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Chapter 9

Inpatriates as Agents of Cross-Unit Knowledge Flows in Multinational Corporations

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In the past couple of decades, multinational corporations (MNCs) have increasingly used international assignments as a key staffing mechanism to disperse knowledge resources across different organizational units (e.g., Bonache & Brewster, 2001; Kamoche, 1997; Lazarova & Tarique, 2005; Tsang, 1999). In this vein, researchers and practitioners alike have primarily adopted a unidirectional approach, focusing on staff and knowledge transfers from the corporate headquarters (HQ) to foreign subsidiaries (Welch, 2003). This “ethnocentric approach to knowledge transfer” (Kamoche, 1997: 214) entails an exportive orientation to international staffing in general (Perlmutter, 1969; Taylor, Beechler, & Napier, 1996) and reflects MNCs’ traditional practice of sending parent-country nationals (PCNs) abroad.

However, as MNCs attempt to capitalize on growing business opportunities in developing and emerging economies they face the challenge of accessing, applying and leveraging local knowledge to offset their lack of experience in these culturally and institutionally more distant environments. Acknowledging that local subsidiary staff often provide a crucial source of such context-specific knowledge (Harvey, Novicevic, & Speier, 2000), MNCs have begun to complement the traditional expatriation of PCNs with the temporary transfer of host-country nationals (HCNs). The transfer of HCNs can occur both vertically in the form of inpatriation from the foreign subsidiary to the HQ and horizontally between peer subsidiary units (Adler, 2002; Harvey, Speier, & Novicevic, 2001). With regard to inpatriation in particular, given their profound knowledge of the subsidiary context and their ability to engage in cross-unit brokerage (Harvey & Novicevic, 2004; Kostova & Roth, 2003), inpatriates may act as important information boundary spanners from the subsidiary to the HQ. At the same time, inpatriates learn about the HQ corporate culture and corporate routines during their HQ assignment (Bonache, Brewster, & Suutari, 2001) and may transfer

this newly acquired knowledge back to their home unit. This chapter will examine the role of inpatriates as conduits of such bidirectional knowledge flows in more detail. Specifically, we will (1) review the recent literature on knowledge transfer through international assignments, (2) discuss the role of inpatriate assignments and (3) explore the social processes that precede cross-unit knowledge sharing through inpatriation.

International Assignees as Knowledge Agents

The field of international human resource management has recently built on the knowledge-based view of the firm (Grant, 1996) to examine the role that international assignees play as information boundary spanners and initiators of MNC knowledge flows (Bonache et al., 2001; Thomas, 1994). Implicit to this research focus are two key characteristics of those knowledge resources that are relevant across MNC units. First, scholars increasingly recognize that knowledge is rooted in individuals (Felin & Hesterly, 2007) and therefore apply an individual-level perspective to the study of knowledge flows. In the MNC context, this involves a focus on staff movements as a key transmission channel. Second, a large part of the knowledge transferred across MNC units is highly contextual and tacit in nature (Riusala & Suutari, 2004). Contextual and tacit knowledge cannot be codified in written documents but requires personal interaction to achieve context-specific adaptation and convey meaning to its recipients (Argote & Ingram, 2000). Based on these notions, several empirical studies have investigated international assignment-related knowledge sharing in MNCs (see Table 1).

Insert Table 1 about here

The review indicates that existing literature has mainly focused on PCNs as opposed to other assignee groups as knowledge carriers. In addition, except for Tsang's (1999) study

on Singaporean MNCs, research has concentrated on MNCs from the triad countries (US, Europe and Japan). At the same time, the studies investigate different determinants of cross-unit knowledge flows, such as assignees' ability and willingness to engage in knowledge sharing (Minbaeva & Michailova, 2004), assignees' social networks (Au & Fukuda, 2002) or existing stickiness factors (Riusala & Suutari, 2004). Importantly, the authors differ in the direction of knowledge flows they consider, thereby reflecting different levels of knowledge acquisition. One group of studies cover aspects of learning and knowledge creation from an individual point of view (e.g., Berthoin Antal, 2000, 2001; Hocking, Brown, & Harzing, 2004) and thus primarily focus on assignees as knowledge recipients. The knowledge assignees may acquire during their assignment includes an understanding of the company's global organization, factual knowledge about the assignment culture or culture-specific repertoires. In contrast, a second group of studies concentrate on knowledge that is shared and created through the use of international assignees at the organizational level (e.g., Bonache & Brewster, 2001; Hébert, Very, & Beamish, 2005), conceptualizing assignees as senders of knowledge. Here, assignees are viewed as carriers of knowledge that streamlines cross-unit processes, creates common corporate practices and routines, and increases the chances of subsidiary survival, for example through the provision of local acquisition experience or product development know-how.

Although previous research has addressed the focal role that assignees play in cross-unit knowledge flows in MNCs, little is known about what determines knowledge sharing at the individual level. However, researchers have contended that the success of knowledge sharing through staff movements is not automatic but rather depends on social processes. For example, empirical evidence suggests that individuals being assigned to new contexts often are a minority within this new setting which affects their social influence (Gruenfeld, Martorana, & Fan, 2000) and their ability to build social networks (Mehra, Kilduff, & Brass,

1998). Also, particularly in the case of tacit and thus less codified knowledge (Polanyi, 1966), its transfer does not necessarily occur effectively and efficiently (Gupta & Govindarajan, 2000; Szulanski, 2000). A more detailed analysis of the processes and determinants that facilitate knowledge sharing through international assignments is thus clearly warranted.

The Role of Inpatriate Assignments

In line with a knowledge-based perspective on international assignments, inpatriates can be conceptualized as a particular group of cross-unit knowledge agents in MNCs. In general, the literature understands inpatriation as the transfer of foreign nationals from the subsidiary into the MNC's HQ (Adler, 2002; Harvey, 1997) and thus distinguishes these assignments from the traditional expatriation of PCNs. Other scholars have referred to inpatriates as 'headquartered foreign nationals' (Barnett & Toyne, 1991). Conceptual differences exist with regard to the time frame of the inpatriate assignment. Harvey and colleagues, who have contributed the most to our understanding of inpatriate issues, view these assignments as semi-permanent to permanent relocations and, in doing so, primarily concentrate on the knowledge and expertise inpatriates contribute to the HQ context (Harvey & Buckley, 1997; Harvey, Novicevic, & Speier, 1999; Harvey et al., 2000). Likewise, while Barnett and Toyne (1991) do not specify the duration of the relocation explicitly they seem to imply a (semi-) permanent nature of these transfers as well. In contrast, Adler (2002) adopts a broader perspective and focuses on a more temporary nature of these transfers. She understands the transfer of inpatriates as "assignments designed to help them learn about the headquarters' organizational culture and ways of doing business. The headquarters then returns the inpatriates back to their local culture to manage local operations" (Adler, 2002: 261). This latter view emphasizes developmental purposes of an inpatriate assignment (Bonache et al., 2001; Solomon, 1995).

We will focus on the temporary nature of inpatriate assignments for two reasons. First, empirical evidence suggests that the temporary inpatriation of foreign nationals seems to reflect the predominant corporate practice (GMAC Global Relocation Services, 2006; Peterson, 2003; Reiche, 2006), thus emphasizing a developmental element inherent in this assignment type. In this respect, the work by Harvey and colleagues addresses a particular subgroup of inpatriates. Indeed, by speaking of inpatriate ‘managers’ or inpatriate ‘leaders’ (e.g., Harvey & Miceli, 1999; Harvey & Novicevic, 2004; Harvey et al., 1999), these scholars concentrate their arguments on staff transfers at the management level. Second, it is the temporary nature of these assignments that may be more beneficial to MNCs as it facilitates knowledge transfer not only into the HQ organization but also to other MNC units once the assignee completes the assignment and applies the acquired knowledge at a subsequent position, either at the originating unit or elsewhere in the MNC (Lazarova & Tarique, 2005). At the same time, we acknowledge that due to an increased use of inpatriates, career opportunities at assignees’ home units, especially in the case of smaller foreign subsidiaries with only few management positions, may be very restricted. As a result, while the inpatriate assignment may initially be a temporary relocation it may evolve into a more permanent posting (see Reiche, 2006).

Differences between Expatriates and Inpatriates

From an aggregate perspective, expatriate and inpatriate assignments only constitute alternative forms of establishing HQ-subsidary linkages. Indeed, both groups of assignees take on boundary-spanning activities (Harvey et al., 2000; Thomas, 1994), help to reduce existing information asymmetries between the HQ and its subsidiaries (Harvey et al., 2001) and perceive their relocations to provide career advancement opportunities in the wider organization (Reiche, 2006; Stahl, Miller, & Tung, 2002). However, despite their similarities expatriates and inpatriates differ along several dimensions. First, expatriates carry with them

the status and influence that is associated with their role as HQ representatives. Coming from the MNC's periphery, inpatriates are, on the contrary, unlikely to encounter the same level of credibility and respect (Harvey & Buckley, 1997; Harvey, Novicevic, Buckley, & Fung, 2005). Second, Barnett and Toyne (1991) delineate increased adjustment challenges for inpatriates in comparison to expatriates. They note that inpatriates are not only confronted with the necessity to respond to acculturation pressures due to a change in the national culture but also need to be socialized into the MNC's HQ corporate culture. Indeed, learning the HQ corporate culture is considered an important motive for inpatriating foreign nationals (Adler, 2002). Expatriates, in contrast, often impose elements of the HQ corporate culture upon the subsidiary they are sent to (Harzing, 2001). In a similar vein, the HQ corporate culture can be considered the result of a MNC's administrative heritage (Bartlett & Ghoshal, 1998) and is therefore likely to be more deeply seated and embedded than the subsidiary corporate culture.

Third, although both inpatriates and expatriates are able to provide the HQ with sufficient knowledge to assess subsidiary behaviour and performance, thus reducing existing information asymmetries, their applicability is likely to depend on the degree of goal congruency between the HQ and a given subsidiary (Harvey et al., 2001). Goal congruency may reflect the extent to which the HQ and its subsidiaries share common performance expectations or requirements for inter-unit resource flows. High goal congruency decreases HQ control needs towards the subsidiary and a MNC's primary aim will be to continuously minimize information gaps between the HQ and its subsidiaries. Especially in the case of subsidiaries in culturally and institutionally more distant countries, inpatriates may be more effective in achieving this (Harvey et al., 2000). In contrast, under conditions of low goal congruency, a MNC will be tempted to use PCNs in order to exert personal control over the subsidiary and enforce compliance with HQ strategies (Harzing, 2001). Finally, it is worth noting that the use of inpatriates increases the cultural diversity and multicultural staff

composition at the HQ, thereby fostering a geocentric approach to the allocation of a MNC's human resources. More specifically, a higher share of employees with diverse cultural backgrounds will be collaborating directly as inpatriates are, for instance, temporarily integrated into the HQ's management teams. In contrast, the use of expatriates reflects an ethnocentric view towards international staffing (Perlmutter, 1969) and expatriates generally continue to coordinate with their own HQ management team. Table 2 summarizes these distinctions between inpatriates and expatriates.

Insert Table 2 about here

Motives for Inpatriation

Recent evidence suggests that European and U.S. MNCs in particular intend to increase their share of inpatriates in the future (Oddou, Gregersen, Black, & Derr, 2001; Peterson, 2003).

Three reasons may explain the resulting shift in the composition of international staff in MNCs. First, growing business opportunities in developing and emerging economies have led MNCs to expand into a greater number of diverse countries. The greater cultural distance together with poor business infrastructure inherent in these new assignment destinations result in additional adjustment challenges for expatriates, thereby reducing the likelihood that these individuals successfully complete their assignment or accept the transfer in the first place. Also, growing dual-career problems make an expatriate staffing option less feasible in developing countries (Harvey et al., 1999).

Second, and perhaps more importantly, by extending their operations to developing and emerging economies, MNCs face unparalleled social, cultural, institutional and economic differences that inhibit successful market entry and render an effective management of local

business activities more difficult (Napier & Vu, 1998). In this vein, inpatriates provide the adequate social and contextual knowledge to bridge this gap and facilitate the context-specific adaptation of business strategies. In addition, they serve as an important boundary-spanning mechanism that links the HQ to its subsidiaries and initiates knowledge transfer (Harvey et al., 1999): Given the intimate understanding of both the HQ and the local subsidiary context that inpatriates develop, they are able to cross existing intra-organizational, cultural and communication boundaries to diffuse information (Thomas, 1994; Tushman & Scanlan, 1981). Third, by socializing inpatriates into the HQ's organizational culture, the MNC establishes a more informal and subtle control mechanism towards its subsidiaries. More specifically, inpatriates' boundary-spanning role helps the MNC to exert social control that is based on acceptance by both HQ management and local nationals (Edström & Galbraith, 1977; Harvey et al., 2000).

The corporate motive for using inpatriates is thus twofold (Reiche, 2006). First, inpatriates are assumed to provide the required breadth of socially networked skills to successfully disseminate contextual knowledge between MNC units and facilitate a global yet locally responsive approach to MNC management (Harvey et al., 2000; Kostova & Roth, 2003). Accordingly, this knowledge transfer originates at the individual level, with inpatriates acting as *senders* of knowledge to the organization. Second, inpatriation is motivated by developmental purposes in terms of providing inpatriates with corporate socialization and firm-specific training to prepare them for future management tasks in the MNC (Bonache et al., 2001; Evans, Pucik, & Barsoux, 2002). This second motive also entails elements of knowledge transfer but views inpatriates as *recipients* of organization-rooted knowledge. Moreover, this developmental mechanism can be regarded as a way of increasing employees' competencies which, in turn, provides the firm with greater human resource flexibility needed in a global business environment (Wright & Snell, 1998). Again, it is likely that MNCs will

benefit the most from this two-directional knowledge sharing if the inpatriate transfer is temporary rather than permanent, which enables the inpatriate to subsequently diffuse the knowledge developed during the assignment to other MNC units.

A Social Capital Perspective of Inpatriates' Knowledge Sharing

Conceptualizing knowledge at the individual level highlights the need to focus on individual-level processes that influence how knowledge is transferred in organizations. In this respect, academic research has increasingly examined the underlying social dimensions of knowledge sharing (Bouty, 2000; Nebus, 2006; Reagans & McEvily, 2003). In the following sections, we will apply the concept of social capital to the context of inpatriate assignments and explore its value as a necessary pre-condition for knowledge flows through inpatriate assignments to occur. In doing so, we discuss four predictors of inpatriates' social capital building and examine the moderating effect of a MNC's HR practices. Figure 1 integrates all components into a conceptual framework.

Insert Figure 1 about here

Inpatriates' Social Capital

Social capital can be understood as the structure and content of an individual's network ties (Adler & Kwon, 2002). The resulting access to other actors' resources is primarily informal and personalized in nature as opposed to hierarchy- or position-based relationships (Li, 2007). In addition, building on the idea that social capital is a multidimensional construct (Putnam, 1995), scholars have extended the early research focus on structural characteristics of individuals' social networks (Burt, 1992; Coleman, 1990) to include relational and cognitive dimensions of social capital (Leana & Van Buren, 1999; Nahapiet & Ghoshal, 1998).

Whereas relational social capital refers to the level of interpersonal trust between the two parties of a relationship, cognitive social capital entails common sources of understanding and identification such as shared values and goals (Tsai & Ghoshal, 1998).

Scholars have begun to discuss the concept of social capital in the context of intra-organizational boundary spanners in general and international assignees in particular. For example, it is argued that social capital is particularly important for individuals who are located at social boundaries or assume boundary-spanning positions because these roles require interaction with people from different social contexts (Raider & Burt, 1996). In a similar vein, social capital is thought to facilitate solidarity, thereby fostering compliance with local rules and reducing formal control requirements (Adler & Kwon, 2002). This idea has important implications with regard to international staff transfers that are often subject to dual levels of organizational commitment and identification (Gregersen & Black, 1992; Reade, 2003). In addition, there is evidence that assignees' structural and relational social capital positively relates to their psychological well-being and adjustment (Wang & Kanungo, 2004). Importantly, social capital has been found to provide information benefits, both for organizational members in domestic settings (Borgatti & Cross, 2003; Seibert, Kraimer, & Liden, 2001) and for international assignees (Au & Fukuda, 2002).

The boundary-spanning, solidarity, adjustment and information benefits of social capital highlight its conceptual value in developing an understanding of the effective use of inpatriate assignments as knowledge agents in MNCs. Specifically, based on the idea that social capital serves as a main vehicle for knowledge sharing and creation (Nahapiet & Ghoshal, 1998; Perry-Smith, 2006; Reagans & McEvily, 2003), inpatriates will need to establish social capital with HQ staff in order to diffuse their local subsidiary knowledge into the HQ while, at the same time, acquiring new knowledge themselves. The more extensive

their social capital with HQ colleagues, the greater the knowledge benefits for the HQ and the greater the learning outcomes for the individual inpatriate.

Determinants of Inpatriates' Social Capital Building

Building on the previous arguments, four main factors can be derived that will influence inpatriates' ability to build such social capital – time on assignment, acculturation attitudes, minority status, and political skills.

Time on assignment. The temporal character of inpatriate assignments has important implications for social capital building. For example, there is evidence that assignment duration has a positive impact on interaction adjustment which captures the assignee's ease of engaging in interpersonal exchanges with host-unit staff (Gregersen & Black, 1990; Kraimer, Wayne, & Jaworski, 2001). It is thus likely that inpatriates will build more structural social capital the more time they have spent on their assignments. A similar logic applies to the relational dimension of social capital. Implicit to Nahapiet and Ghoshal's (1998) conceptualization of relational social capital is the notion that social capital takes time to develop. In particular, they argue that one's relational social capital with another person is created through a series of interactions over time. Research on trust as a main element of relational social capital indeed highlights its dynamic character (Leana & Van Buren, 1999; Rousseau, Sitkin, Burt, & Camerer, 1998). As a result, inpatriates' ability to develop trustful relationships with HQ staff will depend to a large extent on the amount of time they have spent on the assignment. Research also shows that an individual's organizational identification and thus cognitive social capital will increase with the intensity and duration of contacts the individual sustains with the specific organizational unit (Dutton, Dukerich, & Harquail, 1994). While inpatriates may sustain contacts with the HQ before the relocation, the contacts' intensity is likely to increase during the assignment due to the HQ's proximity. Accordingly, short-term assignments such as troubleshooting fly-ins or brief developmental

transfers (Collings, Scullion, & Morley, 2007; Tahvanainen, Worm, & Welch, 2005) may provide insufficient lead time for inpatriates to develop social capital.

Acculturation attitudes. A second factor refers to extant cultural differences that inpatriates perceive at the host culture and that may impact on their social capital building. The process through which individuals make an effort to adjust to the foreign cultural environment and understand its cultural elements with the aim of reducing the effect of cultural differences is called ‘acculturation’ (Ward, 1996). In this regard, the literature discusses four different acculturation attitudes that are contingent upon an individual’s need to preserve his/her own cultural identity and the level of attraction to other cultural groups (Berry, Kim, Power, Young, & Bujaki, 1989): integration (high preservation and high attraction), assimilation (low preservation and high attraction), separation (high preservation and low attraction) and marginalization (low preservation and low attraction). There is evidence that inpatriates differ in their choice of acculturation modes and that these differences translate into varying degrees of contact that inpatriates seek with HQ staff (Reiche, 2006). Whereas integration and assimilation enable individuals to interact with locals and have been shown to increase international assignees’ perceived success abroad (Tung, 1998), the other two attitudes are likely to inhibit interaction and preserve cultural distance. Given a certain cultural distance between inpatriates and HQ staff, we would assume that inpatriates adopting an integration or assimilation mode are more likely to build HQ social capital than those with a separation or marginalization mode.

Minority status. Research suggests that numerically underrepresented groups based on attributes such as race and gender are limited with regard to the scope of their social networks in organizational environments (Ibarra, 1995; Mehra et al., 1998). Along these lines, it is important to consider that inpatriates, particularly those from culturally and institutionally distant organizational units, are confronted with exclusionary pressures at the HQ. The extent

of these pressures is contingent upon two main factors. First, it is likely that a higher number of inpatriates from a given country transferred to the HQ at the same time reduces inpatriates' minority status. The number of international staff from a given country is subject to the orientation to international staffing prevalent in the organization (Perlmutter, 1969; Taylor et al., 1996), the subsidiary's availability of and the HQ's demand for qualified staff as well as the subsidiary's size. The second factor refers to the ethnic staff composition of the HQ. Inpatriates are more likely to be confronted with exclusionary pressures if they represent a visible ethnic minority with regard to the HQ country or if local staff at the HQ is ethnically very homogenous and thus less used to dealing with foreigners and ethnic minorities. In sum, to the extent that inpatriates constitute a minority at the HQ, their ability to build and sustain social capital with HQ staff is likely to be substantially hindered.

Political skills. Finally, inpatriates' social capital with HQ staff may be contingent upon their political skills in the MNC. Political skill is the "ability to effectively understand others at work, and to use such knowledge to influence others to act in ways that enhance one's personal and/or organizational objectives" (Ahearn, Ferris, Hockwarter, Douglas, & Ameter, 2004: 311). A small body of evidence is accumulating that political skills are associated with more effective work performance and positive attitudes toward the organization (Harris, Kacmar, Zivnuska, & Shaw, 2007). As Harvey and Novicevic (2004) argue, these skills can be especially important for inpatriates to be able to remove obstacles of co-operation with HQ staff. In particular, politically skilled inpatriates are able to better manage interpersonal dynamics and convey a positive image with HQ staff. This positive image and ability to understand people will facilitate trusting social interactions and shared identities. Political skills should thus provide inpatriates with the ability to form and maintain social ties at the HQ.

Interrelationships and dynamics. The four determinants are likely to be interrelated. For example, the more time inpatriates spend on their assignments, the less they will be perceived as newcomers to the HQ organization and the more opportunities they have to demonstrate their value to HQ staff, thereby reducing the role of their minority status. At the same time, the degree to which inpatriates are confronted with exclusionary pressures at the HQ may pre-determine their selected acculturation mode. Strong minority problems may prompt inpatriates to focus on their own cultural identity rather than trying to integrate into the host culture which may further reduce their social capital building. Additionally, we would assume that inpatriates' political skills are related to their minority status. Indeed, the stronger their exclusionary pressures at the HQ, the more difficult it will be for inpatriates to gain legitimacy and respect among HQ colleagues and thus develop political skills.

It is also important to note that the relationship between the aforementioned factors and inpatriates' social capital building may be two-directional. For example, if inpatriates develop social capital that is to a large extent HQ-specific, they will be more motivated to accept an ongoing appointment in the HQ upon completing their original inpatriate postings, thus prolonging their assignments. The prospect of an extended stay may also encourage them to shift their acculturation attitudes towards integrating or assimilating into the host culture. Moreover, as inpatriates establish a more extensive social network at the HQ they become socialized and increase their exposure in the organizational hierarchy which will reduce their perceived minority status. Similarly, through their social capital with senior HQ managers inpatriates may advance their political skills which, in turn, can further enhance their social capital building.

The Moderating Effect of HR Practices

The previous discussion points towards the fact that inpatriates' development of social capital with HQ staff does not occur automatically but is affected by characteristics of the

assignment, the HQ and the individual inpatriate. In this respect, the role of HR practices has been highlighted as an important means to foster social capital building. Leana and Van Buren (1999) discuss three ways in which HR practices help to create and sustain social capital. First, they argue that long-term oriented employment relationships are essential since social capital develops slowly but can be damaged quickly, for example through trust-breaking behaviour. This requires the adoption of stability-enhancing HR practices such as training and development and career planning. These arguments are supported by empirical research demonstrating that employees display more positive attitudinal and performance-based responses when the organization invests training and career development in them (Tsui, Pearce, Porter, & Tripoli, 1997). In the inpatriate context, this may also involve the development of alternative career paths that take into account the limited career opportunities at inpatriates' home units (Reiche, 2006). The prospect of a long-term career path with the company will motivate inpatriates to build social capital. Thus, development-related HR practices should strengthen the effects of time on assignment, integration- and assimilation-oriented acculturation attitudes, and political skills on social capital building, and should weaken the effects of minority status and separation- and marginalization-oriented acculturation attitudes on social capital building.

A second role for HR practices pertains to financial incentive systems. The development of an overarching compensation system that addresses between-country differences (see Bonache, 2006) is a crucial HR practice to inpatriates, especially those from less developed countries, when making decisions to accept inpatriate assignments (Reiche, 2006). The repatriation of inpatriates to countries with substantially lower market salaries can lead to a huge decrease of salary, a gap that is often more pronounced than in the case of expatriate assignments. In this vein, an overarching inpatriate and repatriate incentive system can be a potent tool for creating a social exchange relationship with inpatriates. A social

exchange relationship is one in which there is a long-term orientation defined by mutual trust, investment and reciprocal obligations between employee and the organization (Blau, 1964; Shore, Tetrick, Lynch, & Barksdale, 2006). This sense of reciprocal obligations may manifest itself in terms of inpatriates' development of social capital and knowledge sharing with HQ staff. Existing research has indeed emphasized the importance of incentive systems for boundary spanners to create social capital and foster intra-MNC knowledge sharing (Gupta & Govindarajan, 2000; Kostova & Roth, 2003). Therefore, we would expect that a favourable overarching compensation system will provide inpatriates with the motivation to develop social capital and thus strengthen the effects of time on assignment, integration- and assimilation-oriented acculturation attitudes, and political skills on social capital building, and weaken the respective effects of minority status and separation- and marginalization-oriented acculturation attitudes.

A third way for HR practices to enhance inpatriates' social capital is through the development of specified roles that substitute relationship-based with position-based social capital and thus avoid the need to continuously manage social relationships (Leana & Van Buren, 1999). For example, an organization may institutionalize a succession planning for the inpatriation of foreign nationals into particular HQ positions and define formal, hierarchy-based communication channels to HQ staff. In this case, individual predictors such as minority status and political skill may be less relevant for developing social capital with HQ staff since inpatriates may be able to use their position power to build social capital. Thus, inpatriate roles with specified formal position power may weaken the relationship between some of the aforementioned determinants and social capital building. Overall, it has become evident that HR practices can moderate between the individual-level predictors and inpatriates' development of social capital with HQ staff and thus serve as supporting tools to leverage knowledge exchange through inpatriate assignments.

Conclusion

This chapter has highlighted social capital as a fruitful lens for studying international assignees as knowledge agents. Specifically, we opened up the black box of what determines knowledge flows between inpatriates and HQ staff. As Lengnick-Hall and Lengnick-Hall (2006: 486) state, the focus of social capital “may add to our understanding of how people make a difference and why the intangible assets of a firm are so crucial to success, particularly in global, knowledge-intensive enterprises and industries.” We have argued that inpatriates provide the MNC with a unique value *because* they are able to diffuse knowledge from one unit to another. However, they can only make a difference and benefit the organization, *if* they establish social capital with HQ staff. Accordingly, the mere movement of people across intra-organizational boundaries does not automatically entail knowledge outcomes for the MNC.

The fact that inpatriates not only diffuse their local contextual knowledge into the HQ organization but also gain knowledge during their assignments which they can transfer back to their home units implies a long-term perspective to the study of inpatriates’ role as knowledge agents. The organizational maintenance of inpatriates’ unique knowledge and expertise then becomes primarily an issue of employee retention and demonstrates that ongoing knowledge sharing and inpatriates’ career outcomes are intricately related. Although scholars have begun to address the issues inherent in knowledge sharing upon repatriation (e.g., Lazarova & Tarique, 2005), future research would clearly benefit from a more detailed analysis of how MNCs can continuously capitalize upon their assignees’ knowledge resources.

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Table 1: Recent Studies on Knowledge Sharing through International Assignments

Authors	Research Objectives	Sample & Research Design	Main Findings
Tsang (1999)	<ul style="list-style-type: none"> - To examine knowledge exchange and learning aspects of IHRM - To empirically evaluate the IHRM practices adopted by Singaporean MNCs from a knowledge-based and learning perspective 	<ul style="list-style-type: none"> - 12 Singaporean MNCs (manufacturing industry) - Multiple case study - 67 semi-structured interviews (HQ managers, expatriates and local nationals) 	<ul style="list-style-type: none"> - IHRM practices adopted by Singaporean MNCs failed to take into account expatriates' role as key agents of knowledge exchange and learning
Delios & Björkman (2000)	<ul style="list-style-type: none"> - To examine the control and knowledge exchange roles of expatriates in foreign subsidiaries and joint-ventures of Japanese MNCs located in China and the United States 	<ul style="list-style-type: none"> - 797 Japanese subsidiaries in China and the United States across different industries - Archival/ secondary data 	<ul style="list-style-type: none"> - Expatriates' control function was more vital in China than in the US - Expatriates played a more significant role in bilateral knowledge exchange in technology and marketing-intensive industries in China than in the US
Berthoin Antal (2000; 2001)	<ul style="list-style-type: none"> - To examine the types of knowledge acquired by expatriates - To explore the strategies and processes available to expatriates to embed their learning into their organizations - To identify barriers of the transfer of individual to organizational learning 	<ul style="list-style-type: none"> - Two German MNCs (banking sector and pharmaceutical industry) - Multiple case study - 21 in-depth interviews 	<ul style="list-style-type: none"> - Knowledge gained is of declarative, procedural, conditional, axiomatic and relational nature - Little evidence that repatriates are used in a strategic way to foster organizational learning - Organizational learning was driven by the repatriate rather than the organization itself
Bonache & Brewster (2001)	<ul style="list-style-type: none"> - To explore the way in which characteristics of knowledge influence expatriation policies - To advance theory-building in the field of international assignments 	<ul style="list-style-type: none"> - Spanish MNC in the financial sector - Single case study - 19 in-depth interviews (HQ managers, expatriates, local managers), documentary and archival information 	<ul style="list-style-type: none"> - Expatriate transfer can be hypothesized as a form of knowledge exchange - International assignments will be particularly useful when knowledge to be shared is tacit - Corporate applicability and value of knowledge gained on an assignment affects repatriation and career management
Au & Fukuda (2002)	<ul style="list-style-type: none"> - To examine antecedents and outcomes of expatriates' boundary-spanning activities, defined as the amount of cross-unit information that expatriates exchange 	<ul style="list-style-type: none"> - MNC subsidiaries in Hong Kong - 30 interviews with US and Japanese expatriates - Survey instrument (232 expatriates) 	<ul style="list-style-type: none"> - Local experience and diversity of social networks promote boundary spanning - Boundary-spanning behaviour leads to a decrease in role ambiguity and an increase of role benefits, job satisfaction and power

Authors	Research Objectives	Sample & Research Design	Main findings
Hocking, Brown, & Harzing (2004)	<ul style="list-style-type: none"> - To explore the strategic purposes of expatriate assignments and their path-dependent outcomes from a knowledge-based perspective 	<ul style="list-style-type: none"> - Australian subsidiary of a Swedish telecommunications MNC - Single case study - Survey instrument (71 expatriates) - 17 semi-structured interviews with expatriates and HR managers - Documentary and archival information 	<ul style="list-style-type: none"> - Strategic assignment outcomes are emergent in nature - Knowledge generation by expatriates is an underestimated strategic assignment purpose, more so than either business or organization-related knowledge applications
Minbaeva & Michailova (2004)	<ul style="list-style-type: none"> - To investigate how certain expatriation practices can enhance the ability and willingness of expatriates to diffuse knowledge from the HQ to subsidiaries 	<ul style="list-style-type: none"> - 92 subsidiaries of Danish MNCs located in 11 countries - Survey instrument 	<ul style="list-style-type: none"> - The use of long-term assignments positively influences expatriates' willingness to share knowledge across MNCs' subsidiaries - Expatriates' ability to share knowledge is enhanced through the use of short-term assignments, frequent flyer arrangements and international commuter practices
Riusala & Suutari (2004)	<ul style="list-style-type: none"> - To analyse the type of knowledge shared within MNCs and expatriates' role in these exchange processes - To develop and test a theoretical framework on internal stickiness factors faced by those expatriates involved in knowledge exchanges 	<ul style="list-style-type: none"> - Polish subsidiaries of Finnish MNCs - Multiple case study - 24 semi-structured telephone interviews with Finnish expatriates 	<ul style="list-style-type: none"> - Differences exist in the type of knowledge diffused from the HQ to the subsidiary vis-à-vis from the subsidiary to the HQ - Expatriates hold a central role in the knowledge sharing between MNC units - Knowledge exchange is subject to stickiness factors that concern the type of knowledge as well as the social, organizational and relational context
Hébert, Very, & Beamish (2005)	<ul style="list-style-type: none"> - To analyse the role of expatriates as agents of experience-based knowledge for the survival of acquired foreign subsidiaries 	<ul style="list-style-type: none"> - 216 foreign acquisitions of Japanese MNCs - Archival/ secondary data 	<ul style="list-style-type: none"> - To increase the chance of subsidiary survival, expatriates need to possess relevant industry experience and host country-specific acquisition experience - Expatriation can have negative effects on subsidiary survival when the MNC possesses general host-country experience
Hocking, Brown, & Harzing (2007)	<ul style="list-style-type: none"> - To examine how two assignment outcomes, knowledge applications and experiential learning, are influenced by expatriates' everyday knowledge access and communication activities 	<ul style="list-style-type: none"> - Australian subsidiary of a Swedish telecommunications MNC - Single case study - Survey instrument (71 expatriates) - 12 semi-structured interviews with expatriates 	<ul style="list-style-type: none"> - Expatriates' knowledge applications result from their frequent knowledge access and communication with the HQ and other MNC units - Expatriates' experiential learning derives from a frequent access to host-unit knowledge that is subsequently adapted to the global corporate context

Table 2: Distinctions between Inpatriates and Expatriates

Characteristics	Inpatriate	Expatriate
Perceived status by locals	Peripheral member	HQ representative
Level of influence in host unit	Low	High
Focus of cross-cultural adjustment	Organizational and national culture	National culture
Goal congruency between HQ and subsidiary	High	Low
MNC staff composition	Geocentric	Ethnocentric

Figure 1: Determinants of Inpatriates' Knowledge Sharing in MNCs

