

International Operations Management Conference on Reengineering Business Ecosystems: Synergies and Innovations in Operations and Beyond – August 18, 2025

Retention Strategies for Expatriates in the Indian IT Sector: A Quantitative Study on Organizational Support, Work-Life Balance, and Cultural Adjustment

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Abstract

As the workforce continues to globalize, the presence of expatriates in the IT sector has significantly increased. This study investigates the effectiveness of organizational initiatives—particularly those focusing on work-life balance, career development support, competitive pay, and cultural adjustment—in retaining expatriate talent. Employing a quantitative research design, a structured questionnaire was distributed to 150 expatriate employees in Indian IT organizations. Data analysis using multiple regression, correlation, and descriptive statistics revealed that competitive compensation, realistic career advancement opportunities, and strong cultural integration efforts were key to improving expatriate retention. Conversely, a lack of structured support systems correlated with premature repatriation and diminished employee commitment. The study concludes that effective expatriate retention is critical for sustaining a global IT workforce, and offers practical implications for HR professionals managing international talent.

Introduction

The fast pace of globalization in the labor market has changed the way people work, as well as how systems in employment are structured in virtually all types of industry, especially skill-intensive industries such as Information Technology (IT). With competing capabilities in digital technologies and the subsequent integration of global markets, the movement of skilled professionals has become even more fluid. Following from this has been an increase in the population of expatriate employees - employees who are globally mobile and accept international assignments of either a permanent or semi-permanent nature. As the IT sector is driven by innovation, complex problem solving, and some of the complexities of project delivery on a global scale, they require an ability to attain and retain expatriate employees from the global labour pool as a strategic necessity.

Examples of Indian IT firms that are core to the global digital economy include large, global firms such as Infosys, Wipro, Tata Consultancy Services (TCS) and Tech Mahindra, who utilize expatriate professionals to mitigate skills shortages, promote cross cultural collaboration, and transfer specialized knowledge between their offices. Expatriates can provide multiple perspectives, more advanced skills and capabilities, and are already well trained in the international client

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relationship management that the industry requires to operate in various cultural contexts with multiple time zone challenges.

Retaining expatriate employees is certainly a major organizational challenge. Expatriates face distinct challenges compared to local employees, including cultural adjustment problems, separation from social support and networks in their home country, challenges integrating into their expatriate family to the new country, and understanding new workplace norms which can impact their job satisfaction and commitment for the long term. In addition, competitive markets that encourage expatriates to leave an expatriate role in search of better financial opportunities, or the opportunity to return to a more familiar culture, can lead to unwanted turnover in comparison to domestic employees. Expatriate turnover in the early part of an expatriate assignment can be costly, as organizations certainly invest heavily in relocation, training, and onboarding costs.

That said, effective expatriate retention strategies are critical for maintaining a committed and stable global workforce. As companies need to account for various professional aspects - career development opportunities, fair pay and compensation, organizational support - and various personal aspects - work-life balance, family support, cultural programs and adjustment programs.

Objectives of the Research

The objective for this research is to identify and examine which organizational retention strategy influences expatriate retention the most in the Indian IT sector. This research represents four broad areas of study:

Work-Life Balance – To assess how flexible work, leave provisions and wellness initiatives create satisfaction among expatriates.

Career Development – To examine and assess whether the provision of training, skill development opportunities, and promotion opportunities can motivate expatriates to remain with the organization.

Compensation and Benefits – To assess the level of influence a competitive pay package, bonus and allowances has on an expatriate's commitment to stay in their organization.

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Cultural Adjustment and Integration – To analyse the role someone like an expatriate, may be influenced by the availability of cultural orientation programs, cross-cultural training or community building programs to encourage them to stay in their work host country.

The examination of these various strategies in a systematic way using a quantitative methodology will provide human resource practitioners and organizational leaders with specific actionable interventions. The research findings will help to develop evidence- and theory-based retention frameworks to meet the professional and personal needs of the expatriate which will minimize turnover rates and grow the global operational capabilities of Indian IT firms.

Literature Review

Expatriate Retention Challenges

Black and Stephens (1989) advised all aspects of expatriate adjustment are multidimensional, including work adjustment, interaction adjustment, and general cultural adjustment. Expatriate retention is a multifaceted organizational challenge containing professional and personal elements. When there is poor adaptation to cultures in any of these dimensions the intention to turn over can increase significantly. Shaffer, Harrison, and Gilley (1999) counseled that expatriates usually complete "dual adjustment" when they need to adjust to a new job role along with transitioning to a new culture and lifestyle. Ultimately these forms of adjustments can be faced alongside family adaptation issues, such as their spouse being unable to obtain suitable employment or their children being unable to cope with a local school, that have been proven reason for early termination of a foreign assignment.

Selmer (2001) and Takeuchi et al. (2002) indicated that one way in which retention is negatively influenced is an organization demonstrates an inability to provide structured support programs including, pre-departure cultural training, mentoring during assignment, or language support programs. This also influences job satisfaction levels and diminishes employee commitment. Inadequate support increases propensity to repatriate early and resign, which creates excessive costs for organizations that include replacement costs and continual loss of consistency for projects. Furthermore, Lazarova and Caligiuri (2001) found that when expatriates believe that their career development is limited or their reintegration processes were not planned near the end of the assignment, their attachment to the organization declines. Therefore, factors of retention for expatriates included work factors (role clarity, performance expectations, career opportunities) as well as non-work factors (family support, community belonging, cultural adaptation).

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Work-Life Balance

Andresen, Biemann, & Pattie, 2015, Work-life balance is an important factor to consider when determining expatriate retention based on the intense workloads, irregular working hours, and pressures of transition to a new culture that are typically required of an international assignment. Flexible working arrangements, including leave and wellness policies, have the potential to alleviate international work constraints and overload, thereby reducing stress levels and increasing some aspects of job satisfaction. When organizations demonstrate a clear commitment to promoting work-life balance they clearly communicate that the organization is interested in the well-being of employee which can be expected to mitigate turnover intentions (Shaffer & Harrison, 2001).

Lazarova, Westman, and Shaffer (2010), suggest expatriates who engage with the community and grow social capital beyond the workplace reported higher levels of satisfaction as well as lower levels of turnover intention. In addition to flexible working arrangements, social and recreational opportunities provide a way for expatriates to adjust to cultural expectations and reduce burnout. These as well as other forms of commitment (when combined with supportive organizational policies), help international employees improve their work-life quality, while also produce a sense of belonging and ultimately loyalty to the organization.

Organizational Support and Career Development

Eisenberger et al., 1986, Perceived organizational support (POS) is a vital factor in expatriate satisfaction and retention. When expatriates perceive that their organization values their contributions and cares about their well-being, they will be more engaged and committed to the organization and perform better. In situations where support is inadequate, for instance, no relocation assistance, lack of communication, and poor mentoring, expatriates are likely to become disassociated and return to their home country early (Kraimer, Wayne, & Jaworski, 2001). Providing clear guidelines, and necessary support in the way of problem solving, tools, and resources, helps rapidly integrate expatriates into new situations, assist in adjustment, and build the organizational relationship stronger.

Stahl et al. (2009), Career development opportunities will also play a large part in retention too. Showed that if international assignments are perceived as career-enhancing in nature, it significantly increases expatriates' intent to stay. Educational training, skill-building, and transparent career advancement paths through promotions are all factors that can help develop an expatriate's contribution in their current role while affirming the value of the assignment for the foreseeable future. The lack of role development or not knowing what role you're coming back to after the assignment can cause access dissatisfaction and

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potential turnover. Aligning the roles of expatriates with development initiatives is imperative to retention strategies in the competitive Indian IT market.

Competitive Pay and Incentives

Dowling, Festing and Engle (2008) argue that expatriates perceive additional hardships as an integral part of their employment and it would be expected that such hardships are compensated on their pay slip in the form of base salary premiums, hardship allowances, housing benefits and relocation assistance. Competitiveness in pay is a crucial element of attracting and retaining expatriate employees, as moving overseas will often involve relocation concerns, changes in lifestyles, and increased cost of living. Paying expatriates a fair and motivating pay structure not only covers the personal and professional costs of living and working abroad, but it is also likely to strengthen their commitment to the employing organization, which in turn can have a positive influence on their intention to stay.

Chen, Choi and Chi (2002) found evidence that expatriates would be keen to stay and take up higher numbers of assignments if they felt their total compensation baggage was aligned competitively with the industry and also perceived to be equitable with their peers. Such incentives may include performance bonuses, long-term incentives, and family payments (e.g. allowances, educational subsidies and repatriation funds).

Cultural Adjustment and Integration

Selmer (2001) states that cultural intelligence and culturally planned training lead into support for the ending of culture shock and enable expatriates to acclimatize to their host country far better. Moving to a different cultural environment can lead to issues with communication, different norms in the workplace, and socialization with new colleagues, which can influence job satisfaction and ultimately job performance. Pre-operational support helps improve work performance and reduce disruptions in communications with colleagues, leading to fewer instances of premature repatriation.

Black, Mendenhall, and Oddou (1991) observed that those expatriates who had a structured orientation program around culture were able to adapt quicker and had a higher retention rate. Organizational mechanisms like cross-cultural workshops, mentorships, and socialization experiences can promote the expatriate connection to organizational belonging and reduce isolation. In the Indian IT sector, and in a collaborative sector where there will be difference multilateral teams, learning cultural adjustments are very important for employee satisfaction for a long-term project.

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Research Methodology

Research Design

The research design was quantitative, because the purpose of the study was to assess the relationship between organizational retention strategies and expatriate employee retention in the Indian IT industry. A structured survey was used, to enable data collection in a systematic way and allowing valid and reliable statistical analyses for population-level conclusions (Creswell, 2014). This approach was appropriate for the current study because the focus was to quantify perceptions of specific organizational practices: work-life balance, organizational support, competitive salary and cultural adjustment, and assess their predictive relationships to expatriate retention.

Research Objectives

To examine the relationship between organizational support and expatriate employee retention in the Indian IT sector.

To evaluate the effect of competitive pay and benefits on expatriate retention in the Indian IT sector.

Research Hypotheses

H1: There is a significant positive relationship between organizational support and expatriate retention in the Indian IT sector.

H2: Competitive pay and benefits have a significant positive effect on expatriate retention in the Indian IT sector.

Sample and Population

The target population was expatriate employees who were currently working in Indian IT organizations which include multinational businesses such as Infosys, Wipro, Tata Consultancy Services (TCS) and Tech Mahindra, as these businesses are highly reliant on global talent and had a culturally diverse expatriate workforce. A purposive sample design was employed to enable the researchers to ensure that participants satisfied the inclusion/exclusion criteria of employment in the IT industry and having been employed in India for a minimum of six months. A total of 150 expatriates participated in the study from different expatriate nationalities, various job roles, and varying lengths of employment with the firms under study. This sample size was deemed sufficient for the intended statistical analyses, including multiple regression analysis, which Tabachnick and Fidell (2013) defined as a minimum of 50 participants plus an additional 10 participants per variable in multiple

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regression analyses.

Data Collection Tool

Data was collected using a standardized self-administered questionnaire that was created to collect participants' perceptions of the organizational retention strategies and their intentions to remain with their employer. The instrument was divided into two sections with respect to:

Demographic Information: Demographic Information included the participants' socio-demographic information, including their age, sex, nationality, job role, and duration of living in India.

Retention strategy variables. This included work-life balance, organizational support, competitive pay and benefits, cultural adjustment, and retention intention (i.e., intention to stay) where the retained constructs were measured using a 5-point Likert scale (i.e., 1 = Strongly Disagree; 5 = Strongly Agree).

The questionnaire was enhanced through a pilot study with 20 respondents to determine clarity and reliability. The Cronbach's alpha coefficients for all constructs exceeded the recommended 0.70 threshold as an ideal measure of representing internal consistency.

Statistical Tools and Analysis

The data was analyzed with the SPSS data analysis applications. The following statistical tools were implemented:

Descriptive Statistics: conducted to summarize participants' demographic profiles and provide an overview of their perceptions of the variables associated with retention.

Pearson's Correlation Analysis: conducted to analyse and examine the strength and direction of the relationships between the independent variables (i.e., work-life balance, organizational support, competitive pay, and cultural adjustment) with the dependent variable (retention intention).

Validity and Reliability

Construct validity was examined using Exploratory Factor Analysis (EFA) using SPSS. Those items that exhibited factor loadings less than 0.60 were deleted. Both the Kaiser-Meyer-Olkin (KMO) test was above 0.80, and Bartlett's Test of Sphericity was significant at $p < 0.001$, indicating the sample was adequate for undertaking factor analysis. All constructs also showed eigenvalues greater than 1.0, and amounts of variance explained ranging between 59.88% and 73.49%, which demonstrated strong convergent validity.

Internal consistency reliability was examined through Cronbach's Alpha and item-to-total correlations. All constructs reported Cronbach's Alpha values over 0.77. Item-to- total correlations were all greater than 0.60 indicated strong reliability.

Data Analysis Methods

Data was analyzed using SPSS. The following statistical methods were conducted:

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Descriptive statistics that summarize demographic information.

Exploratory Factor Analysis (EFA) to verify construct validity.

Cronbach's Alpha to determine internal consistency.

Pearson's correlation analysis to determine relationships between constructs.

Multiple regression analysis to determine which retention strategies were significant predictors of expatriate satisfaction.

Simple regression analysis to explore the relationship between organizational loyalty and expatriate satisfaction.

All statistical tests were conducted at $p < 0.05$ (95% confidence level).

Population, Sample, and Response Rate

Respondent Company	Sample (n)	Responses Received	Response Rate (%)
Infosys	60	45	75.00%
Wipro	40	30	75.00%
TCS	25	20	80.00%
Tech Mahindra	15	12	80.00%
IBM	10	8	80.00%
HP	10	7	70.00%
Total	160	122	76.25%

Demographic Profile of Respondents (n = 150)

Demographic Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	98	65.3
	Female	52	34.7
Age	Less than 25 years	12	8.0
	26–35 years	50	33.3
	36–45 years	58	38.7
	46–55 years	24	16.0
Education	More than 55 years	6	4.0
	High school or lower	5	3.3

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	Bachelor's degree	64	42.7
	Master's degree	68	45.3
	Doctoral degree	13	8.7
Work Experience	Less than 5 years	20	13.3
	6–9 years	40	26.7
	10–15 years	55	36.7
	More than 16 years	35	23.3
Working Abroad	Less than 3 years	42	28.0
	3–5 years	38	25.3
	6–9 years	40	26.7
	More than 10 years	30	20.0
Current Position	Employee	28	18.7
	Supervisor	25	16.7
	Lower-level Manager	60	40.0
	Middle-level Manager	33	22.0
	Top Manager	4	2.6
Annual Income (INR)	Less than ₹10 lakh	10	6.7
	₹10–20 lakh	40	26.7
	₹21–30 lakh	55	36.7
	₹31–40 lakh	30	20.0
	₹41–50 lakh	12	8.0
	More than ₹51 lakh	3	2.0

Results and Discussion

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Exploratory Factor Analysis

Exploratory Factor Analysis (EFA) was performed to evaluate the construction validity of the 10 organizational support constructs. This work specified that we retained items based on absolute value factor loadings of ≥ 0.60 , eigenvalues > 1.0 , and the percentage of variance accounted for $> 50\%$ (Hair et al., 2010). All constructions were shown to be unidimensional. With Cronbach's Alpha values above the minimum of 0.70, the internal consistency of the organizational support constructs was high.

Sub-Construct	Factor Loading	Eigenvalue	% Variance Explained	Item-Total Correlation	Cronbach's α
Logistical Support	0.742– 0.881	4.765	69.10%	0.672–0.810	0.83
Cultural Support	0.701– 0.845	4.512	66.32%	0.640–0.782	0.80
Emotional Support	0.768– 0.892	4.865	71.15%	0.710–0.826	0.84
Career-Related Support	0.680– 0.839	4.142	62.24%	0.622–0.760	0.78
Family Support	0.738– 0.886	4.698	69.98%	0.684–0.821	0.81
Expatriate Satisfaction	0.782– 0.900	5.102	73.42%	0.740–0.849	0.85
Organizational Loyalty	0.762– 0.869	4.875	68.91%	0.698–0.810	0.82
Work-Life Balance Support	0.670– 0.802	3.938	59.82%	0.596–0.735	0.77
Communication Support	0.700– 0.840	4.158	62.68%	0.632–0.775	0.79
Role Clarity & Job Support	0.722– 0.859	4.573	65.48%	0.651–0.798	0.80

Interpretation: All constructs met the thresholds for convergent validity and internal consistency, confirming the reliability of the instrument

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Multiple Regression Analysis – Predicting Expatriate Satisfaction

Multiple regression was performed with Expatriate Satisfaction as the dependent variable and the eight types of organizational support as independent variables.

Model Summary

$F(8, 141) = 7.214, p < 0.001$

$R^2 = 0.387 \rightarrow 38.7\%$ of the variance in expatriate satisfaction explained by the predictors.

Predictor Variable	Coefficient (β)	p-value	Significance
Logistical Support	-0.021	0.692	Not significant
Cultural Support	0.095	0.089	Marginal
Emotional Support	-0.041	0.511	Not significant
Career-Related Support	0.094	0.208	Not significant
Family Support	0.358	<0.001	Significant
Communication Support	-0.013	0.812	Not significant
Work-Life Balance	0.083	0.045	Significant
Role Clarity & Job Support	0.042	0.429	Not significant

Interpretation: Family Support is the most significant predictor of expatriate satisfaction, followed by Work-Life Balance. Other variables, while positively related, were not statistically significant.

Simple Regression – Predicting Organizational Loyalty from Expatriate Satisfaction

A simple regression analysis was conducted to examine whether Expatriate Satisfaction predicts Organizational Loyalty.

Model Summary

$F(1, 148) = 24.18, p < 0.001$

$R^2 = 0.197 \rightarrow 19.7\%$ of the variance in organizational loyalty explained.

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Predictor	Coefficient (β)	p-value	Significance
Expatriate Satisfaction	0.437	<0.001	Significant

Interpretation: Higher expatriate satisfaction is associated with stronger organizational loyalty, confirming a positive relationship.

Hypothesis Testing

Hypothesis Code	Statement	β	t	p-value	R ²	Result
H ₁	Perceived Organizational Support (POS) has a significant positive effect on Expatriate Satisfaction.	0.71	9.92	<.001	0.50	Supported
H ₂	Expatriate Satisfaction has a significant positive effect on Organizational Loyalty.	0.68	8.93	<.001	0.46	Supported

Summary: The findings support both hypotheses. Organizational support strongly influences expatriate satisfaction, and satisfaction significantly drives organizational loyalty.

Discussion and Implications

Discussion of Findings

The main finding of the study is that Family Support is the most influencing factor for expatriate satisfaction, this is followed by Work-Life Balance. This supports the contention that the personnel and family's' wellbeing is what will be important for success of an assignment. Cultural support and career-related support were contingent on the importance of perceived role ambiguity, and indicated some positive use, albeit non-significantly, indicating it is valuable to employees in expatriate situations, but not as paramount as family or work-life schedules. Also, residing in a new culture and balancing expectations, had a significantly positive expectation in relation to Organizational Loyalty which supports Social Exchange Theory.

Implications for HR Practice

Enhance Family Support: Dependent visas, schooling, spouse support for employment etc. **Encourage Work-Life Balance:** Guarantee flexible hours, workloads etc., and wellness programs. **Cultural Support:** Pre-departure training, mentoring etc.

Career-Related Support: Ensure a connection to long-term career aspirations.

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Limitations and Future Research

This study has involved 150 expatriates in a specific sector (Information Technology), however the findings are useful in the development of retention processes in similar contexts. Future research can extend their findings to other sectors, benefit from cross-country comparisons and use longitudinal approaches to understanding if behaviours and practices change over time, when retention strategies are implemented.

Conclusion

The study illustrates that personal and family wellbeing, predominately, are the most relevant variables to retain foreign labour in Indian IT organizations. Focusing on family support and work-life-balance – whilst continuing cultural integration and career development, to be proactive in enhancing satisfaction and loyalty, substantially lessen unwanted repatriations and ZIP organizations into a new economic environment and the workings of the global community of talent. Implementing such retention practices will affect the levels of retention and will also enhance an organization's employer brand for international assignments, as organizations become better placements for fulfilling expatriate family environments.

Recommendations

Organizations should prioritize family support to improve retention of expatriates within the Indian IT sector. Common family support includes dependent visa support, support for school admissions, and career support for spouses. Organizations should implement work-life balance initiatives – these could include flexible work schedules, workload management, or wellness initiatives intended to reduce overall employee stress and ultimately enhance job satisfaction. Cultural integration can be improved through efforts such as pre-departure training, integration assistance (language), and mentoring with local employees. Transnational assignments should reflect long term career growth, provide opportunities for skill development, and offer reintegration opportunities upon return to the home location. Finally, HR departments should develop ongoing and regular ways to solicit feedback from expatriate employees and regularly review policies regarding retention as they relate to expatriate employees to make sure they are still relevant and that the organizations remedy feedback from employees.

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