THE EFFECT OF INTERNATIONAL STAFFING PRACTICES ON SUBSIDIARY STAFF RETENTION IN MULTINATIONAL CORPORATIONS

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Abstract

This paper contributes to the scarce body of research on employee turnover in multinational corporations' foreign subsidiaries and addresses some key issues related to dealing with turnover of local staff. Based on a literature review, I conceptualize locals' perceived career prospects and their organizational identification as key variables mediating the relationship between international staffing practices and local staff turnover. In a second step, the paper develops instruments that help international firms to retain their subsidiary staff. Specifically, I focus on how international staffing practices need to be configured to ensure employee retention and I derive moderating factors. My arguments are integrated into a framework for the effect of international staffing practices on subsidiary staff retention in multinational corporations.

Keywords: Employee turnover, subsidiary staff, international assignments, retention strategies, multinational corporations

INTRODUCTION

Over the past decades, an extensive amount of research has dealt with the field of voluntary employee turnover, defined as an individual's deliberate and permanent termination of membership in an organization (Mobley, 1982). Scholars have contributed both to the conceptual development of turnover theory (Lee and Mitchell, 1994; Mobley, 1982; Steel, 2002) and provided a wide array of empirical analyses (Griffeth *et al.*, 2000). In addition to the investigation of domestic turnover, researchers have also begun to examine various determinants of expatriates' withdrawal intentions (Birdseye and Hill, 1995; Naumann, 1992; Stahl *et al.*, 2002). However, turnover research with regard to the international context remains considerably underdeveloped. Existing research lacks not only more detailed empirical work on expatriate turnover (Harzing, 2002; 1995) but also an examination of direct and moderating influences of national culture which are likely to restrict the transferability of turnover models across cultures (Maertz and Campion, 1998).

Given these shortcomings, it is not surprising that only a few studies to date have explicitly concentrated on staff turnover in multinational corporations' (MNCs) foreign subsidiaries (Khatri and Fern, 2001) even though MNCs and their individual units are subject to varying influences and therefore face additional challenges in comparison with domestic organizations (Ghoshal and Westney, 1993). For example, initial evidence suggests that the design of international staffing practices may impact on local employees' turnover intentions (Kopp, 1994).

In addition, despite the obvious negative consequences of employee turnover for organizational functioning (Mobley, 1982), there is still a paucity of research on managing employee turnover in a desired way and ensuring the retention of valuable employees (Maertz and Campion, 1998; Shaw *et al.*, 1998). Given the growing importance of local employees for MNCs, especially with regard to staff in culturally and institutionally distant foreign

subsidiaries (Harvey *et al.*, 1999), their retention becomes a crucial success factor for MNC management. In this vein, scholars emphasize the need to analyse in more detail local determinants and requirements that shape the configuration of an MNC's human resource management (HRM) in general, and its retention strategies in particular, with regard to the host-country context (Colling and Clark, 2002; Jain *et al.*, 1998).

Building on these arguments, the paper has two objectives: First, I intend to contribute to theory development in the field of employee turnover in MNC subsidiaries by deriving two main determinants of local staff turnover that are related to an MNC's international staffing practices. Second, I address the issue of employee retention and develop specific instruments for how MNCs can effectively deal with subsidiary staff turnover. The paper is divided into three sections. I will begin by providing an overview on existing orientations in international staffing. Subsequently, I propose a conceptual framework for the effect of international staffing practices on subsidiary staff retention in MNCs and I identify two main factors mediating this relationship, namely locals' perceived career opportunities and organizational identification. Finally, I develop two staffing-related retention strategies and discuss supporting instruments and moderating factors for their effective application.

THE ROLE AND DESIGN OF INTERNATIONAL STAFFING PRACTICES

International staff transfers occur for a variety of corporate motives. In general, these can be subsumed under the three major reasons of (1) filling positions in foreign units due to a lack of skilled local personnel, (2) using global assignments for management development purposes and (3) establishing control and coordination of geographically dispersed entities (Edström and Galbraith, 1977; Harzing, 2001a). Additionally, recent research has highlighted the role of knowledge transfer as a key motive for transferring personnel abroad (Bonache *et al.*, 2001; Hocking *et al.*, 2004). These staff transfers encompass different directions, that is,

personnel can be transferred both between the corporate headquarters (HQ) and a local unit as well as between different subsidiaries. Accordingly, since international assignments differ with regard to the respective employees' country-of-origin and the destination of transfer, the process comprises parent-country nationals (PCNs), host-country nationals (HCNs) and third-country nationals (TCNs) (Harzing, 2001a; Welch, 2003). In this respect, HCNs and TCNs who are sent to the HQ organization are frequently referred to as 'inpatriates'. Scholars conceptualize the inpatriation of foreign nationals either as temporary assignments (Adler, 2002) or semi-permanent to permanent transfers (Harvey and Buckley, 1997; Harvey *et al.*, 2000). In this paper, I follow the latter definition of inpatriates and distinguish these transfers from HCNs' temporary assignments to other MNC units.

Staffing practices are shaped by a wide array of factors that include characteristics of the home and host country, subsidiary features, an MNC's competitive strategy, stage of internationalization and type of industry (Boyacigiller, 1990; Harzing, 2001b; Tarique *et al.*, 2006; Welch, 1994). Also, building on the notion that an organization's dominant logic, characterized by top management's beliefs, attitudes and mindsets, substantially shapes corporate strategy (Prahalad and Bettis, 1986), it is widely accepted that the management philosophy toward the firm's foreign operations is a crucial determinant of MNC management in general and international staffing decisions in particular.

Along these lines, four main orientations or attitudes can be distinguished. Generally speaking, these attitudes may vary with regard to different subsidiaries or locations. An ethnocentric or exportive orientation reflects the view that parent-country attitudes and management styles are deemed superior to those prevalent at the host countries. Accordingly, this approach entails international staffing practices that centre on PCNs for filling key positions at foreign subsidiaries. In contrast, a polycentric or adaptive approach displays a higher degree of local responsiveness as it considers local units as distinct national entities

whose management requires local knowledge and is therefore left to HCNs. PCNs primarily persist at the HQ leading to a reduced overall volume of international assignments. The geocentric or integrative orientation reveals the most comprehensive approach since it centres on a worldwide business philosophy. The focus is placed on potential candidates' ability in favour of nationality which results in the selection and development of individuals on a global basis in order to be assigned for key positions at any of the MNC units. Finally, a regiocentric approach has been identified and can be placed in between the polycentric/adaptive and geocentric/integrative orientation. Here, staffing policies concentrate on the regional cross-country transfer of staff (Harvey *et al.*, 2001; Perlmutter, 1969; Taylor *et al.*, 1996).

Recent research has criticized the centric character of these orientations. It is argued that although these approaches reveal different levels of subsidiary involvement within the global organization and thus varying importance of local staff for global assignments, the relevant decisions do not result from HQ-subsidiary interactions but are initiated centrally and then imposed upon the foreign units by the HQ. By highlighting the complex and reciprocal character of HQ-subsidiary relationships, Novicevic and Harvey (2001) introduce an alternative concept that builds on a pluralistic and consensus-driven orientation toward international staffing.

MEDIATING INFLUENCES ON SUBSIDIARY STAFF TURNOVER

I now turn my attention to the effect of international staffing practices on subsidiary staff turnover. Specifically, I will derive two mediators through which international staffing practices affect locals' turnover intentions, namely employees' perceived career advancement opportunities and their organizational identification. Subsequently, I specify two staffing-related retention strategies and discuss supporting instruments as well as factors moderating

the effective use of these strategies. Figure 1 integrates all variables into a framework for the effect of international staffing practices on subsidiary staff retention.

- Insert Figure 1 about here -

Local Nationals' Perceived Career Opportunities

The notion that perceived career advancement opportunities within the organization reduce employees' inclination to quit is supported both in domestic turnover studies (Griffeth *et al.*, 2000; Hom and Griffeth, 1995) and expatriate turnover research (Birdseye and Hill, 1995; Feldman and Thomas, 1992; Naumann, 1992). At the same time, there is evidence that the design of international staffing practices affects subsidiary staff's career outlook. More importantly, existing approaches to international staffing are likely to differ in their impact on career opportunities. The ethnocentric approach to staffing displays the most salient shortcomings in terms of vertical mobility since local employees' career advancement is restricted to lower management positions. Existing literature reflects the view that a huge number of foreign expatriates blocks HCNs' career advancement opportunities and creates sizeable income and status disparities, leading to frustration and dissatisfaction among locals. These factors thus serve as essential antecedents of expatriation-related turnover of local employees (Kopp, 1994; Zeira and Harari, 1977).

A polycentric design of international staffing systems seems more favourable as HCNs are entitled to fill key management positions at the local unit which entails more extensive career paths and development opportunities. However, polycentric staffing patterns restrict individuals' upward mobility to the respective entity, not only concerning foreign operations but also with respect to staff at the parent company (Perlmutter, 1969). In this regard, research suggests that a local approach to the management of MNC units is not satisfactory as career ambitions seem to reach beyond the local organization and thus

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encompass cross-national assignments (Reade, 2001a). Additionally, scholars highlight the role of career commitment based on an individual's career goals whose achievement is by no means confined to a particular employer but, especially in the case of a mismatch between individual and organizational career plans, becomes increasingly dependent on successive inter-organizational employments (Granrose and Portwood, 1987; Hall, 1996). Evidence suggests that this applies not only to employees in domestic positions but to international staff as well (Stahl *et al.*, 2002; Tung, 1998). Thus, the limited scope of polycentric career paths implies the risk of turnover both at the subsidiary and the HQ level. This threat is most salient among high-performing managerial employees who will most likely be able to pursue their international career aspirations in other firms.

Building on this notion, the regiocentric approach reveals a generally higher retention capacity by extending employees' perceived career advancement opportunities to the regional level. Still, managerial employees with international career ambitions will find their promotion prospects limited to a specific region, with only marginal chances of being assigned to the HQ (Caligiuri and Stroh, 1995). The aforementioned barriers to international staff mobility are eliminated in the geocentric orientation, which therefore seems to be the most beneficial system in terms of existing career paths and perceived career prospects. Despite its advantages, geocentric staffing policies encompass a crucial shortcoming which is related to their centric nature. As staffing decisions are still made at the HQ level, firms tend to use this approach in a selective manner. While careers of HCNs and TCNs may be managed on a worldwide basis and may entail temporary assignments to other MNC units, the majority of career paths are still limited to the local or regional level with only PCNs enjoying comprehensive international mobility (Novicevic and Harvey, 2001; Ondrack, 1985). Also, researchers highlight the importance of MNC's administrative heritage (Bartlett and Ghoshal, 1998) and their embeddedness in the home-country cultural and institutional environment

(Ferner, 1997; Whitley, 1992) for MNC behaviour abroad. These factors are likely to reduce an MNC's inclination to adopt and implement a truly geocentric approach to international staffing.

Local employees' perceived career opportunities are subject to additional factors. Indeed, enhanced global integration of a subsidiary, possibly accompanied by regiocentric or geocentric staffing patterns, will only be perceived as being beneficial to local employees' careers if MNC units display a high extent of interdependencies. These may exist due to extensive communication, shared clients and mutual resource dependencies (Birkinshaw and Morrison, 1995). Conversely, a subsidiary's strong local embeddedness will be perceived as having negative career implications concerning global integration, for example as a result of perceived incompatibility of employee skills (Newbury, 2001). Dealing with turnover then encompasses the need to effectively manage employees' perceptions. In addition, the size of the local unit may have direct consequences for employees' perceived career prospects: The limited career opportunities associated with a polycentric staffing policy will be more detrimental for employee retention in small subsidiaries where management positions are scarce.

These considerations also highlight the shortcomings of the approaches' centric nature in general. It is doubtful whether centrally set staffing policies will be suitable to take into account local employees' career aspirations and career perceptions at a particular subsidiary which, at the same time, lead to specific turnover patterns. Research, for example, suggests that there are cultural differences in career patterns and career goals (Gerpott *et al.*, 1988; Noordin *et al.*, 2002). Accordingly, international staffing practices need to consider and adjust to context-specific requirements. A pluralistic approach is favourable since it permits the inclusion of contextual and subsidiary-specific conditions as well as normative standards in international staffing decisions (Novicevic and Harvey, 2001). This orientation thus seems to

be more successful in managing employee perceptions and may enable individual and organizational career plans to display a higher level of congruency, thereby fostering employee retention (Granrose and Portwood, 1987; Lähteenmäki and Paalumäki, 1993).

It has become clear that local nationals' career aspirations are generally not limited to the local organization but will extend beyond national boundaries. Moreover, desirable career patterns and perceived career opportunities differ between subsidiaries and even individuals. As a result, a retention-oriented design of international staffing practices needs to consider HCNs' career goals and perceptions to effectively bind these employees to the organization.

Local Nationals' Organizational Identification

International staffing practices not only entail consequences for local employees' career prospects but also affect their level of organizational identification. Organizational identification is understood as "the degree to which a member defines him- or herself by the same attributes that he or she believes define the organization" (Dutton *et al.*, 1994: 239) and has been shown to exert a negative effect on turnover intentions (Koh and Goh, 1995; Van Dick *et al.*, 2004). However, both aspects are not entirely distinct but reveal several interdependencies. For example, the fulfilment of career aspirations is considered to serve as a key antecedent of organizational identification (Brown, 1969; Reade, 2001a).

Again, existing staffing orientations are likely to differ in their effect on organizational identification. Research suggests that the parochial nature of ethnocentric staffing policies, which are based on the belief of PCNs' superiority and frequently leave HCNs in a second-class status, seriously hampers organizational identification among local staff (Banai, 1992). This view is supported by the notion that organizational legitimacy will more likely be achieved and preserved at geocentric and polycentric MNCs compared to ethnocentric ones (Kostova and Zaheer, 1999). Moreover, Grossman and Schoenfeldt (2001) posit that in the case of a high ethical distance between home and host country an ethnocentric orientation

increases the likelihood of committing a perceived ethical breach which will be detrimental for local employees' identification with their employer. A polycentric approach is more favourable as it gives HCNs the opportunity to manage the subsidiary on their own. However, a highly localized attitude also entails several inconveniences. In fact, language barriers as well as irreconcilable national loyalties and cultural variations may alienate HQ management and subsidiary staff, thereby risking a reduced level of home-host country interaction and even isolation (Dowling and Welch, 2004). Consequently, while organizational identification may be substantial with regard to the local unit, it will be low concerning the global organization.

The fact that an organization comprises multiple subgroups or coalitions, each with distinct sets of values and goals serving as different sources of membership and identification, sustains the notion that individuals experience multiple commitments or identifications (March and Simon, 1958; Reichers, 1985). Given the prevailing ethical and cultural differences, this is particularly salient in international organizations (Child and Rodriguez, 1996). Gregersen and Black (1992), for instance, demonstrate that expatriates reveal varying levels of commitments to the parent firm and the local unit and show that these allegiances are subject to different antecedents.

Likewise, Reade (2001a; 2001b) investigated identification patterns of local staff and found variations in terms of employees' identification to the local and global firm as well as differences concerning the respective antecedents. Her study's results suggest that career advancement at the local organization facilitates local identification whereas global career prospects enhance the identification with the global firm. This finding sustains the notion of existing interdependencies between perceived career prospects and organizational identification. Hence, regional and international assignments are vital to foster identification to the global company and retain employees with international career aspirations.

The role of supervisor support and appreciation for employees' local identification is particularly challenging in the subsidiary context. Existing frictions between local and foreign personnel, for instance due to intercultural barriers (Kopp, 1994), indicate that a localized management of subsidiaries generates more favourable outcomes in terms of employees feeling respected, recognized, trusted and thus more attached to the local unit (Reade, 2001a; Taylor and Beechler, 1993).

The previous arguments show that polycentric staffing practices mainly support identification with the local unit. At the same time, it seems likely that identification with the global company is more difficult to promote. As Lawler (1992) notes, identification tends to be more significant with regard to proximal groups or units compared to larger, more distant and more wide-ranging organizations. Also, even in the case of a geocentric orientation international career progression may only involve a very small fraction of HCNs. It is not clear to which degree these different identifications will affect turnover cognitions. Given the higher proximity of the local unit, it might however be assumed that the degree of local identification is more salient in terms of employee turnover and should therefore receive more attention concerning adequate retention measures.

Along these lines, regio- and geocentric approaches display certain advantages because they enable HCNs, at least a part of them, to become involved beyond the local level which will enhance identification to the local and global firm (Caligiuri and Stroh, 1995). Additionally, regional and international assignments, especially temporary but repeated transfers, are a powerful mechanism for socializing local employees with the overall organizational values, thereby decreasing the salience of national cultural influences in favour of an integrating corporate culture. In this case, identification with the local company will be increasingly complemented by identification with the global firm (Edström and Galbraith, 1977; Kobrin, 1988). Finally, a pluralistic orientation to international staffing serves as an

additional source of identification: A consensus-driven approach helps to legitimize respective HQ policies and practices within the firm's foreign units which, in turn, facilitates HCNs' approval and thus enhances their identification (Novicevic and Harvey, 2001).

INTERNATIONAL STAFFING-RELATED RETENTION STRATEGIES

The previous discussion indicates that both the subsidiary management through local staff and the expatriation of local staff may help to retain employees in MNCs' worldwide operations. Building on this assumption, the following paragraphs will outline these two retention mechanisms in more detail by presenting particular instruments that support their application. The duality of both perceived career aspirations (nationally vs. internationally oriented career aspirations) and organizational identification (local vs. global) emphasizes the need to consider locally and globally directed measures. Also, it is obvious that the two strategies are somewhat conflicting. Indeed, from a macro-level perspective the suggested increase in international assignments for locals entails a higher share of foreign staff at other MNC units. Consequently, effective organizational coping with subsidiary staff turnover in a cross-national context requires a balance of both mechanisms.

Subsidiary Management through Local Staff

As argued earlier, a pluralistic and consensus-driven approach to international staffing enhances the retention capacity of international staffing practices through increased responsiveness to and involvement of the respective local unit. A related key advantage inherent in this approach refers to the notion that subsidiaries are more independent to adopt locally appropriate HRM strategies. This permits a more comprehensive assessment and use of local employees' contextual knowledge and skills both with regard to the management of the local unit as well as concerning their possible assignment to other MNC units (Novicevic and Harvey, 2001). In addition, it helps to reconcile individual and organizational career

plans, thereby tying individuals' career commitment to the company and hence fostering long-term membership.

Although a localization strategy entails a reduced share of PCNs, it is not advisable to cut this type of international assignments entirely. Indeed, the expatriation of PCNs will continue to play a vital role in terms of ensuring informal control and coordination of foreign operations as well as expatriates' contributions to global MNC strategy (Harvey *et al.*, 1999). Likewise, a substantial decline in international career prospects for these employees would imply a high risk of turnover at the parent company. Thus, in order to maintain effective global assignments of PCNs, albeit to a smaller extent, socialization becomes a critical tool for erasing frictions between local and foreign personnel (Lueke and Svyantek, 2000). Also, extensive pre-departure training that incorporates subsidiary staff (Vance *et al.*, 1993) is imperative to ensure that expatriates' management style is culturally contingent, understood and accepted by HCNs and thus more likely to serve as a source of locals' organizational identification (Selmer, 2001; Taylor and Beechler, 1993).

Finally, the localization strategy challenges the preservation of MNC cohesion. In this regard, short but repeated trips of key local personnel to the HQ but also frequent regional meetings as well as extensive communication and exchange of knowledge serve as important measures to align HCNs to the overall corporate values which may foster locals' identification with the global organization. The support of and appreciation by top management at the HQ is critical for local employees' identification to the global firm, even though this will be more difficult to achieve. Here, personal recognition of local managers' achievements by senior HQ staff, through regular communication or recurring visits, seems to be valuable (Reade, 2001a).

Expatriation of Local Staff

A strategy that enhances the expatriation of local staff through intra-regional and international assignments allows an MNC to partially substitute PCNs and therefore diversifies the composition of its international workforce. In this respect, a prerequisite for effectively expatriating HCNs and TCNs is the establishment of a centralized and comprehensive roster of all managerial employees, regardless of nationality, who are available for international assignments. This requires considerable cooperation among the different MNC units. Yet, the centralization of data may generate problems due to local staff's perceived loss of autonomy (Kopp, 1994). To overcome potential resistance, the central record of corporate talent has to be complemented by a regionally administered register of lower-level managers suitable for intra-regional transfers.

It has to be taken into account that the expatriation of local staff entails a new dimension of re-entry problems associated with threats of turnover during repatriation (Kopp, 1994). These issues can be effectively managed by establishing clear repatriation policies and career plans at the originating unit, thereby indicating long-term commitment to the respective individuals and thus enhancing their organizational identification (Gregersen and Black, 1992; Stroh, 1995).

In addition to the provision of temporary international assignments for HCNs, the concept of inpatriation, involving the transfer of local nationals to the MNC's HQ on a semi-permanent to permanent basis (Harvey and Buckley, 1997; Harvey *et al.*, 2000), appears valuable for employee retention in MNC subsidiaries. In this respect, inpatriation serves as a suitable mechanism to balance the potentially conflicting goals of reducing the share of foreign expatriates through a localization strategy and, at the same time, fostering international assignments for local staff. Yet, this practice displays several other benefits. Indeed, inpatriates can share their social and contextual knowledge of the subsidiary

environment with managers at the HQ. This may, in turn, enhance the understanding of culture-bound attitudes, especially turnover cognitions, prevalent among the local workforce and hence facilitate the selection of culturally contingent and effective retention strategies. Also, inpatriates tend to be accepted by HCNs more willingly than foreign personnel, which will result in fewer frictions, a more successful local internalization of corporate culture and a stronger degree of HCNs' identification, both with the local and global organization. Likewise, these managers can provide mentoring to local talent with the aim of facilitating succession planning and ensuring continuity in the inpatriation process (Harvey et al., 2000; Harvey et al., 1999). Novicevic and Harvey (2001) argue that inpatriates are particularly successful in building local trust due to their profound insights into culturally adequate behaviour, in fostering mutual interaction with locals, linking the various MNC units and legitimizing both subsidiary and HQ institutions and actions.

The concept of inpatriation is especially fruitful for subsidiaries in developing countries which tend to display a higher cultural and institutional distance. In contrast, PCNs are still to be expatriated, but mainly to countries where adjustment problems are less critical (Harvey *et al.*, 2000). Additionally, inpatriation may also be applied to effectively supplement and partially substitute PCNs at other strategically important MNC units such as regional HQs. In doing so, it will be easier to still make use of foreign assignees while ensuring local employees' organizational identification and career development.

Moderating Factors

There are several factors moderating the effective use of retention-oriented international staffing practices. A first aspect refers to the subsidiaries' strategic role. Research has derived different subsidiary roles based on subsidiary-specific responses to the conflicting demands for global integration and local responsiveness (Birkinshaw and Morrison, 1995; Gupta and Govindarajan, 1991; Jarillo and Martinez, 1990). In this regard, it can be expected that

subsidiaries playing an important role for an MNC's global business activities, for example based on their responsibilities for a global product line or for the regional coordination of other subsidiaries, require a higher share of foreign expatriates in order to ensure control and global integration. At the same time, subsidiaries that possess unique knowledge resources crucial for diffusion to other MNC units (Gupta and Govindarajan, 1991) or provide significant contribution to an MNC's firm-specific advantage (Birkinshaw *et al.*, 1998) will be more actively involved in the wider organization and thus be able to provide international career opportunities for their local employees, who, in turn, may act as boundary spanners or knowledge transmitters (Harvey *et al.*, 2001; Hocking *et al.*, 2004; Thomas, 1994). Conversely, subsidiaries with a strong local market focus and a high level of independence within the MNC are likely to adopt a localized subsidiary management. Locals' access to positions beyond the subsidiary context, however, will be very limited.

Moreover, staff availability appears to be a crucial aspect. On the one hand, if employees demand international assignments but lack the adequate skills extensive training is needed to expatriate locals, which might not be feasible. This reduces the retention capacity of this mechanism. On the other hand, if employees are reluctant to go abroad, expatriation will not be an effective inducement for retention either. Still, since this unwillingness removes the aforementioned positive effects of inpatriation on HCNs, it is necessary to actively influence the degree of mobility of key local staff (Welch, 1994).

The MNC's internationalization process and the resultant changing needs for integration, control and knowledge access may also affect the use of international staffing practices and their retention capacity. While this process will be emergent rather than linear (Dowling and Welch, 2004), each stage is likely to induce specific staffing requirements and thus may limit the extent to which international staffing practices can be fitted with the overall retention strategies. For example, young internationalized companies will pursue a highly ethnocentric approach that primarily focuses on the transfer of parent-company

resources to and the control of its newly established foreign subsidiaries (Baruch and Altman, 2002; Welch, 1994). On the other hand, it can be expected that network-based or transnational MNCs adopt a geocentric or even more pluralistic approach to international staffing that distributes strategic staffing decisions more evenly between an MNC's HQ and its subsidiaries (Bartlett and Ghoshal, 1998; Novicevic and Harvey, 2001), which is likely to enhance subsidiary staff's access to the MNC's global network.

In addition, variations in the perceived attractiveness of the assignment location can limit the effectiveness of expatriation-related retention strategies. Transfers must also take into account possible ethnical animosities between the assignee and members of the receiving country (Dowling and Welch, 2004). Likewise, company tenure is likely to impact on the retention capacity of these practices. In fact, if locals' company tenure tends to be low, for instance in the case of high-turnover environments, there will be insufficient lead-time to develop staff for expatriation or inpatriation. A final aspect refers to the limited amount of available positions for intraregional and international assignments. Here, the challenge is to effectively match personnel with extant international posts and simultaneously manage employee perceptions (Reade, 2001a). Above all, it has to be considered that international assignments are commonly very costly which may reduce their applicability as a retention mechanism for some MNCs (Black and Gregersen, 1999).

CONCLUSION

This paper highlights the importance of specific configurations of international staffing practices for local staff retention in MNCs' foreign subsidiaries. Specifically, I proposed that international staffing practices influence local nationals' turnover cognitions through their impact on locals' perceived career opportunities and locals' organizational identification. An adequate design of international staffing practices that combines a localized approach to subsidiary management with international assignment opportunities for HCNs appears to serve as a vital mechanism to enhance the retention of subsidiary staff.

The results contribute to the scarce body of research on employee turnover in MNCs' foreign subsidiaries and address some key issues related to dealing with turnover of subsidiary staff. In particular, I build upon the notion that HCNs are becoming increasingly important for those MNCs that aim at extending their operations to culturally and institutionally more distant countries. In these contexts, local staff often serves as the main source of knowledge and social networks available for leveraging the business. Accordingly, the ability to develop and retain key local employees in the long term becomes a necessary condition for sustained competitiveness in these markets.

Since national culture is likely to affect the transferability of turnover models, it can be expected that the optimal balance between a localized subsidiary management and the expatriation of local staff varies across MNC subsidiaries. In addition, as the interdependence of MNC units differs between industries (Porter, 1990), there will be different industry-specific designs of effective international staffing practices. This calls for more comparative research on subsidiary-related employee turnover in different national and industry contexts.

Drawing upon the literature on international HRM, I have advanced international aspects in the field of employee turnover. I believe that this perspective adds value to our understanding of domestic turnover research and will ultimately lead to a refinement of existing models and concepts as organizations become increasingly embedded in cross-national business activities. Moreover, by deriving specific retention instruments I have provided implications for international corporate practice.

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Figure 1: The Effect of International Staffing Practices on Subsidiary Staff Retention

International Staffing Practices	Mediating Effects	Outcome

APPROACHES:
➢Ethnocentric
➢Polycentric
➢Regiocentric
➢Geocentric

Subsidiary Mgmt. through Local Staff

Expatriation of Local Staff

Perceived Career Prospects

Organizational Identification

Subsidiary Staff Retention

MODERATORS:
➢Subsidiary role
➢Staff availability
➢Internationalization stage
➢Assignment location
➢Company tenure
➢Availability of positions

INSTRUMENTS:
➢Consensus-driven approach to international staffing
➢Socialization and training of foreign expatriates and locals
➢Facilitation of worldwide managerial contact & exchange
➢Central and comprehensive record of managerial talent
➢Clear repatriation policies at the subsidiary level
➢Inpatriation of local talent