

A KNOWLEDGE TRANSFER PERSPECTIVE OF STRATEGIC ASSIGNMENT PURPOSES AND THEIR PATH-DEPENDENT OUTCOMES

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Abstract

Our research not only addresses the strategic purposes of expatriate assignments within multinational corporations but, unlike most earlier studies, extends the investigation to include their path-dependent outcomes. Adopting a knowledge transfer perspective we first re-define the principal assignment purpose categories of Edström and Galbraith (1977a) as business applications, organization applications and expatriate learning. These purpose categories are then conceptually related in terms of a four-part typological matrix based on individual-level knowledge flow direction and role focus. Following a review of prior assignment purpose studies we posit that strategic expatriate assignment purposes should be considered not in isolation but relative to their potential outcomes. Adopting a single case research design with multi-method data collection we demonstrate the emergent nature of strategic assignment outcomes. It is shown for our transnational case organization that knowledge acquisition or learning by expatriates is an underestimated strategic assignment outcome, more so than either business or organization-related knowledge applications.

Key words: expatriates, knowledge, learning, multinational corporations, strategic IHRM

Introduction

Consistent with the resource-based view of the firm (Barney, 1991), the sustained competitive advantage of multinational corporations (MNCs) is their ability to move capital, products, technology, knowledge and people across international borders. People-embodied knowledge, more so than physical assets and other tangible resources, is critical to this competitive advantage. In this research study our focus is on the people element, and more specifically on expatriates. Expatriates are defined as individuals who, irrespective of their national origin, are transferred outside their native country to another country specifically for employment purposes (Edström & Galbraith, 1977a). Although typically comprising only one to two percent of the total workforce of MNCs (Peterson, Napier & Shim, 1996), expatriates are considered as key strategic agents in the international transfer of knowledge within these firms (Kamoche, 1997). In this study we adopt a strategic perspective (Torbiörn, 1994), one that contrasts to most expatriate management studies where the emphasis is more typically on operational issues (refer Thomas, 1998, for an overview). We specifically focus on longer-term assignments of one year or more where it is considered strategic value can best be attained (Westney, 2001).

The paper is guided by two primary research objectives. The first is a clearer understanding of the principal strategic purposes of expatriate assignments and their underlying relationships. For this we review and re-define the well-established strategic assignment purposes classification of Edström and Galbraith (1977a). We also extend the original scope of Edström and Galbraith's research by developing an assignment purposes relationship matrix based on two knowledge transfer dimensions. A central tenet of both our assignment purposes re-classification and the relationship matrix is the universality of individual-level

knowledge creation and transfer within firms (Nonaka, 1994). We contend that know-how transfer by expatriates is not an isolated assignment purpose that is differentiated from other purposes such as control and coordination (Torbiörn, 1994), but is instead a generic intent of *all* strategic expatriate assignments. Only the type of knowledge involved, and its means of transfer, varies from one assignment purpose to another. Our second study objective is an investigation of the path-dependent relativities (that is, relative differences) between our re-defined principal assignment purposes and their resultant outcomes. Adapting Mintzberg's (1987) strategy research, we seek in part to differentiate between assignment outcomes that are generally deliberate with respect to their original intent and those that are more typically emergent. For this we introduce the relativity measure 'strategic assignment purpose-outcome differential' as a basis for empirical testing.

- *Insert Figure 1 about here* -

As a conceptual foundation for the study we invoke the strategic assignment framework model shown in Figure 1. The framework consists of a linear sequence ranging from strategic assignment purposes to strategic assignment outcomes via an intervening time-based expatriate role process stage. We equate the *strategic assignment purposes* stage to Mintzberg's (1987) 'strategy as plan', representing a consciously intended course of action. The *expatriate role process* stage embraces a complex series of events and activities that are historically unique to each individual, and characteristically path-dependent (Barney, 1991). A documented example is the expatriate communication role process for various cross-cultural settings presented by Torbiörn (1985). The realization of these role activities, equivalent to Mintzberg's (1987) 'strategy as pattern', represents the third stage of the

framework model which we designate as *strategic assignment outcomes*. According to Mintzberg's strategy theory the outcomes may be either deliberate in terms of their original intent or else emergent and therefore unintended. We do not elaborate in this paper upon the expatriate role process stage, but instead define the linkage between strategic assignment purposes and outcomes by a common set of role objectives that are introduced in the next section.

Strategic Assignment Purposes

The most widely-recognized and longstanding typology of expatriate assignment purposes is that of Edström and Galbraith (1977a). These researchers studied four European multinational firms and posited a distinctive three-fold subdivision of 'fill positions', 'develop organization' and 'develop managers'. This general typology has since been adopted by other authors (eg. Borg, 1988; Ondrack, 1985), or else adapted using variations on the same theme (eg. Adler & Ghadar, 1990; Hocking, 1999; Torbiörn, 1982). Edström and Galbraith's (1977a) three principal assignment purposes have not only been robust over time but are still generally applicable as distinctive categories. What has been lacking, however, is a strong conceptual framework to explain the underlying strategic significance of the categories and their relationships. Based on a major review of the expatriate management and associated literature, our initial step in resolving this deficiency is the development of the strategic assignment purposes classification shown in Figure 2.

- *Insert Figure 2 about here* -

The differentiation in Figure 2 between business and organization applications, equating to Edström and Galbraith's (1977a) 'fill positions' and 'develop organization' categories, acknowledges the fundamental distinction between business-related expatriate role objectives and those that contribute to the maintenance or growth of the organization (Ancona & Caldwell, 1988). We refer to this distinction as *role focus*. For example, although the expatriate's business-related role activities may be physically conducted within the organization, our assumption is that their ultimate role objective relates to the external market. The third re-defined category in Figure 2, expatriate learning, refers to either business or organization-related knowledge acquisition *by* the expatriate. In the following sub-sections we summarize the re-defined principal assignment purpose categories listed in Figure 2 and their contributing role objectives, then provide a conceptual model of the underlying relationships between each category.

Business Applications Category

Edström and Galbraith's (1977a) first assignment purpose category, labeled 'fill positions' (Figure 2), combined the 'filling a position' and 'utilizing management' subdivisions of Galbraith and Edström (1976). We here apply the term 'business applications' to this category to convey two key elements of the expatriate knowledge transfer process, namely a business as opposed to organization-related role focus and the role of the expatriate as a knowledge sender rather than recipient.

The first of the contributing role objectives for business applications (Figure 2) is *managerial know-how application*. Consistent with other researchers (eg. Enderwick & Hodgson, 1993;

Galbraith & Edström, 1976), we distinguish the transfer and application of managerial 'know-how' (that is, knowledge and skills) from that of professional or technical know-how.

Expatriates in particular are seen as an important conduit for the strategic international transfer of managerial expertise, albeit often on a temporary basis only (Edström & Galbraith, 1977b; Torbiörn, 1994; Tung, 1982). This applies especially to managing the start-up phase of an international business (Evans, 1992; Welch & Welch, 1997).

By comparison to managerial know-how, *professional know-how application* refers to the expatriate's specialized technical know-how, an intangible resource that represents a distinctive competency of firms (Hall, 1992). The strength of moving expatriates as a mechanism for intra-firm professional know-how transfer and application has been recognized by a number of researchers (eg. Bonache & Brewster, 2001; Tung, 1982). The expatriate is typically introduced to a new organizational unit to provide specialized expertise where there is a shortage or absence of skilled resources at the host location (Adler & Ghadar, 1990; Dowling, Welch & Schuler, 1999). Experienced expatriates in particular have the advantage of not only transferring their specialized knowledge but adapting and applying it effectively to new contexts (Argote & Ingram, 2000).

The *professional know-how training* role objective more specifically refers to the expatriate's deliberate transfer of their experience-based knowledge and skills to others at the host location. Apart from more formal instruction, strategically valuable tacit knowledge can also be taught through a process of imitative trial-and-error learning under the guidance of an experienced mentor (Nohria & Ghoshal, 1997). Professional know-how training as a specific role objective has traditionally been considered in terms of the parent-country national

training of local nationals (Vance & Paik, 1995). A common longer-term strategic intent of such a practice is the replacement of expatriates within a designated time period by suitably trained local counterparts (Franko, 1973; Welch, Fenwick & De Cieri, 1994). We consider, however, that the role objective can be expanded to include the transfer of know-how by either parent-country or third-country nationals to either fellow expatriates or local nationals.

The *technology innovation transfer* role objective is a specialized form of professional know-how application associated with the relocation of newly-developed technology. Technology assets incorporate both product and process-related knowledge that is highly dependent upon human capital (Grosse, 1996). Based on a process of replication through relocation, the diffusion of these assets within a firm is best facilitated by associated personnel transfers (Galbraith, 1990; Tsang, 1999). It may require the transfer of a specific person, “a ‘champion’ who has done it before and is eager to adapt that know-how to a new situation” (Evans, 1992, p 94).

We broadly refer to the final business applications role objective as *corporate image promotion/external relations*. Company reputation has been described as an intangible people-dependent asset that possesses ‘belongingness’ (Hall, 1992). It is normally promoted through external business relations and marketing activities, a representational function typical of the boundary-spanning role of expatriate country managers (Roure, Alvarez, Garcia-Pont & Nueno, 1993). These activities may occur during the initial period of a firm’s internationalization or new business start-up, or else on an ongoing basis where business dependencies are established with external parties (Michael & Yukl, 1993).

Organization Applications Category

The second principal assignment purpose category of Edström and Galbraith (1977a), defined as ‘develop organization’, has also been referred to as ‘organization development’ or ‘organizational development’ (Adler & Ghadar, 1990; Borg, 1988; Edström & Galbraith, 1977b; Ondrack, 1985). We here re-name this category as ‘organization applications’ (Figure 2), a more specific process-based term that describes the expatriate’s direct role contribution to organizational maintenance and growth.

The first of the contributing role objectives for organization applications can be broadly defined as *coordination/networking*. Coordination between the organizational units of a firm is achieved through the establishment of inter-unit networks at the personal level, usually with varying degrees of formality (Ghoshal, Khorine & Szulanski, 1994; Welch & Welch, 1993). The role of expatriates as contributors to the networking process is widely recognized, particularly where on long-term assignments (Edström & Galbraith, 1977a; Welch & Welch, 1993; Westney, 2001). The moving of the members of one network to another within a firm can be a powerful mechanism for facilitating intra-firm knowledge transfer (Argote & Ingram, 2000; Edström & Galbraith, 1977b). Parent-country expatriates in particular can play an important bridging role between headquarters personnel and local nationals, especially if able to communicate in a common corporate language (Marschan-Piekkari, Welch & Welch, 1999; Nohria & Ghoshal, 1997).

We refer to the second organization applications role objective as *culture transfer/socialization*. A firm’s unique cultural values and standards have an ability to bestow

it with a sustained competitive advantage (Barney, 1991; Hall, 1992). The building and transfer of an organizational culture is achieved over time through a process of socialization, representing the 'glue' that binds an organization together (Evans, 1992; Nohria & Ghoshal, 1997). The socialization of subsidiary staff through company culture transfer is considered an important part of the expatriate role, especially for parent-country nationals (Harzing, 1999; Welch et al, 1994). The expatriates engaged in this culture transfer normally do so based on their substantial prior experience of the firm's historical development as well as its present business situation (Ondrack, 1985; Temporal & Burnett, 1990).

By contrast to culture transfer/socialization, the *policy transfer/control* role objective applies especially where the need exists for a stronger management influence during periods of external risk or threat (Edström & Galbraith, 1977a). Studies have defined bureaucratic control in MNCs as based on either centralization, representing a more direct headquarters control over subsidiaries through a concentration of strategic decision-making at senior levels, or else a less direct formalization approach that utilizes organizational decision-making routines such as policies and procedures (Edström & Galbraith, 1977a; Harzing, 1999).

According to Welch et al (1994), "staff transfers are still considered a strategic response to the perplexing question of control" (p.473).

Unlike technology innovation transfer, which is a contributing role objective for the business applications category, *best practice systems transfer* is a strategic practice that enhances global organizational capability (Kostova, 1999; Szulanski, 1993). Over time a firm develops its own global systems and routines for information processing and other functions, enabling it to efficiently and consistently achieve global economies-of-scale or so-called best practices

(Evans, 1992; Rodgers & Wong, 1996). The transfer of embodied or routinized practices within MNCs occurs through the international transfer of experts who facilitate organizational learning, an asset with potential long-term strategic advantage (Rodgers & Wong, 1996; Tsang, 1999).

Expatriate Learning Category

Our third strategic assignment purposes category, ‘expatriate learning’ (Figure 2), refers to a personal knowledge acquisition *by* expatriates rather than their teaching of others. As an assignment motive it equates to Edström and Galbraith’s (1977a) ‘develop managers’ category, also referred to as ‘manager development’ (Borg, 1988; Ondrack, 1985). The strategic intent is for the assignment to provide the expatriate with longer-term international experience not possible from business visits.

The primary role objectives for expatriate learning, listed in Figure 2 as *international business/professional experience* and *global company perspective*, are respectively business and organization-related. Importantly, they are broadly equivalent to the two knowledge application categories but, because of the more limited research literature on expatriate learning (eg. Berthoin Antal, 2000; Caligiuri & Di Santo, 2001; Oddou & Mendenhall, 1991), lack the same subdivisional detail. Oddou and Mendenhall (1991) identify the main knowledge-based competency developments reported by repatriated assignees, in descending order, as a global company perspective, cross-cultural communications and the conceptualization of business trends. Caligiuri and Di Santo (2001) similarly document knowledge-based developmental goal dimensions related to the global company (structure,

market share and reputation), worldwide professional contacts and international business issues. The expatriates in the Caligiuri and Di Santo study reported significant assignment-related developmental gains with respect to the first two dimensions but not the third.

A third relevant study of expatriate knowledge acquisition by Berthoin Antal (2000) refers to assignment learning associated with the expatriate's understanding of the international organization, the host country environment and culture, and communication contacts and relationships. Berthoin Antal (2000) particularly highlighted the significance of 'know-who' learning, representing relational knowledge associated with the development of communication networks involving professional colleagues. As explained by Cohen and Levinthal (1990), "this sort of knowledge can be knowledge of who knows what, who can help with what problem, or who can exploit new information" (p.133). A strategic advantage of international transfers is that they enable the expatriate to increase their knowledge of the network and develop multiple contacts within it (Galbraith & Edström, 1976). For our assignment purposes classification in Figure 2 we have incorporated personal network learning by expatriates into the broader business-level and organization-level role objectives.

Assignment Purpose Relationships

Edström and Galbraith (1977a) identified their three main assignment purposes, upon which our re-definitions are based (Figure 2), as distinct categories. Although noting that the motives are not mutually exclusive (Edström & Galbraith, 1977b; Galbraith & Edström, 1976), these researchers did not specify an underlying relationship. By contrast, we here develop an assignment purposes relationship matrix as presented in Figure 3. We posit that

expatriate learning represents the knowledge acquisition equivalent of the business and organization-related knowledge application categories. More specifically we consider business learning, a subdivision of expatriate learning, to be the knowledge acquisition equivalent of business applications, with the same relationship applicable to organization learning and organization applications respectively. It should be emphasized that our use of the term ‘organization learning’ is in the context of the expatriate’s individual-level learning *about* the organization (as distinct from the widely-used term ‘organizational learning’ which signifies a collective learning *by* the organization).

- *Insert Figure 3 about here* -

In Figure 3 the assignment purpose categories are subdivided according to two matrix dimensions. The vertical axis represents the expatriate’s primary role focus which, as explained earlier, is a directional reference to the main environment of expatriate activity in terms of role purpose. In the matrix the role focus dimension is divided into an external or market-related component in the upper quadrants and an internal or organization-related component in the lower quadrants (Roure et al, 1993). This correlates with the fundamental ‘outside the firm’ and ‘within a firm’ distinctions of Coase (1937). In contrast, the horizontal axis of the matrix represents the direction of individual-level knowledge flow, consistent with Gupta and Govindarajan’s (1991) ‘directionality of transactions’ concept for organizational-level knowledge flows. We separate expatriate knowledge flow direction into knowledge output or applications in the two left quadrants, and knowledge input or acquisition on the right (Kamoche, 1997).

Independent support for the close relationship between knowledge applications and learning, implicit in Figure 3, is derived from the process-based knowledge transfer literature.

Knowledge applications are regarded by some researchers (eg. Cohen & Levinthal, 1990) as a direct consequence of learning through prior experience. The opposing and perhaps more common view considers knowledge applications as a necessary condition for learning (Kostova, 1999). This latter view reflects the concept of experiential learning (Kolb, 1984), also known as learning-by-doing (Nonaka, 1994). We in fact subscribe to a broader view, as expressed by Orlikowski (2002), that knowledge applications and learning are “reciprocally constitutive” (p.250). As such, individual learning is part of a cyclical or iterative process that occurs perpetually in conjunction with ongoing activity (Kolb, 1984). The process can best be equated to that of adaptive learning where, as demonstrated empirically by Van de Ven and Polley (1992), the trial-and-error learning that comes from prior actions and outcomes forms the basis for subsequent actions.

In Figure 1 we portrayed a conceptual path-dependent linkage between strategic assignment purposes and their resultant outcomes, represented by the time-based expatriate role process stage. In view of this path-dependency we posit that the role objectives summarized earlier for strategic assignment purposes are applicable also to their resultant strategic assignment outcomes. Similarly, we consider the strategic assignment purposes relationship matrix in Figure 3 as equally applicable to strategic assignment outcomes. On this theoretical basis we move next to a consideration of the relativities between strategic assignment purposes and their path-dependent outcomes for each of our three re-defined categories of business applications, organization applications and expatriate learning.

Strategic Assignment Outcomes

There is a notable shortage in the expatriate management literature of theoretical or empirical studies referring to strategic assignment outcomes and their association with prior purposes. Research evidence exists, however, for the relative use by firms of the three principal assignment purpose categories. What we find are some conflicting and potentially confusing results. For example, Edström and Galbraith (1977a) have highlighted the unexpected dominance of organization applications (using our terminology) as a primary assignment purpose, followed by expatriate learning and then business applications. Studies based in New Zealand and Australia (Enderwick & Hodgson, 1993; Welch, 1994) also note organization applications to be a leading assignment justification. Independent studies (eg. Borg, 1988; Hocking, 1999) have recognized business applications as the most common assignment purpose, organization applications next and expatriate learning the least. Further variants are the roughly equal predominance of business applications and expatriate learning, with organization applications the least (De Cieri & Dowling, 1997; Ondrack, 1985), or else the dominance of business applications over expatriate learning, with organization applications not specified (Peterson et al, 1996). Adding to the confusion, the variability in assignment purposes observed in these English-language research examples is repeated for a number of comparable German-language studies (Harzing, 1999). Harzing concludes: “The studies do not seem to converge on the importance of the various reasons for expatriation...” (p.65).

We posit that the basis for this lack of convergence in assignment purpose prioritizations is that they are largely firm-specific. Further, as part of the strategic planning and decision-

making process for each firm they are contingent in time upon many environmental, organizational and individual-level variables (Harzing, 1999; Thomas, 1998; Welch, 1994). It would appear that a firm's international assignment strategy is not always analyzed on an aggregate basis, and that "all the confusion stems from the fact that a single transfer can simultaneously be explained by several reasons" (Galbraith & Edström, 1976, p.292). Despite Galbraith and Edström's acknowledgement that the reasons are not mutually exclusive, the inference from their statement is that firms do not necessarily take all purposes into equal account in the assignment planning process. Instead assignment purposes have generally been viewed, both by firms and academic researchers alike, in isolation rather than on a fully integrated basis. Further, as discussed below, the purposes are not necessarily considered with respect to their potential outcomes.

Adapting Mintzberg's (1987) strategy research to the expatriate management field, we posit from a path-dependency perspective that strategic assignment outcomes may be either deliberate with respect to their original intent or otherwise unplanned and emergent. This raises the question of whether firms fully consider or plan assignment purposes in the context of their potential outcomes. Torbiörn (1982), for example, appears to argue against such rigorous assignment planning, appealing instead to the natural unpredictability of assignments: "The parent company will presumably be unable to foresee all the situations likely to confront the expatriate employee, and it is therefore difficult to specify exact expectations and demands. The role of the expatriate is thus not clearly defined..." (p.32). Our review of prior assignment purpose studies seems to support this picture of uncertainty and endorses a view that, from a path-dependency perspective, assignment outcomes are often *emergent* rather than deliberate. On this basis we posit that for each of the three principal role

objective categories there will be a measurable gain in strategic assignment outcomes compared to their originally specified purpose levels. In further support of our strategic assignment framework model (Figure 1) it is posited that these gains will be cumulative and thus time-dependent. Hence:

Hypothesis 1a: *The differential between the strategic assignment purpose and resultant outcome for business applications, organization applications and expatriate learning, respectively, will be both positive and significant.*

Hypothesis 1b: *These purpose-outcome differentials will be positively related to the expatriates' time-on-assignment.*

Our review of the relevant literature indicates that the category most often under-represented as a deliberate assignment purpose, being the one that most lacks a clearly considered outcome, is expatriate learning. It is treated as secondary to business and organization-related knowledge applications and instead managed on an ad hoc basis (Borg, 1988; Edström & Galbraith, 1977a). As Thomas (1998) found in his comprehensive review of empirical expatriate management research, firms tend to select expatriates on their ability to fill a technical requirement with little regard for the effect on their career development. Temporal and Burnett (1990) provide empirical confirmation for the manufacturing and high-tech industries, noting that there is little evidence of planned training and development designed to help expatriates manage internationally within job roles that demand such personal learning. Tsang (1999) similarly highlights the unintentional nature of expatriate learning within

technology-orientated companies, concluding that virtually all of the firms in his sample had no explicit objective to learn from their foreign experience through their expatriated staff.

In a practical sense these examples suggest that expatriates are expected to get a job done, and contribute indirectly to organizational growth, rather than be paid to learn. However, although expatriate learning appears to assume the least overall importance of the three categories as a deliberate assignment purpose, we here deem it to be an *inevitable* emergent outcome of the expatriate knowledge transfer process. This is because, as based on our conceptual relationship matrix in Figure 3 and confirmed by the process-based knowledge transfer literature, it has an integral relationship to *both* business and organization-related knowledge applications. Hence:

Hypothesis 2: *The differential between the strategic assignment purpose and resultant outcome for expatriate learning will be greater than that for either business or organization-related knowledge applications.*

Methods

Research Design

To empirically address our two research hypotheses we have adopted a single case research design supported by multi-method data collection (Yin, 1994). The single case design provides a controlled environment in which to test our concept of the strategic assignment

purpose-outcome differential. The use of a consistent and relatively homogeneous sample population, together with a multi-method data collection process, is considered to offer the best opportunity for data integrity and validation of results. The nominated case organization is Ericsson Australia, also referred to by its company acronym EPA. EPA is a wholly-owned subsidiary of the Swedish telecommunications multinational LM Ericsson (abbreviated here to 'Ericsson'), a firm that has been conducting business internationally for about 123 years of its 128-year history, since 1881. Ericsson was selected for the study because it is a prototype of the transnational corporation, one that engages in the strategic practice of global knowledge transfer through multidirectional personnel rotation (Bartlett & Ghoshal, 1988).

The primary subjects for our multi-method data collection are the expatriates inbound to EPA as of late 2000. The central component of the data collection process was a mail-out survey that was administered to 124 inbound expatriates of EPA who were on designated long-term assignments of one year or more. Of this number, 111 were current expatriates whereas the remaining 13 comprised those who had repatriated from Australia within the previous six months and were thus considered to have sufficient recall of their assignment experience for survey completion purposes. From this total of 124 there were 71 usable survey returns, representing a response rate of 57 percent. T-test comparisons of the population and survey response sample groups were conducted based on the fields of expatriate nationality, company tenure and business stream, confirming the absence of any significant non-response bias (Armstrong & Overton, 1977).

For the overall expatriate population the gender split was 91 percent male and nine percent female. Individual ages ranged from 25 to 52 and averaged 34.5 years, signifying a generally

advanced level of experience. Confirming this, the expatriates' tenure with Ericsson varied from two to 26 years with a mean close to 10 years, whereas the previous number of long-term international assignments with the firm (that is, excluding the current assignment) ranged from nil to six with a mean of one. There was a roughly equal split amongst the expatriates of parent-country (Swedish) and third country nationals, with the latter category from all global regions but especially from Europe and Asia. Functionally the majority of the expatriates consisted of professionally-trained engineers. They had been allocated across three complementary business streams, referred to as development (26.8 percent of the survey sample), technical services (59.1 percent) and sales and marketing (14.1 percent). Only 12.7 percent of the survey response group occupied managerial-grade positions, with the remainder being either technical professionals or, in some cases, technically-orientated project supervisors.

Following the collection and preliminary analysis of the expatriate survey data, semi-structured face-to-face interviews were conducted from within the same expatriate population as the survey. The purpose of the interviews was to add qualitative explanatory emphasis to the largely quantitative survey data. There were 12 expatriate interviews in all, representing 10 percent of the population of 124 and proportional on a demographic basis. Five additional interviews were conducted with affiliated corporate and divisional HR managers in order to provide a comparative company perspective. All 17 interviews lasted from 30 minutes to a maximum of one hour and averaged 45 minutes. The third data source category, which was both quantitative and qualitative in nature, comprised supplementary documentary and archival information. The documentary data was derived from public domain as well as proprietary sources and included the firm's international assignment vision and mission. The

archival data collection, conducted after completion of the expatriate and HR manager interviews, was for demographic information on the survey population. A valuable additional archival source was the firm's Long-term Service Agreements that record the management-approved assignment purposes and transfer of know-how plans for each inbound expatriate.

Measures and Data Analysis

As prior expatriate management studies have rarely if at all addressed strategic assignment purposes or outcomes from an empirical perspective, there were no directly applicable precedents for the constructs used in our study. Those adopted (refer Table 1) are largely original in design but have been theoretically founded on existing research. In defining construct validity we have followed the standard procedures advocated by such authors as Yin (1994), with principal component factor analysis and associated inter-item correlations as the primary quantitative method. For reliability assessments we have adopted the Cronbach alpha procedure, wherever possible seeking .70 as a minimum target value (Nunally, 1978).

- *Insert Table 1 about here* -

Hypotheses 1a and 2 are based on the differential between strategic assignment purposes and their resultant outcomes, representing our two principal empirical constructs. We refer to the derivative differentials in Table 3 but do not formally define them, preferring instead to consider them in terms of the two component constructs. The first of these, *strategic assignment purposes*, records the expatriates' perception of their assignment objectives as specified by the company prior to their assignment commencement. The *strategic assignment*

outcomes construct, on the other hand, measures the same expatriates' perception of their mid-assignment role objective outcomes at the time the survey was conducted or, for the small number of recent repatriates (n=7), at the time of their assignment completion. Unlike prior studies (eg. Caligiuri & Di Santo, 2001), the pre-assignment and mid- or end-assignment data apply to a common sample cohort rather than to independent sample groups. The benefit of this approach is that it best captures path-dependent relativities. The component variables of the two main empirical constructs are each represented by the numbered categories in Figure 3. They are defined in Table 1 and briefly outlined below.

Strategic Assignment Purposes: The first component variable of this construct, *business application purposes*, refers to the upper-left quadrant of the Figure 3 matrix. It comprises a broad multi-component factor group presented as a six-item measure. The addition of the business coordination/networking item¹ increases the alpha reliability to .68, compared to .59 without its inclusion. *Organization application purposes*, which is portrayed conceptually by the lower-left quadrant of Figure 3, comprises the same four items as represented theoretically by Figure 2. *Expatriate learning purposes* is conceptually represented by the combined right-hand quadrants of Figure 3. This basic scale comprises one business-related and one organization-related item.

Strategic Assignment Outcomes: As for business application purposes, the *business application outcomes* variable consists of a broad multi-component factor group presented as a six-item measure. The alpha reliability of .62 is higher than the .51 value recorded when the business coordination/networking item is excluded. The *organization application outcomes*

measure comprises a four-item scale whereas the third measure, *expatriate learning outcomes*, is represented by a two-item scale.

Time-on-Assignment: Our time-on-assignment measure refers to the current duration of the expatriate's assignment or, for the small number of repatriated assignees, the total duration of their completed assignment. We note that the time measure in expatriate management research has relatively few empirical precedents, most being associated with studies of expatriate adjustment (eg. Janssens, 1995). Although some studies consider time in months, we follow Carpenter, Sanders and Gregersen's (2001) empirical conclusion that "finer-grained measures...provided no more explanatory power in the models than the simple measure of years" (p.500).

The quantitative testing of hypotheses 1a and 2 required the calculation of the arithmetic differences between the item means for the respective strategic assignment purpose and outcome measures. These arithmetic differentials have been supplemented by one-sample t-test comparisons of the matching purpose and outcome item means to determine the significance of difference between the two. Our testing of hypothesis 1b, on the other hand, uses a bivariate analysis procedure that involves the calculation of Pearson one-tailed correlation coefficients. A significance level of $p < .01$ has been taken as confirmation of a strong zero-order association between variables whereas a $p < .05$ significance is indicative of a moderate zero-order association. For our qualitative data analysis, represented primarily by expatriate and HR manager interviews, the interview audiotapes were transcribed to provide data that was both intelligible and readily accessible. Following this the transcribed interview data was coded, the codes being consistent with both the interview guide and survey

questionnaire subject themes. The final step was the sorting of coded data into themes for data tabulation purposes and later analysis (Miles & Huberman, 1994; Yin, 1994).

Results

The aggregated assignment purpose data in column 1 of Table 2 provide a general rather than specific confirmation of Galbraith and Edström's (1976) contention that a single transfer can simultaneously be explained by several reasons. We individually highlight below the main purpose and outcome priorities for the aggregated sample (columns 1 and 2), but at the same time acknowledge that these priorities are contextually specific to the case organization (EPA) and to the particular expatriate sample from which the data are derived. In testing the two research hypotheses our main attention is in fact directed to the *relativity* between the strategic assignment purposes and outcomes for the three main role objective categories. This relativity is represented by the purpose-outcome differentials listed in column 4 of Table 2.

The empirical assessment of hypotheses 1a and 1b comprises a basic test of our strategic assignment framework model in Figure 1. The results in Table 2, based on an aggregation of expatriate self-reports, provide quantitative confirmation of hypothesis 1a by demonstrating that the incremental arithmetic differences for each strategic assignment outcome versus original purpose ($\Delta O-P$, column 4) are positive. T-test comparisons (column 3) indicate that these differences are statistically significant for each of the three main categories. They also confirm that the differences for most contributing role objective items are statistically significant, the exceptions being the technology innovation transfer and corporate image

promotion/external relations role objectives for business applications, and the best practice systems transfer role objective for organization applications.

- *Insert Table 2 about here* -

Our multi-method data also support hypothesis 1b which posits that the purpose-outcome differentials for each of the three knowledge application and learning categories will be positively related to the expatriates' time-on-assignment. The bivariate correlations in Table 3 show that a moderately significant positive association ($p < .05$) exists between time-on-assignment and the three purpose-outcome differentials. There is also a widespread endorsement from the interview data that expatriate knowledge applications *and* the associated experiential learning each increase on a cumulative basis over the term of the assignment. Technical learning was considered to increase over time because, as one expatriate put it, "there are always new products and protocols". Similarly, organization-related learning increases because of ongoing changes to both the organizational structure and the associated people. The survey and interview data in fact highlight the distinction between the structural and more people-related forms of organization learning by expatriates, the latter including personal network development, relationship building and organizational politics. People-related learning is noted to be more sustained over time. As exemplified by one expatriate: "The mentality of the company takes a long time to get into, to understand. Why things are done like they are...The politics, yes, what people feel is right and wrong – those things take a long time to learn. To learn the structure of the company, that's straightforward." With respect to personal networking another added: "It has taken time to

get to know the (internal) customers or Ericsson people and to win their confidence...It took us a longer time than anticipated.”

- *Insert Table 3 about here* -

The data in Table 2 also provide quantitative support for hypothesis 2 which posits that the strategic assignment purpose-outcome differential for expatriate learning will be greater than that for the two knowledge application categories. The data show that the expatriate learning differential (mean=.56), and especially that for the organization-related learning item (global company perspective: .73), exceeds that for either business or organization-related knowledge applications (.35 and .30 respectively). Although not shown by Table 2, when the aggregate survey sample (n=71) is differentiated according to expatriate nationality, a key demographic variable (Harzing, 1999), the expatriate learning differential remains dominant. For parent-country national expatriates (PCNs: n=35) the mean is .47, compared to a higher .65 for third-country nationals (TCNs: n=36). By comparison the business application differentials are virtually identical at .36 for PCNs and .35 for TCNs, whereas those for organization applications are .22 for PCNs and .39 for TCNs.

Looking more specifically at the strategic assignment *purposes* component of the purpose-outcome differentials for the aggregate sample (Table 2, column 1), the data show that the expatriate’s professional know-how application (mean=4.20) represents the predominant role objective specified by the company. This is followed by business-related learning (international business/professional experience: 3.30) and professional know-how training (3.20). Both the first and third of these role objectives are strongly endorsed by interview

feedback, especially from the HR managers. For example, in referring to the transfer of much needed competencies an HR manager remarked: “We would normally bring in expats...to, one, fill competency that we can’t find locally, and two, to in some way try and develop the staff that we have here.” In confirmation of our premise for hypothesis 2, however, the same manager added: “Personal development and learning is a by-product of the input coming in.” The expatriates generally endorsed the firm’s knowledge applications prioritization, especially business applications. As one stated: “It’s the bottom line, getting the work done, (is) the thing that’s really the primary focus.”

The archival Long-term Service Agreement data provide documentary confirmation of the company position on assignment purposes. They endorse the expatriate perception, recorded by both the survey and interviews, that the EPA-inbound expatriate contractors are used as a technical resource for specialized know-how applications, in particular those that are business-related. They also emphasize the importance of expatriate know-how transfer to local employees, equivalent to our professional know-how training role objective. The expatriate’s selection for development or learning purposes, on the other hand, is rarely highlighted even though a check-box existed for this purpose. As rationalized by one HR manager, and consistent with our hypothesis 2 contention: “So it’s almost on a daily basis that you’re learning something new, but maybe we take it for granted, because it’s there all the time.”

Moving next to assignment *outcomes* (Table 2, column 2), the priority items are generally the same as for purposes. Two in particular emerge as significant outcomes, namely organization-related expatriate learning (outcome mean=3.72; purpose-outcome

differential=.73) and coordination/networking applications, both business and organization-related (outcome mean=3.44; purpose-outcome differential=.42). Although not a purpose priority, a strong purpose-outcome differential of .45 is also recorded for managerial know-how application. The emergence of organization-related learning as a prominent strategic assignment outcome, more so than the technically-focused business learning, is reinforced by the interview feedback. As one expatriate commented: “The only thing you learn different is the culture and the different people. But the software and all is the same, yes.” A Danish expatriate concurred: “In terms of product knowledge I don’t think I would have learned more here than...in my previous role in Denmark. In terms of the human side of it, this thing about working in a different environment, I’ve learned heaps more than I would have learned (there).” As mentioned with respect to the hypothesis 1b results, our interview data further highlight the distinction between the people-related and more structural forms of organization learning. The expatriates consistently placed more strategic significance on the former. As one explained: “The important thing is how and where people sit – the people. Ericsson’s been through a lot of changes in the last few years structurally, quite significant ones. But they’re quite easy to understand...The implications of the structural changes on the people you’ve got to work with is the key.” Another concurred: “...the organization is something on paper...But it’s networking – you need to know who counts for something and who doesn’t.”

There is also semi-quantitative confirmation of the importance of people-related learning. An open-ended survey question asked the expatriates to indicate what work-related learning experiences they considered might allow them to contribute the greatest future value to the firm. Of 58 valid responses, many with multiple comments, 72.4 percent made reference to people-related learning (eg. network development, cultural awareness, interpersonal

relations), 51.7 percent were business-related (eg. technical knowledge, product awareness), and only 19.0 percent were of a more structural or procedural nature (eg. policies). The host location-specific context of the expatriate learning was stressed by one expatriate: “You can’t come here and think you know... You might have a lot of knowledge about the product and how to utilize it in a specific place such as Sweden, but to think you know how to use it here or why they need it here or so forth, it doesn’t work that way. You really have to understand specific needs, the market here, the people here – I mean, how you do business.”

Discussion and Conclusions

Albeit for only one transnational organization and one embedded sample group, the empirical results for hypotheses 1a and 1b provide a basic endorsement of our strategic assignment framework model in Figure 1. We have firstly demonstrated that the strategic assignment purpose-outcome differentials for all three principal role objective categories, namely business applications, organization applications and expatriate learning, are both positive and significant. We have further confirmed the significant positive association between these differentials and the expatriates’ time-on-assignment, highlighting the path-dependent nature of the expatriate role process linkage between strategic assignment purposes and outcomes. We conclude that the magnitude of each purpose-outcome differential is indicative of the extent to which the strategic assignment outcomes are emergent, that is either unplanned or unforeseen compared to their original intent (Mintzberg, 1987). The cumulative achievement of the outcomes over time supports the empirical findings of Torbiörn (1982) and Janssens (1995) who specifically measured the positive effect of time on expatriate learning associated

with host country awareness and cross-cultural adaptation. Janssens (1995) observed, for example: “In general, the more time international managers had spent in the host country, the higher their knowledge of the host country and interaction with local nationals” (p.162).

The empirical results for hypothesis 2 confirm that within EPA expatriate learning exhibits a greater emergent outcome than either business or organization-related knowledge applications. This result endorses the findings of other empirical studies where expatriates report significant assignment-related learning gains (eg. Berthoin Antal, 2000; Caligiuri & Di Santo, 2001; Oddou & Mendenhall, 1991). As found by the Berthoin Antal (2000) and Caligiuri and Di Santo (2001) research, our combined quantitative and qualitative evidence suggests that people-related ‘know-who’ learning is as important as the ‘know-how’ learning type in terms of its strategic significance. The results, which are largely based on expatriate self-reports, further indicate that the expatriates place a greater emphasis than the company on the relevance of their self-learning as an assignment purpose. This finding strengthens the view expressed by Yan, Zhu and Hall (2002) that “career development is arguably the most important long-term concern of the individual in formulating his or her psychological contract with the MNC in the context of an overseas assignment” (p.377).

Significantly, the dominant emergent learning effect for the aggregate expatriate sample is individually upheld for the PCN and TCN categories, being more so for the latter group. We rationalize this effect as an inevitable outcome of the TCNs’ more complex role which, as explained by Dowling et al (1999), “is defined and performed in two countries other than the TCN’s own” (p.128). Although the PCNs and TCNs start from a common (and presumably limited) knowledge base with respect to the host country, the TCNs have more to learn than

their PCN counterparts in applying the headquarters' culture, systems, procedures and personal networks to their host country role. The stronger expatriate learning differential recorded by our study for TCNs implies that they have met this learning challenge, thus allowing them to be competitive with their PCN peers.

Although the present study is limited to only one organization, we believe the theoretical models are potentially generalizable outside this single case. These include the strategic assignment framework in Figure 1, the assignment purposes (and outcomes) classification in Figure 2 and the assignment purposes (and outcomes) relationship matrix in Figure 3. From an empirical standpoint the adoption of a single case research design, albeit with a more limited database, has allowed a greater level of control and analytical focus than that possible through a multiple case research design. We nevertheless advocate that future studies would benefit by expanding to a multiple case design, at the same time adopting a larger and more heterogeneous study sample that incorporates a broader balance between expatriate and company perspectives.

As documented in Table 1, a number of new empirical measures have been developed as part of this study. Of particular note, we have confirmed on a post-hoc basis the particular relevance of personal networking to business-related *as well as* organization-related knowledge applications by expatriates¹. Our quantitative and qualitative findings have also demonstrated the importance of personal networking with respect to expatriate knowledge acquisition or learning. As a result we would recommend that any future re-definition of the measures for expatriate learning purposes and outcomes, respectively, might benefit from the addition of a specific scale item for personal network learning.

In general conclusion, we believe our study makes a valid contribution to the relatively limited knowledge base relating to the strategic purposes of expatriate assignments and their resultant outcomes, and in particular the latter. We have provided a basic exploratory insight, both theoretical and empirical, to the important path-dependent relationship between these purposes and outcomes, doing so for each of the re-defined role objective categories of business applications, organization applications and expatriate learning. We have recorded the emergent nature of these role objectives in terms of their resultant outcomes, noting in particular the strong emergence of expatriate learning outcomes. This result, although confirmed for only one transnational organization, nevertheless suggests that cumulative learning by expatriates and its subsequent re-investment represents an underestimated individual-level resource with the potential to exceed knowledge applications in adding long-term strategic value to multinational firms. From a human resources management standpoint the results highlight the need for firms to consciously plan for expatriate learning, manage it effectively during an assignment, and re-invest it wisely in terms of future roles for the particular expatriate.

Endnote

1. In the operationalization of our empirical constructs we found it necessary to make a post-hoc amendment to the theoretically based business applications scale of Figure 2, both for strategic assignment purposes and outcomes. Principal component factor analyses, confirmed by inter-item correlations, indicated an evenly shared loading of the coordination/networking item between organization applications and, unexpectedly from a theoretical perspective (refer Figure 2), business applications. For the strategic assignment purposes construct, for example, the respective

varimax loadings were .58 and .56. In situations like this where an item loads evenly onto more than one factor its inclusion in both scales has been advocated (De Vaus, 1995). As the potentially exaggerated correlation of variables was not an issue, we judiciously adopted this practice and in each case found an alpha reliability enhancement of up to .11. Further, there was a qualitative reassurance from our interview data that expatriate networking is a prominent business as well as organization-related role activity.

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FIGURES

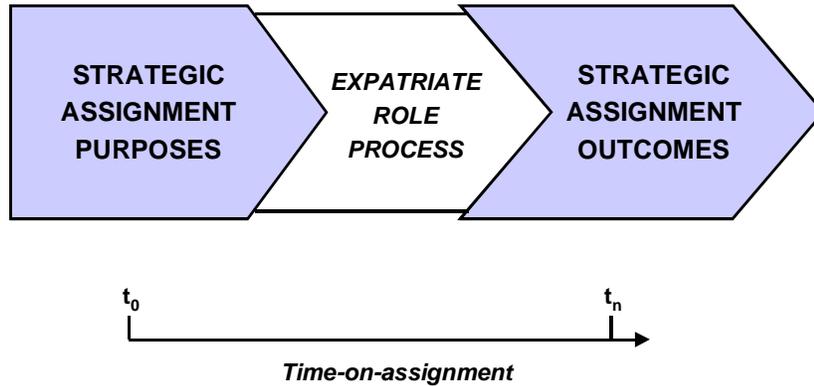
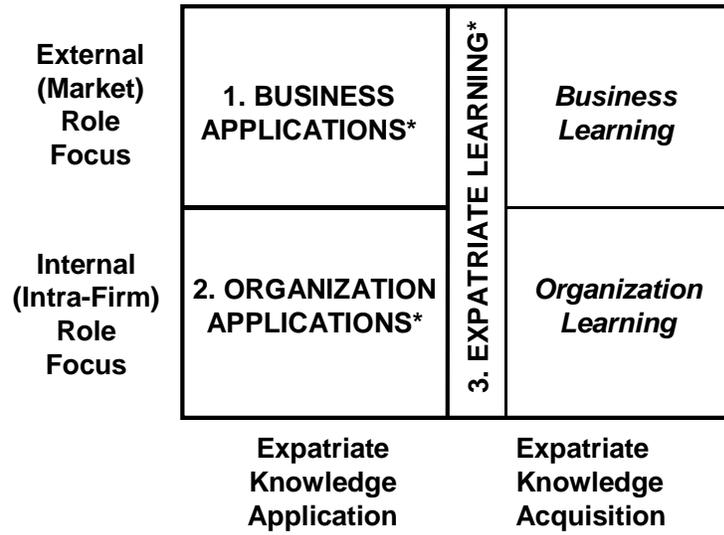


Figure 1. *Strategic assignment framework*

Principal Purpose Categories	Contributing Role Objectives
Business applications (='Fill positions')	<ul style="list-style-type: none"> • Managerial know-how application • Professional know-how application • Professional know-how training • Technology innovation transfer • Corporate image promotion/external relations
Organization applications (='Develop organization')	<ul style="list-style-type: none"> • Coordination/networking • Culture transfer/socialization • Policy transfer/control • Best practice systems transfer
Expatriate learning (='Develop managers')	<ul style="list-style-type: none"> • International business/professional experience • Global company perspective

Figure 2. *Assignment purposes classification; the equivalent Edström and Galbraith (1977a) categories are shown in parentheses*



*1-3: Re-defined Edström & Galbraith categories

Figure 3. Assignment purposes (and outcomes) relationships

TABLES

Table 1. *Constructs and measures definition*

Construct/Variable	Definition	Alpha	Mean (SD)
Strategic assignment purposes - Business application purposes	Extent of company's <i>pre-assignment</i> specification of the following assignment role objectives: (1) business management responsibilities; (2) professional expertise application; (3) training local nationals; (4) business-related technology transfer; (5) external business relations; and (6) business coordination and personal networking#. 6-item measure where 5=fully and 1=not at all. New measure based theoretically on Edström & Galbraith (1977a).	.68	2.81 (.79)
- Organization application purposes	Extent of company's <i>pre-assignment</i> specification of the following assignment role objectives: (1) organizational coordination and personal networking; (2) transfer of corporate culture to subsidiary; (3) transfer of corporate policies to subsidiary; and (4) transfer of corporate best practice systems to subsidiary. 4-item measure where 5=fully and 1=not at all. New measure based theoretically on Edström & Galbraith (1977a).	.86	2.49 (1.06)
- Expatriate learning purposes	Extent of company's <i>pre-assignment</i> specification of the following assignment role objectives: (1) developing professional expertise through broader international business experience; and (2) developing understanding of company's global organization. 2-item measure where 5=fully and 1=not at all. New measure based theoretically on Edström & Galbraith (1977a).	.83	3.14 (1.22)
Strategic assignment outcomes - Business application outcomes	Extent of expatriate participation <i>since assignment commencement</i> in the same role activities as listed for business application purposes. 6-item measure where 5=fully and 1=not at all. New measure based theoretically on Edström & Galbraith (1977a).	.62	3.14 (.69)
- Organization application outcomes	Extent of expatriate participation <i>since assignment commencement</i> in the same role activities as listed for organization application purposes. 4-item measure where 5=fully and 1=not at all. New measure based theoretically on Edström & Galbraith (1977a).	.80	2.79 (.86)
- Expatriate learning outcomes	Extent of expatriate participation <i>since assignment commencement</i> in the same role activities as listed for expatriate learning purposes. 2-item measure where 5=fully and 1=not at all. New measure based theoretically on Edström & Galbraith (1977a).	.71	3.70 (.86)
Time-on-assignment	Duration of expatriate's assignment to-date, or total duration if completed. Single-item interval variable measured in years, where 1=3 months-< 1 year, 2=1-<2 years, 3=2-<3 years, 4=3-<4 years and 5=4+ years. Measure based on Janssens (1995) and others.	Not applicable	2.04 (.76)

Duplicate item with organization application counterpart (wording adjusted slightly)¹

Table 2. Strategic assignment purpose-outcome differentials (n=71)

Role Objectives	1. Purpose (P)	2. Outcome (O)	3. Comparison (t)	4. Differential ($\Delta O-P$)
Business applications				
Managerial know-how application	1.89 (1.26)	2.34 (1.49)	2.53*	.45 (1.09)
Professional know-how application	4.20 (1.21)	4.62 (.66)	5.34**	.42 (1.15)
Professional know-how training	3.20 (1.27)	3.49 (1.11)	2.23*	.30 (1.07)
Technology innovation transfer	2.75 (1.25)	2.89 (1.25)	.93	.25 (1.18)
Corporate image promotion/external relations	1.79 (1.25)	2.07 (1.36)	1.74	.28 (1.20)
Business coordination/networking [¥]	3.01 (1.36)	3.44 (1.07)	3.37**	.42 (1.24)
<i>Business applications</i>	<i>2.81 (.79)</i>	<i>3.14 (.69)</i>	<i>4.02**</i>	<i>.35 (.66)</i>
Organization applications				
Organizational coordination/networking [¥]	3.01 (1.36)	3.44 (1.07)	3.37**	.42 (1.24)
Culture transfer/socialization	2.28 (1.23)	2.62 (1.06)	2.70**	.34 (1.24)
Policy transfer/control	2.06 (1.17)	2.37 (1.15)	2.25*	.31 (.99)
Best practice systems transfer	2.61 (1.30)	2.73 (1.04)	.99	.13 (1.09)
<i>Organization applications</i>	<i>2.49 (1.06)</i>	<i>2.79 (.86)</i>	<i>2.94**</i>	<i>.30 (.88)</i>
Expatriate learning				
International business/professional experience	3.30 (1.34)	3.68 (1.03)	3.09**	.38 (1.49)
Global company perspective	2.99 (1.29)	3.72 (.91)	6.72**	.73 (1.42)
<i>Expatriate learning</i>	<i>3.14 (1.22)</i>	<i>3.70 (.86)</i>	<i>5.49**</i>	<i>.56 (1.31)</i>

Except for column 3, data represent means/(standard deviations) of relative frequency within the range 1 to 5.

[¥]Duplicate item¹

** p<.01; * p<.05

Table 3. Bivariate correlations (n=71)

Variable	1	2	3
1. Business applications differential [#]			
2. Organization applications differential	.60**		
3. Expatriate learning differential	.59**	.53**	
4. Time-on-assignment	.22*	.26*	.23*

Data represent Pearson one-tailed correlation coefficients

[#] Purpose-outcome differential

** p<.01; * p<.05