, one of the biggest challenges multinational companies face in the international relocation of managers is their eventual repatriation.

IESE Prof. [Sebastian Reiche](#)'s latest research focuses on international assignees' regular interactions with staff at the host unit, which he refers to as "host-unit social capital."

For his article "[Knowledge Benefits of Social Capital Upon Repatriation: A Longitudinal Study of International Assignees](#)," Reiche conducted a longitudinal survey of 85 inpatriate assignees working in 10 German multinationals.

Repatriation advantages reconsidered

The knowledge benefits of the expatriation, inpatriation and repatriation of staff are usually seen through the following two prisms.

- *Knowledge Transfer.* By transferring the knowledge acquired in one company unit to another, assignees can benefit the organization. For example, repatriates may use their experience to propose improvements to current practice back home.
- *Learning From Repatriation.* When returning from their time abroad, the repatriate can apply the learning and experience they gained from living and working abroad. This benefits the repatriate personally in the new position.

However, Reiche argues that when the time comes to head back home, assignees are often

left in the dark about their future roles and can sometimes face "role conflict" and frequent job changes.

As their job scope changes, their original learning from the assignment may not be enough to perform in their new position, and they may need to continue to access task-relevant knowledge from the host unit, especially if the host unit is the multinational's headquarters.

As such, assignees act as knowledge conduits, not only during the assignment period, but also upon repatriation.

For this reason, Reiche considers two distinct knowledge benefits, relating more to the host-unit.

- *Access to Knowledge*. Ongoing access to host-unit knowledge that may benefit the individual repatriate.
- *Transfer of Knowledge*. Transfer of host-unit knowledge to colleagues in the repatriate's new position, which may benefit the organization.

The importance of social capital

Reiche argues that a key element that enables repatriates to exchange knowledge is the social capital they build while overseas, which, in turn, provides access to information and influence.

Besides facilitating assignees' cultural adjustment, social ties forged at the host unit can also bridge previously unconnected resources across MNC units, enabling new two-way knowledge flows.

A key motivational factor for repatriates to engage in knowledge sharing is the perceived level of support they receive from the MNC. How the organization is perceived to value repatriates' contribution and care about their well-being has a significant bearing on their ability to readjust and share knowledge.

One important component of this organizational support is career and repatriation support, which Reiche defines as the assignees' perception about the extent to which their company provides support for their immediate return, and for their long-term career development.

Reiche's study found a positive relationship between in-patriates' structural host-unit social capital and access to host-unit knowledge after repatriation.

Additionally, he found that inpatriates' relational host-unit social capital positively relates to their access to and the transfer of host-unit knowledge upon return.

Managerial implications

The findings of Reiche's study hold a number of practical implications for management.

First, they suggest that the benefits of the social ties repatriates develop while abroad extend well beyond the immediate duration of the assignment, facilitating ongoing cross-unit knowledge flows.

In such case, it is important for MNCs to actively support assignees in developing social ties at the host unit, through the use of induction programs and other socialization tactics, for example.

Second, MNCs need to create work environments that foster organizational citizenship, not only among host-unit staff, but also among assignees.

Third, MNCs must improve their interactions. Knowledge flows stand to benefit from making better use of host-country mentors. Mentors can serve as an explicit source of new social capital, such as by introducing their protégés to an existing network.

However, if assignees' social contacts move to other areas of the organization or leave altogether, the host-unit social capital and its assets may become obsolete. This suggests that host-unit social capital may require continuous updating, perhaps in the form of repeated staff transfers.

The rewards of support

Reiche also highlights the role of organizational support for the exchange of information and resources in MNCs, and suggests when and how to use such support to capture the benefits of repatriation.

Career and repatriation programs can reduce the need for assignees' original structural social capital by actively promoting access to and transfer of host-unit knowledge, thereby initiating continued cross-unit knowledge flows.

This support is particularly important in the case of shorter assignments during which assignees have less time to build strong social ties.

It is also relevant in more culturally distant contexts, in which the development of social ties is more challenging. In such scenarios, MNCs need to put even more thought into the planning and deployment of their support practices.

www.iese.edu/insight