

German Institute for Japanese Studies (DIJ)

**DIJ Business and Economics
Study Group**



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**Global Mobility in the 21st Century: What Happens Abroad
Stays Abroad? Expatriates' psychological contracts**

With multinational companies being globally active, deploying people in different locations all over the world has become a common practice. A recent survey of KMPG predicts that the number of international assignments will continue to increase in the next 5 years and that companies worldwide will continue to take advantage of their global workforce. Japanese multinational companies also strongly rely on this workforce as it enables them to control their foreign subsidiaries, foster knowledge transfer across national borders and establish globally standardized policies. According to the statistics of the Ministry of Internal Affairs and Communications, the number of Japanese nationals working overseas increased by nearly 10% in the last five years. For FY 2017, 463,700 nationals were working for private enterprises abroad. Considering the crucial importance of these employees for the long-term corporate success, it becomes imperative for both researchers and practitioners alike to understand what determines expatriates' success abroad and how human resource management practices may support expatriates to stay committed to their employers.

Literature on global mobility unfortunately has widely oversimplified the complex employee-employer relationship of expatriates by considering the parent company as the sole counterpart. Recently, however, scholars in expatriate management have started to criticize the single-agency perspective and provided strong arguments that expatriates simultaneously form psychological contracts with both the assigning parent company and the receiving foreign subsidiary. This study builds on the recent literature and empirically explores the complex employee-employer relationship of expatriates from a multiple-agency perspective. By disentangling the psychological contract that expatriates form, the study provides insights into the mechanisms of why feelings of violation may transcend organizational boundaries. Using a longitudinal data set among international assignees, we find that a perceived psychological contract violation by one organizational entity does not only lead to a reduced commitment towards this entity, but also negatively impacts the commitment towards the other entity. By introducing a novel theoretical mechanism, the study reveals that the occurrence of this spillover effect depends on the nature of the expatriate's relationship with the violating entity. The article provides initial empirical evidence of spillover effects in the context of international assignments and offers explanations when and why they happen.



Tassilo Schuster is currently an interim professor for business administration, especially for the economy of Japan, at the Munich School of Management (Ludwig-Maximilians-Universität München), Germany. He received his PhD and Habilitation in Business Administration from the University of Erlangen-Nürnberg in 2011 and 2017, respectively. Since 2013, he serves as an Associate Editor of the South Asian Journal of Global Business Research (SAJGBR).

His main research interests are in the areas of international management, human resource management and management in emerging markets. He is particularly interested in business strategies focusing on low-income markets, corporate social and environmental responsibility, top management teams, and expatriate management.

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