

**THE INPATRIATE EXPERIENCE IN MULTINATIONAL CORPORATIONS: AN  
EXPLORATORY CASE STUDY IN GERMANY**

**B. Sebastian Reiche**

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B. Sebastian Reiche, PhD  
Assistant Professor  
IESE Business School  
Department of Managing People in Organizations  
Ave. Pearson, 21  
Barcelona 08034, Spain  
Tel: +34 93 602 4491  
Fax: +34 93 253 4343  
E-mail: sreiche@iese.edu

# **THE INPATRIATE EXPERIENCE IN MULTINATIONAL CORPORATIONS: AN EXPLORATORY CASE STUDY IN GERMANY**

## **Abstract**

Despite inpatriates' growing importance for the scope of international business, research on this specific group of international assignees transferred to the corporate headquarters (HQ) of multinational corporations (MNCs) still remains in its infancy. Due to this research gap a qualitative approach to the analysis of inpatriates' experiences was selected to uncover directions for subsequent research and derive factors that are relevant in the context of these cross-cultural assignments. This paper reports the results of exploratory interviews with 13 inpatriates assigned to the HQ of three German MNCs. The interviews explored the purpose of inpatriate assignments in MNCs and focused on identifying critical dimensions to assess their success. In addition, the relevance of individuals' cultural background and other factors that may impact on assignment outcomes were examined. The empirical results are instrumental in deriving two major research questions that may guide future research in the field of inpatriate assignments.

**Key words: Inpatriate assignments, multinational corporations, Germany, case study research**

## **INTRODUCTION**

Traditionally, western multinational corporations (MNCs) have primarily used expatriates, parent-country nationals (PCNs) who are assigned to a foreign subsidiary for a limited period of time, to ensure effective control, coordination and decision-making and offset the lack of management skills among the local workforce (Edström and Galbraith, 1977; Bonache and Brewster, 2001; Harzing, 2001). Yet, growing market opportunities in less developed economies have contributed to a shift concerning the major assignment destinations. The resultant need to send PCNs to countries with greater cultural distance to their home nation entails additional adjustment problems during the assignment. Also, by expanding their activities to culturally and institutionally more distant countries, MNCs face amplified challenges of obtaining adequate local knowledge to successfully operate in these markets (Harvey *et al.*, 1999).

In this regard, the inpatriation of foreign nationals to the corporate headquarters (HQ) is considered to be an effective way to master challenges arising from the increased global scope of MNC activities (Harvey *et al.*, 2000a). It is argued that inpatriates fulfil an important boundary spanning role since they develop knowledge of both the HQ and the local subsidiary context (Harvey *et al.*, 1999). Two recent studies indeed suggest that European and U.S. MNCs will increase their share of inpatriates in the future (Oddou *et al.*, 2001; Peterson, 2003). Despite inpatriates' growing importance in international business, research in this area is still limited. Whereas previous studies in the field of international assignments have mainly focused on PCNs of western, particularly North American MNCs (Clark *et al.*, 1999), little is known on how individuals from other countries-of-origin deal with international job transitions. This research gap and the resulting lack of understanding are surprising, since the transfer of foreign nationals with different cultural backgrounds to an MNC's HQ intensifies the relevance of cultural diversity in corporate staffing.

Building on these notions, our objectives are twofold: First, we aim at advancing our understanding of inpatriates as a specific group of international assignees. Applying a multiple case study design, our research is among the first attempts to explicitly isolate inpatriate-related issues and provide qualitative empirical data. Second, our study reverses the direction of previous research by taking into account differences in transferees' cultural backgrounds while limiting the analysis to a single culture of assignment, which is Germany.

The paper starts with a review of relevant literature in the field of inpatriate assignments. Due to a considerable lack of research, we derive three broad research questions allowing flexibility and receptivity to new themes that might emerge in the course of the study. The second part of the paper presents elements of our case study design and reports its results. The last section identifies two major research questions emanating from our data which could guide further study in the domain of inpatriate assignments.

## **RESEARCH ON INPATRIATE ASSIGNMENTS**

### **Theoretical Background**

International transfers occur in a multi-directional manner between different organizational units (Welch, 2003). Yet, there has been a major shift concerning the composition of international staff at MNCs (Barnett and Toyne, 1991; Oddou *et al.*, 2001). While MNCs have previously concentrated on sending PCNs to foreign subsidiaries, they are now increasingly using inpatriates – foreign nationals who are transferred to an MNC's HQ on a semi-permanent to permanent basis – as substitutes and complements to traditional expatriates. There are two main reasons for this. First, growing business opportunities in developing and emerging economies have resulted in an increasingly multicultural nature of MNCs' global operations. At the same time, the greater cultural distance along with poor business infrastructure related to these assignment destinations pose additional adjustment

problems for expatriates and thus result in higher expatriate refusal and failure rates. Also, growing dual-career problems and a misfit in expatriates' cost/performance record render this staffing option more and more debatable (Harvey *et al.*, 1999; Harvey *et al.*, 2000b).

Second, and more importantly, by extending their operations to less developed economies, MNCs encounter unprecedented social, cultural and institutional gaps that complicate market entry and the successful management of local business activities. In this regard, inpatriates provide the adequate social and contextual knowledge to bridge this gap and facilitate the context-specific adaptation of business strategies. Given their intimate understanding of both the HQ and the subsidiary context, they serve as an important boundary spanning mechanism linking the HQ to its subsidiaries and enhancing bidirectional knowledge flows (Harvey *et al.*, 1999; Harvey *et al.*, 2000a). Simultaneously, by socializing inpatriates into the HQ's corporate culture, the MNC establishes a more informal and subtle control mechanism towards its subsidiaries (Edström and Galbraith, 1977; Harvey *et al.*, 1999).

Initial attempts have been made to generate underlying theory to the study of inpatriate assignments. Applying an agency theory-based framework (Eisenhardt, 1989a) to global staffing, Harvey *et al.* (2001) differentiate the overall candidate pool for international assignments according to the level of asymmetry in knowledge and the degree of goal congruency between the HQ and the subsidiary. In this regard, the use of inpatriates is most appropriate when there is high goal congruency yet a high level of information asymmetry. While high goal congruency decreases the need to transfer PCNs to the subsidiary for control purposes, information asymmetry requires the use of individuals who can effectively bridge these informational gaps and enable the HQ to better integrate its foreign operations. The initiation of knowledge flows between the subsidiary and the HQ organization to reduce this asymmetry can thus be considered as a major issue in the inpatriation of foreign nationals.

With the help of expectancy theory (Vroom, 1964), Harvey *et al.* (2001) then conceptualize cultural distance between home and host country as the main influence on assignees' motivation to accept an international transfer and thus an MNC's overall candidate pool. Specifically, they suggest that in a context of high cultural distance inpatriates will more likely accept an international assignment than expatriates.

Further conceptual research has addressed inpatriation training (Harvey, 1997), inpatriates' socialization and acculturation (Barnett and Toyne, 1991; Harvey *et al.*, 1999), human capital development in developing and emerging countries through the use of inpatriates (Harvey *et al.*, 2002), HQ staff ethnocentrism and stigmatization towards inpatriates (Harvey *et al.*, 2005) and the development of political capital through inpatriate assignments (Harvey and Novicevic, 2004). Despite this work, existing research and theory development in the field of inpatriation is still limited (Bonache *et al.*, 2001). More importantly, there are only a few empirical studies to date that explicitly treat inpatriation-related issues (e.g. Harvey and Miceli, 1999; Oddou *et al.*, 2001; Peterson, 2003).

Research in the field of international assignments evolves around three general lines of inquiry. A first strand of literature focuses on the underlying corporate motives for using international assignees such as coordination and control (Edström and Galbraith, 1977) and knowledge transfer (Bonache and Brewster, 2001). Reflecting research on performance appraisal in the domestic context, a second line of investigation adopts an outcome-oriented approach and examines what assignment success entails and how it can be measured most adequately (e.g. Cui and Awa, 1992; Clarke and Hammer, 1995). Finally, a third area of research explores the assignment cycle itself and examines the factors that ultimately affect assignment success. Here, research has identified a wide array of individual, organizational and environmental factors (for a review see Thomas, 1998). Due to our limited knowledge of the inpatriate experience in MNCs we believe that any exploratory study in this area of

research needs to address these conceptual categories. The next sections will relate these categories to our phenomenon under study and specify three research questions that intend to explore the most important aspects of the inpatriate experience.

### **The Purpose of Inpatriate Assignments**

Based on the aforementioned conceptual arguments in the literature there seem to be two corporate motives for using inpatriates: First, it is assumed that inpatriates provide the required breadth of socially networked skills and social capital in order to successfully diffuse contextual knowledge between MNC units (Harvey *et al.*, 2001; Kostova and Roth, 2003). Consequently, this knowledge transfer is expected to occur from the individual to the organizational level. Moreover, inpatriation is motivated by developmental purposes in terms of providing inpatriates with corporate socialization and firm-specific training to prepare them for future management tasks within the organization (Harvey *et al.*, 2000a; Bonache *et al.*, 2001). This second motive also contains issues of knowledge transfer but concentrates on the diffusion from the firm to the individual. These arguments tie in with a recent interest in a knowledge-based perspective on the coordination and exchange of an MNC's differentiated network of globally dispersed units (Bartlett and Ghoshal, 1998). Here, researchers have started to investigate both organizational determinants for effective cross-border transfer of knowledge (e.g. Gupta and Govindarajan, 2000) as well as the role international assignees play in this knowledge diffusion process (e.g. Bonache and Brewster, 2001; Minbaeva and Michailova, 2004). Building on the limited empirical evidence, we intend to explore the underlying purpose of inpatriate assignments in more detail.

*Research Question 1: What purpose do inpatriate assignments have in MNCs?*

## **Dimensions of Assignment Success**

The analysis of assignment success is of crucial value for organizations with a high share of internationally mobile personnel. Although empirical evidence on the magnitude of failure rates for international staff is ambiguous (Harzing, 1995; 2002), it is clear that any form of assignee failure abroad or subsequent turnover is detrimental for MNCs given the high financial costs that are associated with international assignments in general (Black and Gregersen, 1999). Past research has identified numerous operational measures of assignment success. In general, these measures refer to aspects during the assignment (short-term) as well as after the assignment (long-term) and entail both individual and organizational dimensions (Yan *et al.*, 2002). The most prominent operational measure of assignment success is the intention or motivation to remain on the job, i.e. complete the assignment (Feldman and Thomas 1992). Further measures comprise, for example, job satisfaction, task performance and repatriates' career advancement. Thus, it is fruitful to view success as a multi-faceted construct (Thomas, 1998; Yan *et al.*, 2002).

However, a precise and comprehensive conceptualization of assignment success is still lacking, both in the academic as well as the corporate world (Thomas, 1998). Also, empirical evidence suggests that systematic performance appraisal of international assignees in MNCs is far from being universally applied which may entail negative consequences for assignees' careers within the organization (Gregersen *et al.*, 1996).

In the context of inpatriate assignments, we have demonstrated the relevance of knowledge transfer between inpatriate assignees and the HQ organization. This has important implications concerning the assessment of inpatriate success from an organizational perspective. Our study intends to address these more thoroughly.

*Research Question 2: What are important dimensions of inpatriate assignment success?*

## **The Context of Inpatriate Assignments**

Existing challenges to conceptualize, measure and facilitate assignment success have led researchers to explore in more detail the context in which international assignments occur. Empirical evidence indicates that exposure to a foreign culture entails high levels of stress and uncertainty (Kealey, 1989). Accordingly, much research has centred on analysing the process of adjustment to a new environment during the assignment. Here, researchers have examined the learning process during adjustment (Black and Mendenhall, 1991) and derived certain personality and situational factors that influence adjustment (for a review see Ward, 1996).

However, despite their similarities expatriates and inpatriates differ along two main dimensions. First, expatriates carry with them the status and influence that is associated with their role as HQ representatives. Coming from a foreign unit, inpatriates are, on the contrary, unlikely to encounter the same level of credibility and respect (Harvey *et al.*, 1999). Second, Barnett and Toyne (1991) delineate increased adjustment challenges for inpatriates in comparison to expatriates. They note that inpatriates are not only confronted with the necessity to respond to acculturation pressures due to a change in the assignment culture but also need to be socialized into the MNC's corporate culture of the HQ organization whereas expatriates are usually expected to impose attributes of the HQ corporate culture onto the subsidiary organization.

Empirical research in the field of international transfers tends not to differentiate between expatriates and inpatriates (e.g. Tung, 1998; Florkowski and Fogel, 1999) and thus neglects idiosyncrasies of the inpatriate group. In particular, the fact that inpatriates differ in their cultural background entails the need to consider possible effects of culture-of-origin on how different individuals deal with the assignment experience within the same organization (Tanaka *et al.*, 1994; Thomas, 1998). Also, recent research has shown that culture is not only a direct determinant of assignment outcomes such as interaction adjustment but also exerts a

moderating effect on other antecedents (Waxin, 2004). We therefore intend to explore factors that play an important role in the context of inpatriate transfers and their outcome dimensions.

*Research Question 3: Which variables are relevant for inpatriate assignments and their outcomes? Specifically, what is the effect of an inpatriate's cultural background?*

## **METHODOLOGY**

### **Research Design**

Given the paucity in inpatriation-related research, we chose to provide initial qualitative data and thereby contribute to a deeper understanding of this domain. Qualitative research can be regarded as a complement to quantitative methods of inquiry by helping to understand the nature of the respective unit of analysis. Yet, the applicability of qualitative research is much more comprehensive. The profound link between the collected data and the phenomenon under study as well as the richness of the data allow a consideration of context-specific factors, complex patterns and even causal relationships. Thus, qualitative research serves as a valuable means to discover and generate theory that is deeply grounded in empirical reality, particularly when little is known on the underlying phenomenon and research cannot rely much on past empirical findings (Eisenhardt, 1989b; Miles and Huberman, 1994; Mayring, 2002).

Building on these ideas, an exploratory qualitative case study with embedded units of analysis (Eisenhardt, 1989b; Yin, 2003) was conducted to identify important issues that seem fruitful to pursue. An exploratory research strategy is especially beneficial in newly or narrowly investigated scientific fields as it reveals emergent themes and thus extends the understanding of the investigated phenomenon (Mintzberg, 1979; Eisenhardt, 1989b). Furthermore, case study research explores a phenomenon that is embedded in its context and

is therefore particularly fruitful when the boundaries between phenomenon and context are not clearly discernible (Yin, 2003). This was considered to be an important aspect in order to take into account the wide array of contextual factors inherent in international and cross-cultural research (Welch, 1994; Thomas, 1998). Also, it enabled us to consider the potential impact of firm-specific variables by examining inpatriates from different MNCs.

To strengthen the resulting inferences, we decided to apply a comparative case study design since this method permits data from several cases to be examined in an iterative manner (Yin, 2003). The iterative process of analysing within-case and cross-case data aims at producing relevant new variables and relationships as well as exploring theoretical explanations for these emerging relationships (Eisenhardt, 1989b).

Following the ideas of Yin (2003), preliminary theoretical perspectives have to be identified in order to provide a direction for initial research questions while ensuring flexibility and receptivity to emergent themes that might appear fruitful to pursue. Building on existing literature in the field of international assignments in general and inpatriate transfers in particular, we derived three broad research questions to structure our study. Our objective was to investigate the underlying corporate motives for inpatriation, explore success dimensions and detect potential factors that affect the inpatriation process as well as its outcome variables. Personal information was gathered on the respective inpatriate's background and the assignment conditions.

### **Case Selection**

The choice of cases for case study research is mainly based on theoretical, i.e. non-random sampling with the purpose of selecting cases that are expected to replicate or broaden the resultant theoretical inferences (Eisenhardt, 1989b; Ghauri, 2004). As our research deals with cross-national staff movements at MNCs, we chose three internationally operating firms as macro-level units of analysis. While the study aimed at explicitly considering the effects of

inpatriates' cultural origin, the national culture of the assignment destination was held constant, concentrating on German MNCs which inpatriate foreign nationals to their German HQ. This helped to reduce potential variation due to cultural differences in terms of the assignment context (Mendenhall and Oddou, 1985). We selected German companies for this study since we were interested in a non-U.S. sample, building on the findings by Oddou *et al.* (2001) that European MNCs in particular expect to increase their share of inpatriates in the future.

Three German MNCs from different industries were chosen. In doing so, we intended to take into account the possible influence of industry affiliation on international staffing practices (Schuler *et al.*, 1993; Welch, 1994). Table 1 documents the firm's profiles and identification keys indicating in which industries the companies operate.

- Insert Table 1 about here -

The MNCs also differed with regard to their strategic staffing orientations (Perlmutter, 1969). Building on the notion that an organization's 'dominant logic', i.e. top management's beliefs, attitudes and mindsets, substantially shapes corporate strategy and decision-making (Prahalad and Bettis, 1986), it is widely believed that the management philosophy towards the firm's foreign operations is a crucial determinant of MNC management in general and multinational staffing decisions in particular. In this regard, the Aviation MNC still pursues an ethnocentric or HQ-centred approach with a high majority of international managers being PCNs. In addition, inpatriates at this company agreed that a formalized inpatriation program is lacking altogether. In contrast, the Sporting Goods MNC can be characterized as a geocentric company that boasts a high share of assignees from diverse countries-of-origin. This is supported by a decentralized approach to international staffing where international transfers are commonly initiated based on the specific demand of a local unit and then administered by both the HR department in the HQ and the local subsidiary. The Chemical MNC can be

placed in between the other two, with international staffing decisions still being made centrally.

### **Data Collection**

To address the research questions, we conducted open-ended and mostly unstructured interviews (Mayring, 2002; Yin, 2003) with 13 inpatriates from different countries-of-origin at the MNCs' respective German HQ in October and November 2003 (see Table 1 for a distribution of interviewees across the companies). Since a major focus of the study was on the individual inpatriate experience, these respondents served as embedded units of analysis and the study's main target (Yin, 2003). Given the objective to be exploratory and thus to collect rich evidence, a special focus was placed on using narratives. By employing this approach, the interviewer does not present standardized questions but rather encourages the interviewee to freely respond and contribute to the topic. This enables the researcher to discover relevant new issues as well as identify and understand complex behaviours and relationships without inflicting any a priori classifications that could restrict the field of investigation (Mayring, 2002). Table 2 summarizes the respondents' main characteristics.

- Insert Table 2 about here -

The interviewees revealed varying levels of prior international experience. Also, concerning the assignment status of the 13 respondents, one had already been repatriated to his home country (Aviation MNC), another participant had obtained a permanent local contract at the HQ after his initial inpatriate assignment had terminated (Chemical MNC). As can be seen from Table 2, the vast majority of respondents are in their early or mid-career. This is consistent with the long-term perspective that is attached to inpatriate assignments in general (Harvey *et al.*, 2000a). The high share of U.S. inpatriates at the examined MNCs highlights

the enduring strategic importance of the U.S. market for German firms as well as its relative abundance of highly skilled labour.

Table 2 also includes the cultural distance scores for each of the in-patriates' country-of-origin in comparison to the host country culture of Germany. The scores were calculated using Hofstede's (1980; 1991) four cultural dimensions and deriving a composite index based on the method applied by Kogut and Singh (1988). The scores indicate substantial cultural deviation with regard to the German host culture. Whereas Indonesia, Thailand and Hong Kong are culturally the most distant from Germany, South Africa and the U.S. reveal the highest cultural proximity. The scores are meant to be illustrative rather than prescriptive, acknowledging the limited explanatory power of quantitative measures of cultural distance in cross-cultural research (Harzing, 2004). Overall, the wide variety of respondents from different countries-of-origin allowed an explicit examination of cultural effects.

The interviews had an average duration of 90 minutes. Not all interviews were conducted in English; a few respondents chose to communicate in German instead as this was considered to be their working language. All interviews were tape-recorded and the recorded conversations transcribed.

In qualitative research, a number of unique threats to validity exist stemming from effects the researcher has on the study's participants (Miles and Huberman, 1994; Yin, 2003). To minimize response bias, we ensured strict confidentiality of the interview results to all interviewees and emphasized that individual responses would not be disclosed to the respective company. Moreover, all interviews were conducted in separate premises, thereby avoiding potential proximity to interviewees' colleagues, supervisors and HR personnel. All participants received a detailed description of the interview process prior to the interview in order to ensure a common level of understanding of the research project and its intentions. Due to varying levels of linguistic and cultural distance between the respondents and the

interviewer, the time to establish trust and rapport differed across interviews (Marschan-Piekkari and Reis, 2004). Accordingly, there was a need in some interviews to get back to a topic that had been raised earlier as some participants would start to provide richer descriptions as the interview progressed. In doing so, we maximized the comparability of the interviews. Finally, other information such as annual reports and the company websites as well as interviews with HR managers and directors were added as a means of data triangulation, thus neutralizing possible mistakes or misunderstandings inherent in a single research method (Yin, 2003; Ghauri, 2004).

### **Data Coding**

All data were coded based on typical content analysis procedures (e.g. Ryan and Bernard, 2000). First, we coded the data into three categories corresponding to our research questions. Subsequently, we created subcategories for information emerging from our data, for example with regard to our third research question. Here, we used classifications adopted in previous research where appropriate. For example, we identified interaction with host culture as an influencing factor in the context of in-patriate assignments that emerged from our data. Accordingly, we used the categorization provided by Berry and colleagues (Berry, 1984; Berry *et al.*, 1989) to examine in more detail how interaction attitudes impact on the assignment. Third, within each subcategory, if data collected from different sources were contradictory, we reconciled differences through the use of additional sources of data or verification by the original respondent. Analyst triangulation (Yin, 2003) was used to the extent that all data were coded independently by two parties and then compared. If different codes did not converge, they were omitted from the data analysis process.

## RESULTS

The examination and iterative comparison of the interview data reveal several issues that seem to play an important role within the scope of inpatriate assignments. The following paragraphs will present the major findings. Simultaneously, the results will be contrasted with existing literature in order to further substantiate the emerging themes and theoretical inferences (Eisenhardt, 1989b). In doing so, we contribute to the development of empirically grounded theoretical foundations that are able to guide subsequent investigations in the field of inpatriate assignments. The results of this exploratory study can be categorized into five major themes. First, we report evidence concerning the purpose of international assignments. Second, we present findings with regard to their main success dimensions. The final three sections deal with specific influencing factors in the context of inpatriate transfers.

### **The Purpose of Inpatriate Assignments**

As far as major corporate motives for inpatriating foreign nationals are concerned, the interviews emphasize bilateral knowledge transfer as the main driver. Inpatriates are expected to share their local contextual knowledge with HQ staff in order to facilitate effective corporate activities in these local markets. At the same time, they are socialized into the HQ corporate culture and learn firm-specific routines and behaviours that enable them to master future management tasks within the organization. As a result, inpatriates seem to act both as knowledge senders and receivers. Both HR personnel at the HQ and inpatriates themselves identified this bilateral knowledge transfer.

*“The company needed someone with this background in China, Hong Kong, to be in Germany to push the business and also someone from an outside organization to give feedback to the HQ, to give feedback from an outside point of view.”*

*(Male inpatriate, 31, Hong Kong Chinese)*

*“[E]s ist wichtig, die Strukturen und Leute hier kennen zu lernen.”<sup>1</sup>*

*(Male inpatriate, 35, Spanish)*

Accordingly, our results support earlier conceptual arguments in the literature (Harvey *et al.*, 1999; Harvey *et al.*, 2000a).

## Dimensions of Assignment Success

There seems to be no evidence that the assignees' cultural background impacts on critical inpatriation-related outcome variables. On the contrary, the interviews demonstrate that the transferees, across different cultural backgrounds, seem to be considerably satisfied with their assignment, their job performance and their general life. This is reflected in the marginal inpatriate turnover rates at the three MNCs. It is interesting to note that this positive assessment holds true despite perceived deficits in corporate repatriation and career management systems. In fact, the majority of respondents were not aware of subsequent career opportunities and possibilities for future assignments within the company after terminating their current job.

*“It is basically left up to the initiative of the individual of exactly [...] how they will discover what the possibilities are, how they will make contacts with key individuals that may be able to facilitate them with next steps and further movements.”*

*(Male inpatriate, 40, U.S. American)*

*“I was transferred from Japan to Germany for a particular assignment but there is no further planning. And I also think that inpatriates are still quite limited within the company.”*

*(Male inpatriate, 40, Japanese)*

In this regard, our study replicates earlier findings (e.g. Tung, 1998; Stahl *et al.*, 2002), leading us to conclude that transferees view their relocation in terms of personal and professional development opportunities without feeling to be necessarily constrained to their present employer in the future. These findings fit into the recent discussion of boundaryless or protean careers (Arthur and Rousseau, 1996; Hall, 1996). Transferring this argument to the field of international assignments, Tung (1998) suggests that transferees increasingly seem to favour internal careers involving a subjective sense of career paths as opposed to the external career referring to career advancement within the corporate hierarchy (Schein, 1996).

Also, the example of the Japanese inpatriate at the Aviation MNC demonstrates that structural aspects may confine possible subsequent career alternatives. The fact that the Japanese subsidiary does not provide adequate management positions due to its small size renders the manager's outlook of taking on a future assignment with his present employer in

his home country unattractive. In this regard, it appears that the early development of a clear long-term career path that considers possible other assignment options and addresses these structural restrictions is an essential task to tie employees to the company and motivate knowledge sharing activities.

Existing literature highlights the fact that knowledge creation and sharing is a continuous process (Nonaka, 1994) which makes the turnover of repatriates detrimental for organizational learning. Accordingly, success dimensions such as job satisfaction, intent to terminate the assignment and job performance inadequately reflect crucial long-term outcomes of international assignments for the organization. Instead, assignment success should be viewed from a strategic perspective and be linked to the knowledge sharing capacity of the international manager in question. This implies the need to retain inpatriates on a long-term basis by systematically repatriating them and providing adequate future positions that facilitate the process of knowledge diffusion. Concurrently, this has important implications in terms of the design of strategic repatriation and career-related HR practices (Caligiuri and Lazarova, 2001). Overall, the results reveal that there seems to be an explicit linkage between knowledge diffusion and career-related outcomes of inpatriate assignments.

### **Interaction with Host Culture**

While no clear cultural effects on assignment outcomes were detected, some cultural differences were apparent in other areas. More specifically, there seem to be different approaches concerning how and to what extent individuals adjust to the host country cultural environment. In particular, the interviews show that assignees from Asian countries place a weaker focus on seeking direct relationships with members of the host culture – both with regard to personal and professional life – by mostly remaining within their own cultural group instead of trying to blend in with the host culture.

*“In terms of my living habits I don’t think much has changed, we also cook the same food at home, have our same social get-togethers and I have to admit that this is more a social association within Indians, it is not that we mix around too much with Germans.”*

*(Male inpatient, 34, Indian)*

*“I really don’t need my neighbours to talk to me. It is o.k. if I have no contacts with my neighbours, I don’t mind if I just go back every day, sleep, leave, sleep.”*

*(Male inpatient, 31, Hong Kong Chinese)*

Differences in individual acculturation strategies have been discussed in the literature for a long time (Berry, 1984; Berry *et al.*, 1989). In line with Berry (1984) who distinguishes between two dimensions of acculturation based on maintenance of cultural identity and maintenance of relationships with other groups, it appears as if Asian transferees embrace a separatist strategy that concentrates on maintaining a strong identity with their heritage culture without being motivated to sustain inter-group relations. Given these low intercultural ties and the fact that intercultural adjustment has been conceptualized as being the outcome of the acculturation process (Ward, 1996), this would imply a lower adjustment level.

As indicated in Table 2, the cultural distance between Asian cultures and the German host culture is considerable, a fact that has been highlighted to impact on international adjustment (Mendenhall and Oddou, 1985; Black *et al.*, 1991). In this regard, cultural distance rather than national culture per se would affect the choice of acculturation strategies. Yet, another empirical study that dealt with the intercultural adjustment of international students in Japan also revealed that Asian individuals, although presumably less culturally distant to this host country, were generally less adjusted than those of Western and Latin American cultures (Tanaka *et al.*, 1994).

These findings seem to contradict the earlier conclusion that home culture does not impact on the dimensions of perceived assignment success. This is surprising as intercultural adjustment is thought to be an input factor on assignment outcome variables such as satisfaction (Shaffer and Harrison, 1998). However, although adjustment has been conceptualized as being the outcome of the acculturation process, this does not necessarily entail that different acculturation attitudes result in different levels of perceived adjustment or

satisfaction. Indeed, in a recent study by Tung (1998) international assignees demonstrated a considerably high level of satisfaction despite choosing different modes of acculturation.

Eder (1996) provides another possible explanation for this discrepancy by considering factors that determine whether individuals are likely to accept an international assignment in the first place. In an empirical study, she shows that German and U.S. students going abroad revealed higher levels of social competence, a construct that entails dimensions such as emotional stability, extraversion and communicative skills, than those students staying in their home country. This indicates that a self-selection process might exist in terms of those individuals opting for an international assignment. Accordingly, one can assume adjustment difficulties to be significantly lower for those who explicitly seek international experience. Differences in the adjustment level would then be of only minor importance to other assignment-related outcomes.

What can be concluded from the previous discussion is the fact that differences in acculturation attitudes impact on the degree of contact that is sought with host country nationals (Berry, 1984; Ward, 1996). This includes the creation of interaction ties with HQ staff. Since interaction ties are crucial for interpersonal communication and knowledge flows to occur (Nahapiet and Ghoshal, 1998), the degree of interaction with colleague workers will impact on the amount of information that is effectively shared.

### **Individual Motives to Accept an Inpatriate Assignment**

Variation in individual motives to accept an inpatriate assignment can be identified across respondents from different countries-of-origin. Inpatriates from developing/emerging economies seem to appreciate the financial incentives associated with the assignment and focus on what we may label a family survival motive: Respondents from these countries-of-origin highlighted the host country's stable conditions and its high and sheltered living

standard. More specifically, for those with families the positive long-term perspectives for the whole family in terms of educational standards and professional opportunities were stressed.

*“There are many benefits I can get by working in Germany. First of all, to be honest, from the money side because I get more money than in Indonesia [...] and there is more money I can save when my family stays in Indonesia.”*

*(Male inpatriate, 40, Indonesian)*

*“Wir haben gemerkt, wie sicher der Lebensstil in Deutschland ist und dann haben wir entschieden, nicht mehr zurückzugehen, wegen der Sicherheit und der klaren Zukunft für unsere Kinder.”<sup>2</sup>*

*(Male inpatriate, 55, South African)*

For respondents from more developed countries and, to a lesser extent, for the former group career advancement and personal growth were important motives.

*“I also learned very much which I could not expect to do so much in Japan because even though Japan is an important market and the company’s operations in Japan are quite big compared to other countries, [...] it is just a sales office, so your job options or career development options are very limited.”*

*(Male inpatriate, 40, Japanese)*

*“Living in different countries, gaining [...] international work experience, working with people from different cultures, learning different languages, travelling, these are all things that I feel can help me in any job I proceed with.”*

*(Male inpatriate, 32, U.S. American)*

The majority of respondents expressed the opinion that a HQ assignment was vital in order to gain career access to higher management levels within the MNC. The notion that opportunities for personal development seem to play a crucial role for accepting an international posting accentuates the earlier argument that career plans are not necessarily tied to a single organization but might become rather boundaryless. Overall, these results complement and extend previous research findings that primarily focus on the two motives of career advancement and financial gain (Welch, 2003).

### **HQ Working Context**

Finally, the interviews show that there seems to be a problem of acceptance of inpatriate employees working at the HQ, despite inpatriates’ general satisfaction with their assignment. Indeed, several respondents expressed a feeling of only being perceived as ordinary staff and indicated that local German employees tended to question the need to employ a foreign national at a specific position in Germany.

*“It is not that easy to accept an inpatriate because somehow the feeling is: »Why do we need an inpatriate, why don’t we have a local here?« [...] And they don’t expect you to be an inpatriate but they expect you to be a local.”*

*(Male inpatriate, 34, Indian)*

Consequently, it appears as if inpatriates’ strategic importance and their role as a source for valuable information have not been adequately diffused within the HQ organization. However, this finding also highlights an important difference between inpatriate and expatriate employees. Whereas expatriate managers are considered to possess a high level of authority and respect derived from their in-depth knowledge of the parent company, inpatriates may lack this status, especially when coming from a subsidiary that is perceived to be less important or a former position of lower status (Harvey, 1997; Harvey *et al.*, 2005).

Likewise, this finding entails implications for work-related outcomes. Church (1982: 551), for example, states that “the number, variety and depth of social encounters with host nationals may be the most important yet complex variables related to sojourner adjustment”. Along these lines, host ethnocentrism referring to a host unit’s reluctance to accept foreign assignees has been shown to be detrimental for work adjustment (Florkowski and Fogel, 1999). It becomes clear that host nationals’ unwillingness to accept transferees in an appropriate way impacts on inpatriates’ ability to develop close network ties with key employees and decision-makers at the HQ. This results in negative effects on the quantity and quality of information being transmitted.

Furthermore, although the respective company policies clearly require the use of English as the main corporate language in the event of cross-national interaction between employees, the respondents usually have to settle for attending meetings that are conducted in German.

*“During the meetings when [my colleagues] talk to each other it is all in German and I don’t know anything what they are talking but it concerns my work as well.”*

*(Female inpatriate, 44, Thai)*

*“I had problems with some of the meetings that obviously were all in German. Sometimes, when I am speaking with a colleague, then it might be English but since I am usually the only English speaker or one of a vast minority, it is generally in German.”*

*(Male inpatriate, 35, U.S. American)*

This may be related to the former finding since inpatriates are not considered as carrying a specific strategic responsibility but are rather regarded as local staff and therefore required to fully integrate into existing structures and routines. Given inpatriates' extant deficiencies in host language fluency, this may lead local employees to perceive the respective assignee to be less qualified (Harvey, 1997).

The resultant language barriers are likely to restrict interaction between inpatriates and HQ staff and thus inhibit the process of knowledge diffusion (Marschan-Piekkari *et al.*, 1999; Barner-Rasmussen, 2003). Respondents emphasize this issue:

*"The company [...] casts aside a lot of potential value that it could have by inhibiting communication."*

*(Male inpatriate, 40, U.S. American)*

Comparing inpatriates' responses across the three firms, it becomes evident that these language barriers seem to be less prevalent at the Sporting Goods MNC. One explanation for this finding may be the fact that this company embraces a more global or geocentric approach to MNC management in general and international staffing in particular with the HQ exerting a weaker influence. This is a characteristic reflected in the transnational type of Bartlett and Ghoshal's (1998) typology of MNCs. Additionally, it is likely that the company's huge offer of social activities such as weekly sporting events helps to create and maintain a common language. Sporting activities are effective in breaking down formal status barriers, which is thought to facilitate knowledge sharing (Snell *et al.*, 1999). In contrast, the majority of assignees at the Aviation MNC felt that their company still lacks experience with regard to dealing with inpatriates and integrating them into the HQ organization which stresses the firm's ethnocentric approach to MNC management.

## **DISCUSSION**

In this qualitative study, we examined inpatriate assignments at German MNCs' HQs in terms of their purpose, success dimensions and influencing factors. Specifically, our interview results highlight bilateral knowledge transfer between inpatriates and HQ staff to be the main corporate motive for using inpatriate assignments. Additionally, the study's results indicate the need to consider long-term assignment outcomes that appropriately reflect the strategic inpatriation motive of this two-directional knowledge transfer. In this respect, several factors have been derived that may influence the occurrence of knowledge flows, namely acculturation attitudes, host language fluency and host nationals' ethnocentrism but also motivational aspects such as the corporate disclosure of subsequent career growth opportunities. Given the rise of protean career patterns with regard to international assignees, the development of logical career paths and a supporting HR infrastructure is essential.

Based on the emergent themes that were extracted from the exploratory data and subsequently substantiated through a comparison with extant literature (Eisenhardt, 1989b), two major research questions can be derived that are able to guide subsequent research. First, our results draw attention to the processes and determinants that influence knowledge diffusion between inpatriates and HQ staff and thus the generation of organizationally valuable knowledge through inpatriate assignments. Researchers in the field of knowledge management have emphasized the crucial interface between knowledge that is thought to primarily reside in individuals and its organizational translation and application (Nonaka, 1994). Gupta and Govindarajan (2000), however, note that due to the tacit nature of knowledge its transfer does not necessarily occur effectively and efficiently. The notion of translating individual knowledge into an organizational asset has been adopted in the field of international assignments both with regard to knowledge sharing during the assignment (Bonache and Brewster, 2001; Minbaeva and Michailova, 2004) and upon repatriation

(Berthoin Antal, 2001). Although bidirectional knowledge transfer is a key motive for inpatriating employees to the HQ – a fact that has been supported by the interviews – little is known on the structure of the diffusion process. Thus, it is salient to investigate the processes and determinants of knowledge transfer in more detail.

At the same time, the interviews have indicated that inpatriates, coming from a wide array of different countries-of-origin at the MNC periphery, have a minority status within the HQ organization. Research has shown that individuals entering a new environment frequently become minorities which negatively impacts on their ability to exert social influence (Gruenfeld *et al.*, 2000) and develop social network ties (Mehra *et al.*, 1998). This poses substantial barriers to sharing knowledge. It is therefore vital to develop adequate integrating mechanisms and create a HQ culture that values diversity.

Second, the interview results demonstrate that there seems to be an explicit linkage between knowledge sharing and career-related outcomes of inpatriate assignments. More specifically, it would be interesting to analyse the resulting implications of knowledge diffusion for the career of inpatriates within the organization. Research has shown that perceived deficiencies in terms of repatriation and career management systems run the risk of disconnecting transferees from possible future postings within the organization and making them more susceptible towards career opportunities elsewhere (Tung, 1998; Stahl *et al.*, 2002). This shifts the perspective towards motivational factors inherent in the process of knowledge sharing (Gupta and Govindarajan, 2000; Minbaeva and Michailova, 2004). Furthermore, it can be argued that if inpatriates realize that their international experiences are valued within the MNC, they will be more tempted to pursue a career within the organization (Berthoin Antal, 2001). Likewise, MNCs will be more willing to provide inpatriates with adequate future positions, if inpatriates are seen as having acquired organizationally valuable knowledge (Bonache and Brewster, 2001).

## CONCLUSION

Our exploratory study provides initial empirical data in order to identify a relevant and more specific avenue for research in the field of inpatriate assignments. The qualitative approach was considered to be an important instrument as research in this scientific field is still scarce, lacking both a well-developed theoretical and empirical basis.

The study has several limitations that restrict its generalizability. Overall, it has to be acknowledged that qualitative case study research can only achieve analytical generalization rather than statistical generalization common in survey research. Accordingly, generalization occurs in terms of generalizing findings to theory rather than to a larger population (Eisenhardt, 1989b; Yin, 2003). By complementing our findings with existing literature, we derived research categories that appear fruitful to pursue in future investigations. Moreover, using a mainly unstructured interview format that was guided by three research questions, we were able to collect rich descriptions from the respondents. Although the choice of this interview type was motivated by our aim to be exploratory rather than restricted to a specific theoretical lens, we are aware of its potential limitations in terms of comparability of data. More importantly, the exploratory analysis covered only a small sample size. While the variation in terms of the case companies' industry affiliation enabled us to control for an additional set of variables, the relatively small number of interviewees per firm obscures, to some extent, the relative importance of personal as opposed to firm-specific factors. In addition, although we deliberately chose to limit the analysis to a single assignment culture, it would be interesting to explore in which way and to which extent, if at all, inpatriate assignments to other destinations differ in terms of critical success dimensions and influencing factors. Research, for instance, suggests that the use of inpatriates still varies widely across MNCs' countries-of-origin (Oddou *et al.*, 2001; Peterson, 2003). Furthermore, the general corporate motives for inpatriate staffing and the type of knowledge that is meant

to be transferred might vary across MNC life stages and stage of globalization (Harvey *et al.*, 2000b). The resulting differences in the degree of formalization and the structure of inpatriation programs are likely to affect inpatriate experiences and outcomes in MNCs. We would also encourage future research to go beyond limiting interviews to the group of inpatriates only. Particularly with regard to our findings related to the HQ working context, additional interviews with inpatriates' local colleagues would have added richness to our inferences.

While this study presents initial qualitative data, research in the field of inpatriate assignments needs to focus more strongly on the empirical level. In this regard, our study provides thematic categories to develop and test specific hypotheses. Also, our results support the notion that expatriates and inpatriates differ along several dimensions and therefore have to be treated as distinct subsets of international staff. Accordingly, future research needs to account more explicitly for differences between these two groups and develop research designs that are able to provide direct comparisons. In general, this calls for more rigour in international assignment-related research concerning a clear distinction of subgroups of samples used in our studies.

Given the fact that inpatriation-related research is still in its infancy, the present study is among the first efforts to deepen our insights with regard to this specific group of international assignees. Explicitly isolating inpatriate issues not only contributes to a better understanding of the inpatriate experience but also provides a more differentiated perspective on international staff in general.

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## **Notes**

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<sup>1</sup> Translation: “It is important to learn the structures and get to know the people here.”

<sup>2</sup> Translation: “We realized how safe the way of living is in Germany and then we decided not to return, because of the security and the bright future for our kids.”

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**Table 1** *Case Company Profiles*

<b>Characteristics</b>	<b>Chemical MNC</b>	<b>Aviation MNC</b>	<b>Sporting Goods MNC</b>
Worldwide revenues in 2003 (Million EUR)	33,361	10,208	6,267
Total staff worldwide (31.12.2003)	87,159	34,559	15,686
No. of inpatriates (31.12.2003)	105 (129*)	15	85
No. of international assignees (31.12.2003)	797 (968*)	490	310
Locus of international staffing decisions	HQ	HQ	Local unit
Worldwide presence (No. of countries)	170	108	54
No. of interviewees in the study	4	6	3

\* including short-term assignments (< 6 months)

**Table 2** *Characteristics of Interviewees*

Country-of-origin	CD* to Germany	N	Time in Assignment	N
• United States	.41	5	• Less than 3 months	2
• Hong Kong	1.89	1	• 4-6 months	2
• Japan	1.33	1	• 7-12 months	1
• Mexico	1.77	1	• 10-36 months	4
• Spain	.99	1	• Over 36 months	2
• South Africa	.22	1	• Repatriated/permanent local contract	2
• Thailand	2.11	1	<b>Gender</b>	
• Indonesia	2.51	1	• Male	11
• India	1.40	1	• Female	2
<b>Age</b>			<b>Marital Status</b>	
• 30-39		8	• Single	5
• 40-49		4	• Married	8
• Over 49		1	- Accompaniment of spouse	6

\*Each country's cultural distance to Germany derived from a composite index of variations along Hofstede's (1980; 1991) four dimensions.