

**DEVELOPING EFFECTIVE GLOBAL RELATIONSHIPS THROUGH STAFFING  
WITH INPATRIATE MANAGERS: THE ROLE OF INTERPERSONAL TRUST**

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# **DEVELOPING EFFECTIVE GLOBAL RELATIONSHIPS THROUGH STAFFING WITH INPATRIATE MANAGERS: THE ROLE OF INTERPERSONAL TRUST**

## **Abstract**

International human resource managers are progressively encountering new challenges pertinent to the manageability of multiculturalism when staffing global positions. The literature indicates that trust in the global organization context increases subsidiary acquiescence to and cooperation with the headquarters, making this concept an important component in developing inpatriates' relationships with the headquarters organization. The purpose of this article is to examine a range of antecedents to trust building, distinguish between two different types of trust, affective vs. competence-based, and examine key outcomes of inpatriates' trust building in global organizations. Reference point theory is used as the foundation for an analysis of the deliberate choice of the inpatriate manager and parent organization alike to adjust to new organizational conditions. In addition, it provides guidance in examining the effects of assignment longevity. The authors propose that through the development of competencies such as trust building, an organization is better able to implement global learning and talent management and in turn develop more effective and ongoing global relationships based on trust.

**Key Words:** *Inpatriate, Trust, Global Management, Staffing*

# **DEVELOPING EFFECTIVE GLOBAL RELATIONSHIPS THROUGH STAFFING WITH INPATRIATE MANAGERS: THE ROLE OF INTERPERSONAL TRUST**

## **INTRODUCTION**

Effective global relationships rest on the ability of two or more organizations to share resources candidly. Global relationships, also known as inter-organizational relationships, include but are not limited to relational contracting, strategic alliances, joint ventures, and research and development consortia, serving purposes such as information processing, resource exchange, power relations, boundary penetrations, and sentimental attachments (Kenis & Knoke, 2002). The intricacy of global staffing unquestionably heightens the complexity of interaction and thus the difficulty in effectively socializing employees in global organizations. Harvey, Novicevic, and Speier (1999) suggest that among other concerns, the issue of trust in inpatriate staffing (i.e., the relocation of foreign employees/managers to the parent country of the organization) must be examined to further our understanding of effective global relationship management (Harvey, Novicevic, & Speier, 2000; Harvey, Novicevic, Buckley, & Fung, 2005).

Despite the identification and development of inpatriates as a viable staffing alternative in global organizations, there are limited theoretical and/or empirical findings of the processes, determinants and perceptions of trust formation between inpatriate managers and parent country/headquarters (HQ) management (Foss & Pedersen, 2004; Gupta & Govindarajan, 2000). Robinson and Rousseau (1994) suggest that variation in the psychological contract on the part of the parent-country organization will decrease inpatriates' trust, satisfaction, performance and likely success in their critical dimension of global management. This leads to the question of how a global organization can be staffed with inpatriate managers while retaining diversity of perspective and at the same time integrating the inpatriate managers into the management team to proactively enhance the effectiveness of the global organization.

In recent years, there has been a shift from simple to binary considerations of networking relationships, whereby the focus of researchers has shifted from the existence versus non-existence of relationships to a deliberation of attributes such as the strength, longevity, commitment and content of any given relationship (Brass, Galaskiewics, Greve, & Tsai, 2004). Adding to it the issue of labor migration, research on effectively managing global relationships reaches a new level of complexity. Thus far, researchers have found

strong support for four factors that contribute to the impact of the perception of trust and credibility of employees when staffing global organizations. They include: (1) the perceptions of knowledge and expertise, (2) openness, (3) honesty, and (4) concern and care within the relationship (Peters, Covello, & McCallum, 1997; Wong & Boh, 2010). Despite these recent findings, the issue of trust within organizations with regard to inpatriates has been neglected. This creates a level of concern given global organizations' increased needs to staff and continuously manage inpatriate talent and calls for a detailed investigation of the phenomenon of trust among individual inpatriate constituents and their parent country counterparts.

The dialogue about the temporal perspectives of inpatriate staffing (i.e., short-term vs. long-term inpatriation) can shed further light on the issues of trust when staffing global organizations (for example, see Harvey, 1997; Harvey & Buckley, 1997; Reiche, 2006). Comparing traditional (i.e., long-term) staffing with the more recent investigation of short-term staffing (Tahvanainen, Worm, & Welch, 2005), we attempt to explore an organization's ability to manage multicultural diversity when staffing global organizations. Aside from considering longevity of the assignment, we will analyze the trust-building processes that occur in short-term vis-à-vis long-term inpatriation staffing options. Specifically, building on Whitener, Brodt, Korsgaard and Werner (1998) we identify four antecedents of inpatriates' trust building with HQ staff, which include their initial interactions, expectations for reciprocation, perceived costs of unreciprocated exchanges, and perceived cultural novelty. We also discuss both affective and competence-based types of trust that inpatriates may develop (McAllister, 1995). Finally, we derive three distinct outcomes of inpatriates' trust building that may benefit both the organization (e.g., Hewett & Bearden, 2001) and the individual inpatriate (e.g., Bouty, 2000): organizational ability to better manage talent globally, inpatriates' ongoing commitment and loyalty, and inpatriates' career progression.

The manuscript is divided into the following sections. First, the paper examines the shift from multinational to global strategy orientation and the resulting impact on staffing. Second, reference point theory is introduced, acting as a foundation for an analysis of the development of trust in/for inpatriate managers. Third, we theorize about how short- and long-term inpatriate staffing alternatives differ with regard to their trust-building processes at the HQ and we derive testable propositions. The key argument is that through staffing with inpatriate managers competencies such as trust building are developed. Moreover, global organizations are better able to implement global talent management and in turn develop more effective and ongoing global relationships based on trust.

## **THE SHIFT FROM A MULTINATIONAL TO A GLOBAL MANAGEMENT PERSPECTIVE**

As organizations continue to globalize their operations, staffing with highly skilled global managers will increase. This leads to additional adaptations for international human resource managers. Taylor, Beechler and Napier (1996) define international human resource management (IHRM) as “the set of distinct activities, functions, and processes that are directed at attracting, developing, and maintaining global organizations human resources” (p. 967). It thus entails the combination of the various HRM systems used to manage employees in the global context. According to a global relocation survey, the trend of international relocations is expected to continue to increase (Windham International, 2000), making the staffing of global organizations of particular interest and a pressing issue in terms of the manageability of multiculturalism.

In a survey to executives asking them to identify the major challenge the HR function is facing in terms of globalization, the following five issues emerged: 1.) enhancing global business strategy; 2.) aligning HR issues with business strategy; 3.) designing and leading change; 4.) building global corporate cultures; and 5.) staffing organizations with global leaders (Mendenhall, Jensen, Black, & Gregersen, 2003). Implementing global HR change initiatives, for instance, requires acceptance of cultural sensitivity and an allowance for local preferences when staffing global businesses. It is thus important for organizations to select global managers and to enable managers to change and adapt to a global environment and achieve improved organizational performance.

Offering a supplementary perspective to the management of human resources in the global context (Harvey, 1997; Harvey & Buckley, 1997), a new type of manager, the inpatriate, was introduced to augment staffing options and to provide a ‘linking-pin’ between their home-country organization and the host-country organization (Harvey, Speier, & Novicevic, 1999b). These managers have the potential to contribute to a global organization’s attempt to develop a globally competitive advantage through creative/effective staffing.

### **Inpatriate Managers in Global Organizations**

Whereas corporations have traditionally attempted to develop a global state-of-mind through the use of expatriates, the recent emergence of inpatriation as a creative staffing option has had a great impact on developing effective global relationships. Expatriates, employees from the parent-country organizations, are sent from developed economies to host-country organizations in emerging and transitional economies typically for a term of 3 to

5 years. Inpatriates, in contrast, represent a group of global managers who are transferred to the parent country of the global organization on a permanent or semi-permanent basis (Harvey, 1997; Harvey & Buckley, 1997). Through staffing organizations with these managers, the host organization can use the diverse cultural backgrounds (Harvey, 1997; Reiche, 2006) to link home- and host-country organizations and at the same time enhance inter-organizational relationships.

Harvey, Ralston, and Napier (2000) suggest that a proactive staffing of inpatriates accelerates the creation of successful multicultural management teams and globalization within an organization. In particular, staffing inpatriate managers who serve as a critical strategic communication point for host country managers to guide and insure clarity of the global mission (Harvey et al., 1999b) may present one of the most eminent advantages of staffing with inpatriate managers in the HQ organization. At the same time, to avoid experiencing the loss of control felt when utilizing host country nationals, HQ would benefit from staffing with inpatriate managers and allowing them to develop social capital and political understanding of the HQ (Harvey, et al., 2000). Overall, inpatriate managers with contextual understanding of both the global and local organizations are able to facilitate change, strategic integration and organizational learning (Doz & Prahalad, 1986; Kamoche, 1996; Mueller, 1996). While a great deal of value derived from inpatriate managers is due to the differences that they bring to the global decision-making process, inpatriate managers need to first and foremost be accepted in the HQ organization to be an effective member of the global management team (Harvey et al., 2000).

From an inpatriate's standpoint, the variability of reception to a host organization can instantly harm the perceived images of receptivity, leading to potential frustrations between the inpatriate manager and other organizational members (Bhawuk & Brislin, 1992). In addition, unfamiliarity with the way business is conducted in the host organization (Harvey, et al., 2000) and difficulty in obtaining the same level of credibility and respect due to the peripheral nature to the global mission of the organization (Harvey & Buckley, 1997; Harvey & Miceli, 1999; Harvey et al., 2005) present drawbacks to staffing with inpatriate managers and building trustworthy relationships. All of these factors combined can lead to a potentially distrustful relationship between inpatriate managers and other organizational members and conceivably heighten the adjustment difficulties associated with relocations of inpatriate managers to parent-country organizations and the difficulty in utilizing them as a crucial staffing option in global organizations.

As a result, an existing climate of distrust makes it difficult to motivate inpatriate managers to acclimate to their new position. Attempts at international adjustment (this includes the fostering of trusting global relationship) are necessary and perhaps even more important in cultures that are vastly different from that of the host organization.

### **Short-term vs. Long-term Inpatriate Staffing**

Evidence suggests that there are crucial differences between short- and long-term staffing options (Harrison, Shaffer, & Bhaskar-Shrinivas, 2004; Tahvanainen et al., 2005). It is fundamentally important to acculturate and assimilate inpatriate managers into the global organization, specifically focusing on the issue of trust building over time. For economic reasons and to effectively retain knowledge within an organization, it is imperative to keep inpatriates within the organization long-term.

In a study of 11 Finnish multinationals to explore aspects relating to short-term international staffing, results indicated that advantages of short-term staffing (e.g., flexibility, simplicity, cost effectiveness) may in some instances outweigh advantages in long-term staffing (e.g., good relationships with colleagues, constant monitoring) (Tahvanainen et al., 2005). Thus, it is important to consider the implementation of trust in various stages of the inpatriation process to guarantee the most effective relationships and hence organizational outcomes. Short-term staffing serves the purpose to transfer skills and problem solving, while traditional, long-term staffing is used to fill positions or skills gaps and develop management and the organization as a whole. The major difference lies in the fact that short-term staffing lasts typically up to 6 to 12 months, leaving significantly less time to adjust and develop trust. Long-term international staffing can last typically 12 to 36 months, allowing for an extended time period to gain the same result (Tahvanainen et al., 2005).

Several other empirical studies have indicated that retaining inpatriates long-term presents a challenge not easily mastered among global corporations. If international assignees perceive corporate repatriation and career management systems to be less than adequate or deficient, turnover is likely to be high (Stahl, Miller, & Tung, 2002; Suutari & Brewster, 2003; Tung, 1998). Consequently, managers will seek to establish social ties with those who are able to provide them with further career opportunities (Seibert, Kraimer, & Liden, 2001). Based on this evidence, it can be concluded that individual trust building is not only of temporal value, but is reciprocally related to an organization's outreach to the inpatriated individual. Specifically we propose that long-term reciprocal trust building enables retention

of inpatriates because it will encourage them to develop social ties within the organization and engage in positive attitudinal behavior.

### **A REFERENCE POINT THEORY PERSPECTIVE TO THE INPATRIATION OF GLOBAL MANAGERS**

Reciprocal cultural adaptation of the HQ organization and the respective inpatriate managers' subsidiaries is a critical factor in increasing the functional consistency or organizational fit among the various organizational units (Harvey et al., 2000). To gain insight into the potential issues/problems that the parent-country organization (i.e., HQ) and the inpatriate managers may experience, it is proposed that Reference Point Theory (RPT) may provide insights into the issues surrounding the deliberate choice of the inpatriate manager and parent organization alike to adjust to new organizational conditions (Fiegenbaum, Hart & Schendell, 1996). The basic premise of RPT is that both parties involved need to reflect on the anticipated environmental conditions that exist (e.g., in the HQ organization) and how their reference points are different from others (Andrews, 1971; Hofer & Schendel, 1978). Essentially, one must attempt to understand and match individual concepts of organizational differences between the inpatriate's host-country organization environment and that of the home-country organization. This fit must be dynamic given the changes in the organizational environment (i.e., involving all organizational reference points) that exist in each country.

Reference points may stem from internal sources (i.e., individuals and/or departments within the inpatriate's home-country organization) and/or external sources (i.e., individuals, groups, institutions affiliated or not affiliated with the organization). The reference points each inpatriate manager introduces into the HQ organization are shaped by his/her cultural heritage and may therefore differ significantly from any other inpatriate managers' reference points. In this vein, the greater the differences in context between the inpatriate's home- and host-country location, the greater the risk associated with misinterpreting the consequent behavior of both parent-country organization and inpatriate managers alike. It is not unusual for reference points to change over time, yet the primary significance of RPT lies in determining *ex ante* the sources (i.e., reference points) upon which an inpatriate manager draws to make decisions at the HQ organization. Being provided with such insight may indicate the extent to which and/or speed with which trusting exchange relationships involving inpatriate managers may be developed.

The desired end-result is to establish the inter-unit linkages and balance the needs for autonomy (cultural identity), co-ordination ("fit" between organizational units) and control (HQ management concern), to increase the competitiveness in emerging markets (Dowling &

Schuler, 1990; Dowling, Welch, & Schuler, 1999). Trust is crucial for these goals to be achieved when staffing global organizations with inpatriate managers.

Based on the desired results, it is proposed that individual trust building is not only of temporal value, but is reciprocally related to an organization's outreach to the individual. Sociologists often find trust in socially embedded properties of relationships among people (Granovetter, 1985) or institutions (Zucker, 1986), whereby trust is at once related to dispositions, decisions, behaviors, social networks, and institutions. Thus, it is important to consider the implementation of trust in various stages of the inpatriation process to guarantee the most effect relationships and hence organizational outcomes.

Because there is a notion of vulnerability (of both parties) in an exchange relationship of trust (e.g., Mayer, Davis, & Schoorman, 1995; Sabel, 1993), Lorenz (1999) suggests that a set of procedural rules to guide managers' responses can encourage others to consider mutual learning experiences that contribute to the development of trust, thus increasing the likelihood of successful cooperation. The parent-country organization must also commit to a social/psychological support program for inpatriate managers to assimilate the inpatriate managers into the professional culture as quickly as possible and to reduce the potential amount of dysfunctional behavior and increase the rate of learning (Harvey, Ralston, & Napier, 2000).

There may be three reference points used to develop a sense of trustworthy behavior of the inpatriate manager after inpatriation, those being 1.) the host-country organization climate/environment, 2.) the home-country organization climate/environment, and 3.) other environmental climates/environments in which the inpatriate manager has personal experience (e.g., other divisions of the present organization or other organizations that the inpatriate manager worked for in the past). The relative frame-of-reference may explicitly as well as implicitly influence one's ability and willingness to adjust their perspective on trust from one organizational climate/environment to another. RPT is an attempt to predict trust based on the selected or perceived reference point of an actor (e.g., inpatriate manager or the parent country management as a whole) as well as other constituents that influence the reference point of the manager (Fiegenbaum, Hart, & Schendel, 1996).

Two primary reference indices for constructing a risk assessment of the occurrence of trust in both parties could be envisioned as being internal (i.e., management, individual managers) as well as external (i.e., differences in the macro environments). For instance, the risk/return associated with the trust in inpatriate managers at HQ may be assessed in a relative manner to their home organization and the environment to which the inpatriate manager relocated/transferred. These assessments of various reference points can occur on an

on-going basis in an organization and may change over a time continuum of past, present and future. Therefore, decision-makers may use this reference point perspective to assess the various points-of-view related to trust at different points in time relative to each referent environment. Policies (which are part of the socializing process) may be directed at clarifying and legitimizing the concept of inpatriate managers' move from one environment (i.e., organizational) to another over time.

The following paragraphs are dedicated to a description of the risk/return relationship in developing trust towards inpatriate managers as a staffing option by managers at the HQ organization. There are three different models of risk-taking decision behavior of HQ management relative to addressing trust in inpatriate managers. First, the decision-makers may be assumed to be risk averse relative to making any decisions that pertain to developing an on-going relationship with inpatriate manager(s). Management's propensity to address the issues associated with making the adjustment in the organization is reduced if the return/reward is insufficient to stimulate a willingness to undertake such risks. Management, on the other hand, may make decisions that maximizes utility and, therefore, have a positive slope to the risk-taking curve relative to creating a trusting relationship with inpatriate manager(s) (Schoemaker, 1982). However, a segment of management or key managers may at the same time be risk takers (i.e., the rewards outweigh the cost/consequences). It has been hypothesized that decision-makers are able to increase returns and reduce risk simultaneously by selecting an appropriate reference point for their decision. Ultimately, to make long-run organizational decisions in an information vacuum which are not tied to some decision context (as explicit or implicit reference points) would be unrealistic and lead to suboptimal decision-making.

There is a third stream of RPT research which speculates that decision-makers make decisions that are clearly above a reference point and at the same time make other decisions that are below the same reference point. The conclusion that can be drawn from this conceptualization of decision-making is that managers are both risk-averse and risk-taking, depending on whether the decision-makers perceive themselves to be in a domain of gains or losses relative to changing their concept of social time (Fiegenbaum et al., 1996). It has been argued that the top management level decision-makers become internal reference points in a specific organizational context for issues such as the acceptance and/or trust in 'outside' employees (Kahneman & Tversky, 1979). This leads to the question how and which reference point managers use when they make decisions relative to trusting inpatriate managers. This is not to assume that these managers' decisions are random but, rather, temporally influenced by

changes in the internal organizational environment, knowledge of other organizations' tolerance of an inpatriate manager, and the points of reference they use in their decisions.

The concept of reference points for decision-making is based upon the psychological precept that individuals' perception mechanisms are thought to better calculate relative differences rather than absolute levels when evaluating alternatives (Festinger, 1954). However, there are others who are concerned that there is no formal theory for determining reference points for decision-makers (Tversky & Kahneman, 1986). It is assumed that RPT can make a contribution in determining the risk-taking posture of managers when addressing complex, multifaceted issues such as trusting inpatriate managers who are looked to as the point of reference by the manager when making decisions in a home country of the organization.

Examining the risk perspective of various stakeholders is critical, but the return or "benefit" derived from reducing the level of uncertainty in the organization has to be considered at the same time. The perceived payback from acting on reference point information/input relative to valuing the input of inpatriate managers and building enduring relationships over time is important. Therefore, it would seem only logical that the management as a whole will have to take a concert stance on valuing the potential impact of inpatriate managers to establish an environment that is known for being in step with the development of a multicultural management team.

### **INPATRIATES' DEVELOPMENT OF TRUST IN THE HQ ORGANIZATION**

Whereas the previous section looked at general factors that may influence both inpatriate managers' and HQ management's inclination to develop interpersonal trust, we will now examine in more detail the antecedents, types and outcomes of trust from the perspective of the individual inpatriate manager. In doing so, we will differentiate our analysis between short-term and long-term inpatriate staffing options.

The concept of trust has received much attention over recent decades as both a key determinant and a result of collective action in organizations (Bachmann & Zaheer, 2006; Kramer & Tyler, 1996; Leana & Van Buren, 1999). While different conceptualizations of trust exist in the literature (Rousseau, Sitkin, Burt, & Camerer, 1998), the notion of vulnerability in an exchange relationship is central to many definitions of trust (e.g., Mayer, et al., 1995; Sabel, 1993). In this paper, we therefore follow Rousseau et al. (1998: 395) in defining trust as a "psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another." Although trust can entail

negative effects (e.g., Langfred, 2004), positive outcomes have been well supported in the literature. For example, trust has been shown to increase group performance (Dirks, 1999), improve manager-subordinate relationships (Brower et al., 2000), foster knowledge sharing (Levin & Cross, 2004), increase the ease of negotiation among boundary spanners (Zaheer et al., 1998) and exert a moderating effect on a range of other attitudes, behaviors, perceptions and performance outcomes (see Dirks & Ferrin, 2001). Similarly, in the global organization context, trust has been shown to increase subsidiary acquiescence to and cooperation with the HQ (Hewett & Bearden, 2001).

Creating trust in the organization entails providing the inpatriate managers with 1.) the global vision held by the organization, 2.) the basic core values of the global organization, 3.) a clear understanding of the parent organizational climate/culture, including both the formal and informal dimensions, 4.) the differences in human resource management processes and how the variations have an immediate as well as long-run impact on the inpatriate, 5.) the career opportunities for the inpatriate manager in the parent-country organization (Harvey et al., 2000), and 6.) the means to properly be socialized into a new organizational environment (Cartwright & Cooper, 2003; Moeller, Williams, & Harvey, 2010). All of the above enhance an inpatriate manager's psychological contract with the parent-country organization.

Trust between inpatriates and their HQ counterparts is vital given the high level of confidence that HQ staff will have to develop towards inpatriates as boundary spanners and integrative linking-pins between the global organization units (Harvey et al., 1999). The pivotal role anticipated for the inpatriate manager necessitates a higher level of trust by and for the inpatriate manager. Given the frequent 'liability of foreignness' found in western organizations it will require specialized training for HQ personnel as well as cultural training for the incoming inpatriate managers to employment an effective inpatriation program (Harvey et al., 2005).

Specifically, based on inpatriates' social knowledge of both the home- and host-unit context, the HQ expects to transfer a substantial amount of global operations control when staffing with inpatriate managers. To be able to do so, HQ staff needs to develop trust towards inpatriates and thus implicitly accepts vulnerability based upon the inpatriate's management of HQ-subsiidiary relationships. The development of trust, however, is not automatic. As inpatriates are coming from the global organization periphery, they are frequently viewed as outsiders that lack the credibility and status to be trusted with important responsibilities (Harvey & Buckley, 1997; Labianca et al., 1998). In this vein, Reiche,

Kraimer and Harzing (2008) found that, while interpersonal trust, conceptualized as inpatriates' relational social capital with HQ staff, positively influences knowledge sharing at the HQ, perceived host ethnocentrism inhibited inpatriates from developing this trust in the first place.

In the following sections, we develop a conceptual framework for inpatriates' trust-building (see Figure 1). While we acknowledge that inpatriates will need to develop trust with both home- and host-country employees in order to effectively serve as boundary spanners between global organization units, in the remainder of this paper we assume that inpatriates, being transferred from the subsidiary to the HQ, have already established trust at home. We are therefore particularly interested in how short- and long-term inpatriates differ in their trust-building processes at the HQ. It is important to note that the one-year assignment mark in itself does not lead to any particular shift in trust building. Rather, it is the overall timeframe of the assignment (short-term vs. long-term) that will induce different elements in the trust building processes to be relatively more important, as indicated in Figure 1. In addition, it is possible that inpatriates may have had contact with HQ staff prior to their HQ relocation. However, in most cases these previous contacts will have occurred through short business trips or joint meetings. Although this may lead to the development of social ties, the development of trust may require more frequent and intense interactions (Granovetter, 1973). Below, we first consider a range of antecedents to trust building, followed by a discussion of two different types of trust inpatriates may develop, and finally examine key outcomes of inpatriates' trust building for the global organization.

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### **Antecedents to Inpatriates' Trust Building**

The literature has discussed a multitude of potential antecedents of trust building such as individual ability or propensity to trust, integrity and benevolence (Brower et al., 2000; Mayer et al., 1995). However, we limit our analysis to those antecedents that are unique to the inpatriation context and are likely to have a differential impact on short- and long-term inpatriates' trust-building processes. In addition, rather than focusing on particular individual-level factors, we consider relational determinants that concern the relationship between trustor and trustee in general (Whitener et al., 1998) and inpatriates and HQ staff in

particular. Specifically, we discuss four antecedents: initial interaction, expectations for reciprocation, costs of exchanges, and cultural novelty.

*Initial interactions.* In their model of managerial trustworthy behavior, Whitener et al. (1998) discuss relational factors that determine whether a manager will engage in trustworthy behavior towards his or her subordinates. We believe that this logic also applies in the context of inpatriation. A first relational factor concerns HQ staff perceptions of an inpatriate's abilities based on the latter's initial response to the role expectations for the new position. This is particularly relevant for inpatriates since they are newcomers to the HQ and thus not only need to adjust to their new job but also to the host national and the HQ corporate culture. In this vein, we would assume that short-term inpatriates will be more inclined to initially act in ways that elicit positive perceptions from HQ staff and thus provide a condition for the development of trust than permanent inpatriates. For example, the literature on impression management (Bolino, 1999; Rosenfeld, Giacalone, & Riordan, 1995) suggests that individuals will more likely engage in positive behaviors if performance appraisal deadlines approach or if they feel a need to restore a positive image of themselves. In the case of short-term inpatriates, the limited assignment duration implies that they are likely to be evaluated on a more short-term basis. Also, it is important to consider that inpatriates, particularly those from culturally and institutionally more distant subsidiaries or those being underrepresented within a respective company, are confronted with exclusionary pressures within the HQ organization (Harvey et al., 2005). Short-term inpatriates will have less time to alter negative perceptions among HQ staff and will therefore be more inclined to make a good impression in their initial interactions with HQ staff and meet role requirements. Therefore:

**Proposition 1:** *Based on their initial interactions, HQ staff will more likely develop trust towards short-term inpatriates than long-term inpatriates.*

*Expectations for reciprocity.* A second relational factor refers to the role of expectations towards reciprocation (Whitener et al., 1998). This is important as there is a considerable risk involved in trust to the extent that one party to the exchange relationship may initiate trustworthy behavior without realizing any return. In fact, exchange relationships have been suggested to develop based upon the appropriateness of reciprocity which may be manifested in culture (Doney, Cannon, & Mullen, 1998; Kanagaretnam, Mestelman, Nainar, & Shehata, 2009). Given this tenuous link, HQ staff will be more motivated to develop trust towards inpatriates that remain at the HQ for a longer period of time, because they will evaluate inpatriates' likelihood of eventually reciprocating more positively. In a similar vein, Nebus (2006) argues that reciprocation is path dependent. A trustee will more likely feel an

obligation to reciprocate a trustworthy behavior if s/he maintains a positive past relationship with the trustor, which will be affected by the length of the exchange relationship. Short-term inpatriates may have less motivation to reciprocate ongoing exchanges with HQ staff as their assignment to the HQ is transitory. Indeed, for an inpatriate who will be taking on a different position in the home country or region upon completion of the inpatriate transfer, the maintenance of trust with HQ staff may be secondary to other personal relationships within the global organization. We propose:

**Proposition 2:** *Based on their expectations for reciprocation, HQ staff will more likely develop trust towards long-term inpatriates than short-term inpatriates.*

*Costs of exchanges.* Implicit to trust building is also the notion of reduced transaction costs under conditions of high trust (Jones, 1995). In this regard, research, for example, suggests that trust can make knowledge exchanges less costly by reducing conflicts and the need to verify information (Zaheer et al., 1998). However, costs are not only associated with the actual exchange but also with the failure of an exchange to be reciprocated and thus with the exploitation of trustworthy behavior (Whitener et al., 1998). In the event of inpatriates not reciprocating HQ staff's trustworthy behaviors, for example by exploiting their boundary-spanning position to pursue subsidiary-specific interests, the associated costs will be higher for short-term as opposed to long-term inpatriates. In contrast, if inpatriates on longer-term assignments take advantage of their boundary-spanning role, HQ staff may be able to more easily resume responsibility to coordinate with and monitor the subsidiary. In formal terms:

**Proposition 3:** *Based on their perceived costs of unreciprocated exchanges, HQ staff will more likely develop trust towards long-term inpatriates than short-term inpatriates.*

*Cultural novelty.* Finally, recent research suggests that cultural differences influence the building and consequences of trust (e.g., Hewett & Bearden, 2001; Huff & Kelley, 2003). In this vein, Doney, Cannon and Mullen (1998) reason that actors from different cultures will vary in terms of how they evaluate a potential trustee. If trustor and trustee come from different cultural backgrounds, their respective cognitive trust-building processes and thus the criteria perceived to be relevant for trust building are likely to differ. We would assume the overlap of trust-building processes to decrease with partners' cultural distance, resulting in a generally lower degree of interpersonal trust. At the same time, the literature on acculturation and cultural adjustment indicates that cultural distance is not a static concept. Rather, individuals make conscious efforts to adjust to the foreign cultural environment and understand its cultural elements with the aim of reducing their cultural novelty (Berry, 1980;

Ward, 1996). This dynamic has important implications for inpatriates' trust building with HQ staff. Specifically, given their extended time in the HQ country, long-term inpatriates will have more opportunities to become socialized and acculturated in the host culture. For example, there is evidence that assignment duration has a positive impact on interaction adjustment (Gregersen & Black, 1990). Similarly, continuous interactions over time will increase the intensity of exchanges between HQ staff and long-term inpatriates with the result of developing shared values (Dutton, Dukerich, & Harquail, 1994) and mutually learning about deep-level cultural differences (Van Vianen, Pater, Kristof-Brown, & Johnson, 2004). This will facilitate the development of trust. In contrast, short-term inpatriates may lack the time necessary to reduce their cultural novelty as perceived by home country employees. Accordingly:

**Proposition 4:** *Based on the perceived cultural 'novelty' of inpatriates, HQ staff will more likely develop trust towards long-term inpatriates than short-term inpatriates.*

### **Types of Trust**

The anticipatory mindset of the inpatriate manager may be based on cognitive, behavioral or affective predispositions (Harvey et al., 2000), which may affect inpatriates' trust-building. In this regard, the literature distinguishes between at least two different types of trust (Mayer et al., 1995; McAllister, 1995; Rousseau et al., 1998). A first dimension has been called affective trust, also referred to as relational or benevolence-based trust, and involves the existence of an emotional bond between trustee and trustor, which prompts the trustee to engage in helpful and loyal behavior towards the trustor without specifying any attributions for this behavior. In contrast, competence-based trust, also known as calculus-based or cognitive trust, reflects a person's competence, professionalism, ability and previous performance. In addition to these forms of trust, there is also evidence for the existence of generalized (Leana & Van Buren, 1999) or institutional (Rousseau et al., 1998) trust which derives from general norms and behaviors prevalent in a social entity. Moreover, Kramer (1999) identifies various depersonalized bases of trust such as category-based trust and role-based trust whose origins lie in specific positions and roles an individual occupies as opposed to sources of trust directly related to the individual. However, in this paper, we focus on personalized trust and focus on the two most widely studied forms of trust (e.g., Nebus, 2006), arguing that inpatriation type will have a distinct effect on the development of these types of trust.

*Affective trust.* Implicit to the notion of affective trust and the development of emotional attachment between trustor and trustee is the idea that this form of trust evolves through repeated interactions over time (Rousseau et al., 1998). This form of trust is fragile in the sense that it takes time to develop but can be damaged very quickly, for example through behaviors that violate the underlying elements of an exchange relationship (Lewicki & Bunker, 1996). We would assume that long-term inpatriates will be more able to build affective trust with HQ staff than short-term inpatriates for two reasons. First, due to their longer presence at the HQ, long-term inpatriates will have more opportunities to establish close bonds with local staff and continuously nurture the trust relationships over time. This will be more difficult to achieve for short-term inpatriates. Second, long-term inpatriates may also be able to restore trust once it has been violated. In this regard, research suggests that while repeated untrustworthy behavior and deception may never recover trust, an initial violation of trust can be repaired through a series of trustworthy actions (Schweitzer, Hershey, & Bradlow, 2006). The likelihood that behaviors aimed at restoring trust are successful will be a function of the time available to perform such actions. Taken together, we propose:

**Proposition 5a:** *Compared to short-term inpatriates, long-term inpatriates will more likely develop affective trust with HQ staff.*

*Competence-based trust.* A main reason for staffing with inpatriated foreign nationals is their dual social knowledge of the subsidiary and the HQ context which enables them to initiate cross-unit knowledge flows, coordinate between the different global organization units as well as legitimize HQ and subsidiary institutions and actions (Novicevic & Harvey, 2001). From this perspective, competence-based trust derives from inpatriates' ongoing capability to effectively perform these boundary-spanning functions. A short-term inpatriate transfer will motivate inpatriates to maintain regular contact and interaction with the subsidiary in order to stay attuned to developments at home which will ultimately facilitate repatriation (Lazarova & Cerdin, 2007). A short-term transfer also signals to HQ staff that inpatriates will be able to update their subsidiary-specific knowledge, possibly followed by a renewed transfer to the HQ at a later stage, thereby increasing HQ employees' trust in inpatriates' competences. In contrast, long-term inpatriates may be less inclined to maintain relationships with their home unit as their frames-of-reference and their career prospects are increasingly shifted to the HQ organization. In this regard, research suggests that an important reason for individuals to build and maintain social ties is to achieve status and access career-relevant information (Lin, 1999; Seibert et al., 2001). The existing geographical

distance, ongoing organizational separation and lack of face-to-face interactions will also reduce the likelihood that subsidiary employees actively contact a long-term inpatriate, thus making it more difficult to maintain close relationships (Nebus, 2006). Although long-term inpatriates may make frequent business trips to the subsidiary, certain expertise and more tacit knowledge cannot be maintained through brief visits (Riusala & Suutari, 2004). Thus:

**Proposition 5b:** *Compared to long-term inpatriates, short-term inpatriates will more likely develop competence-based trust with HQ staff.*

In this vein, if the inpatriate manager has first-hand knowledge of what to expect in the new position (with regard to relationships), their motivation to trust may be higher. In contrast, if inpatriates are basing their expectations on limited interactions with other inpatriates they have had contact with, their knowledge may be less factual and more skewed to negative stereotypes (Ashford & Taylor, 1999; Wong & Boh, 2010), meaning that trust is initially lower than expected (Harvey et al., 2000). We would also assume that both types of trust can be facilitated through an inpatriate cross-cultural training program, which allows for the creation of social, political, and organizational awareness, feedback highlighting an inpatriate's strengths and weaknesses, etc. (Harvey et al., 2000) and thus significantly enhances the inpatriate acculturation and learning process.

### **Outcomes of Inpatriates' Trust Building**

The final part of our conceptual framework consists of the outcomes of inpatriates' trust building. Trust entails a series of benefits that have been reviewed earlier. In the following sections, we focus our arguments on those outcome dimensions that are particularly applicable to the context of inpatriation. Specifically, we consider both organizational outcomes (organizational ability of global talent management; inpatriate commitment and loyalty) and individual outcomes (inpatriates' career progression) of trust building between inpatriates and HQ staff.

*Organizational ability of global talent management.* The development of trust between inpatriates and HQ staff will serve as an instrument to facilitate future international staff mobility and thus a global organization's ability to develop its talent on a global basis. As Bolino (2007) argues, the successful management of global staffing sends an important signal to prospective assignees that accepting an international transfer is worthwhile. In this vein, the developed trust between inpatriates and HQ staff is one possible indication of assignment success given the various barriers to trust building inherent in inpatriation (Harvey & Buckley, 1997). Similarly, current inpatriates may also provide mentoring to other

high potential managers from the subsidiary unit in order to ensure a succession plan when new inpatriates are moved into the HQ (Harvey et al., 2000). The established trust with HQ staff can help them to link successors to key HQ people and create an acceptance among HQ colleagues for the role of inpatriates within the global organization. In addition, inpatriates' mentoring may also help to initiate new trust-building processes between HQ staff on the one hand and inpatriate successors and newcomers on the other. Once a mentor introduces a newcomer to other colleagues, he or she implicitly communicates a certain level of confidence in the protégé's skills. In this regard, Higgins and Nohria (1999) argue that the mentor's support is likely to create a more favourable image of the newcomer among other employees as they may assume that the mentor deliberately chose to support this person above others. As a result, HQ employees will more likely extend trust to a future inpatriate if they have already established trust with current inpatriates. This will facilitate the global organization's use of inpatriation as a tool for on-going global talent development. Accordingly:

**Proposition 6:** *Trust between inpatriates and HQ staff will positively influence a global organization's ability to develop its talent globally.*

*Inpatriates' commitment and loyalty.* In an effort to encourage inpatriate commitment and loyalty, the differences between inpatriate managers must first be understood by human resource managers when staffing with inpatriate managers. There are several variables that can be utilized to distinguish the different levels of commitment and loyalty. These include (1) the cultural distance between home and host country (Hofstede, 1980) of the inpatriate manager, (2) the level of economic development and the resulting influence on the inpatriate's economic frame-of-reference for making decisions (Hofstede, 1980; Rostow, 1971), and (3) the organizational level that the inpatriate manager is going to be assigned to in the parent-country organization (Harvey et al., 1999). In this vein, trust has been linked to the concepts of commitment and loyalty. For example, Robinson (1996) found that trust towards the organization negatively affects psychological contract breach and mediates the relationship between psychological contract breach and employees' subsequent contributions to the company. In a similar vein, employees' trust in organizational authorities has been shown to be related to their organizational commitment and to help overcome potentially adverse employee reactions to decisions with unfavorable outcomes (Brockner, Siegel, Daly, Tyler, & Martin, 1997). From an organization-level perspective, trust developed between inpatriates and HQ staff as representatives of the parent organization may thus help to

increase inpatriate loyalty and commitment to the global organization and, in turn, maintain interpersonal trust over time.

Again, we argue that the locus of commitment and loyalty will differ when staffing with either long-term or short-term inpatriates. Specifically, we build on the idea that individuals may sustain multiple commitments and identifications (e.g., Ashforth, Harrison, & Corley, 2008), which is particularly salient in global organizations given the prevailing ethnical and cultural differences (Child & Rodriguez, 1996). Gregersen and Black (1992), for instance, demonstrate that international assignees reveal varying levels of commitments to the parent firm and the local unit and show that these allegiances are subject to different antecedents. In this regard, Lawler (1992) reasons that attachment tends to be more significant with regard to proximal groups or units compared to larger and more distant organizations. Accordingly, given the ongoing physical proximity of the HQ to long-term inpatriates, these individuals will attribute their commitment and loyalty resulting from their trust with HQ staff to this organizational unit. In contrast, we would assume that short-term inpatriates will feel a relatively stronger commitment and loyalty to their home unit as they will most likely return to this unit upon completion of their inpatriate transfer. In this respect, their trust with HQ staff will primarily act as a means of their retention (Reiche et al., 2008), thus ensuring that inpatriates will continue to show commitment and loyalty to the global organization as a whole as opposed to seeking employment opportunities elsewhere. We posit:

**Proposition 7a:** *Trust between HQ staff and long-term inpatriates will positively influence long-term inpatriates' ongoing commitment and loyalty to the HQ.*

**Proposition 7b:** *Trust between HQ staff and short-term inpatriates will positively influence short-term inpatriates' ongoing commitment and loyalty to the home subsidiary.*

*Inpatriates' career progression.* Finally, evidence suggests trust relationships may entail career benefits for the individual. In this vein, Bouty (2000) demonstrates that a high level of mutual trust between individuals results in the exchange of job-related information and recommendations. Similarly, from the perspective of social exchange theory (Blau, 1964) inpatriates' career opportunities in the organization can be viewed as a reward resulting from their trust relationships with the organization in general and HQ staff in particular. We argue that the career benefits resulting from inpatriates' trust with HQ staff differ concerning long-term and short-term inpatriates. Given their ongoing employment at the HQ, long-term inpatriates will concentrate their career path on the parent-country organization. Through their trust relationships with HQ staff, they may thus seek career sponsorship for

advancement opportunities in the parent country. Some of the HQ colleagues in-patriates develop trust with are likely to be in hierarchically higher positions and may act as career mentors (Kram, 1985; Noe, 1988) for the in-patriate at the HQ. In contrast, a short-term transfer will prompt in-patriates to focus their efforts on ensuring sufficient repatriation support (Lazarova & Caligiuri, 2001). Accessing career sponsorship and career-related information through their HQ contacts will thus mainly be geared towards career opportunities in their home subsidiary. For example, in-patriates' HQ contacts may use their influence as HQ representatives to press the subsidiary HR function to find an adequate subsequent position for the in-patriate. As career advancement may be difficult in the case of smaller subsidiaries or for in-patriates that had occupied higher management positions prior to their transfer to the HQ (Reiche, 2006), their career progression may also involve subsequent transfers to the regional HQ of their home region. Taken together, we propose:

**Proposition 8a:** *Trust between HQ staff and long-term in-patriates will positively influence long-term in-patriates' career progression at the HQ.*

**Proposition 8b:** *Trust between HQ staff and short-term in-patriates will positively influence short-term in-patriates' career progression at their home subsidiary/region.*

Although the benefits of trust are well-documented, creating and sustaining trust is often difficult (Kramer, 1999) and a need for an intensive assimilation, training and development program would be expected (Harvey et al., 2000). It is important to recognize that in-patriate managers need varying levels of support and on-going training/development depending not only on the specific in-patriate group but also on the phase of inclusion that they are at in the HQ organization.

## IMPLICATIONS AND CONCLUSIONS

Our arguments have several implications for HRM staffing and performance management. As organizations continue to globalize their operations, the demand for staffing the organization with highly skilled global managers will escalate. Presently, many organizations are experiencing a shortage of qualified managers to implement the global strategies of global organizations wanting to pre-empt the globalization trend (Farndale, Scullion, & Sparrow, 2010; Gregersen, Morrison, & Black, 1998; Tarique & Schuler, 2010). A relatively new pool of global talent, in-patriate managers, have been identified and tested by a limited number of global organizations. The value of staffing with in-patriate managers as

human capital is their social knowledge of markets that could be targeted by global organizations in the future.

While inpatriate managers can make a significant contribution to the expansion of global organizations particularly in emerging markets, it is necessary to understand the problems associated with their relocation to the HQ of a global organization. The sheer diversity of staffing the global organization with inpatriate talent is a potential problem related to their inclusion into the organization and the local environment. The differences among inpatriate groups require a well-articulated support system to be developed by the relocating global organization. This support system not only has to address inpatriates' relocation problems, but also needs to incorporate a support package for the inpatriate's family. Inpatriation may be one of the critical links in the globalization of an organization. Yet, without a concentrated effort on the part of the HQ management, inpatriates will experience significant stress and potential failure if they are not attended to by the human resource management system. These unique managers are sophisticated global cosmopolitans, but they still have the same human frailties as anyone being relocated to a culturally distant country. Key to staffing with inpatriates is also the selection of adequate managers that are to be inpatriated to the HQ organization. Given the salience of trust, the selection of candidates for international relocations in general and inpatriation in particular needs to move beyond the focus on technical skills that still dominates corporate practice (e.g., Harris & Brewster, 1999). For example, international human resource managers need to also assess candidates' abilities to develop close relationships with peers, and their cultural sensitivity towards cultural others.

Our arguments further point to the need for assessing the performance and success of short-term and long-term inpatriates. One alternative would be to measure the extent to which inpatriates initiate cross-unit relationships between the HQ and the subsidiary (see Reiche, Harzing, & Kraimer, 2009), thereby strengthening global relationships within the organization. An indicator may be the increase in frequency of cross-unit communication. Moreover, given inpatriates' in-depth experiences in both the home- and the host-country organizations, inpatriate success will not be limited to the actual assignment. Rather, inpatriates are likely to continue to benefit the organization as a whole upon completion of their assignments, for example by continuing to diffuse tacit and strategic knowledge that is relevant for other parts of the organization. In this vein, recent evidence suggests that the social relationships inpatriates develop at the HQ will facilitate their long-term retention (Reiche, Kraimer, & Harzing, in press). Implicit to this argument is that short-term inpatriates

in particular may need to embark on repeated HQ relocations in order to maintain and renew their trust towards HQ staff.

There are further implications for empirically testing our conceptual framework. First, researchers would need to apply a matched sample of short-term and long-term inpatriates employed in the same organizations to be able to compare their trust-building processes. Initial evidence suggests that organizations indeed employ both types of inpatriates simultaneously (Reiche, 2006). Second, given that our outcome dimensions are located at different levels of analysis the use of multi-level statistical analysis tools are necessary. Third, an adequate measure of interpersonal trust would require the collection of reciprocal data from both inpatriate managers and their HQ counterparts. In this regard, social network analysis (Wasserman & Faust, 1994) offers valuable insights for the resulting research design considerations.

In sum, the role that trust plays in the relocation of inpatriate managers cannot be underestimated both from the organization perspective and that of the inpatriate manager. Given the perceptual problem of the inpatriate managers being 'foreign', a well articulated program by the organization will need to be provided for the local employees with insight as to the role the inpatriate manager will play in the global future of the organization. At the same time, inpatriate managers will have to be made aware of the potential resistance they may face from HQ personnel and can therefore be viewed as members of the 'out group'. The continual necessity of reciprocally trusting relationships will make acceptance at the HQ a delicate goal to accomplish with the pivotal fulcrum being the success and improved performance to gain sustainable competitive advantage.

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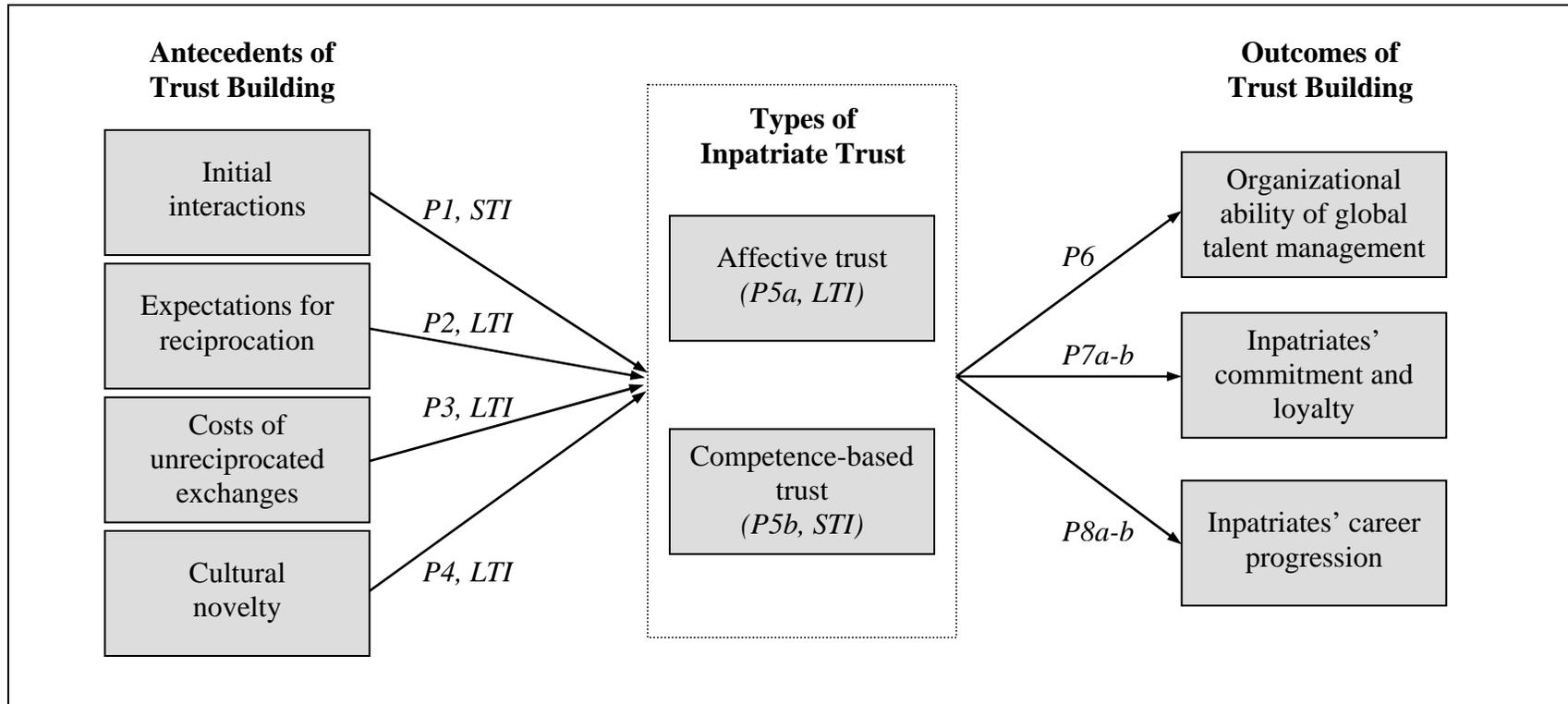
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**Figure 1**

**A Conceptual Framework of Inpatriates' Trust Building**



NB: STI = short-term inpatriates, LTI = long-term inpatriates.