INPATRIATE MANAGERS: HOW TO INCREASE THE PROBABILITY OF SUCCESS

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Developing multicultural management teams has gained increasing importance in many global organizations. One global staffing option — inpatriate managers — has the potential to provide a more multicultural management frame-of-reference when developing global strategies. Inpatriates have social knowledge of global operations and countries facilitating the modification of organizational strategies to local competitive/market conditions while ensuring their consistency and coordination with the existing global strategic thrust. This paper addresses the need to provide an effective mechanism for increasing the success rate of inpatriate managers thus improving the global performance of the organization. To achieve enhanced organizational performance the need for a proactive inpatriate program is critical to engender long-term commitment and loyalty of inpatriate managers.

INTRODUCTION

Developing a multicultural, international workforce is considered to be one of the primary requisites of competing in the global marketplace successfully (Oddou & Derr, 1993; Frey-Ridgway, 1997). This multicultural management team can serve as a heterogeneous nucleus providing the global company with a distinctive competency that is difficult for competitors to replicate (Aguirre, 1997; Reynolds, 1997). To develop this competency, global companies must formulate new ways to identify, attract, motivate and retain international management talent (Moynihan, 1993). One of the most importance strategic competencies of global organizations is the ability to amass the collective
management skills to compete globally (Hamel, 1989; Prahalad & Hamel, 1990, 1993; Ghoshal & Bartlett, 1997). Amassing these skills has been described as a “contest” where the prize is providing an organization with a global core competency (Heene, 1994; Hamel & Heene, 1994; Rumelt, 1994; Sanchez, Heene, & Thomas, 1997).

It is frequently stated that few expatriate managers can cross cultural barriers and become wholly accepted by host country managers/employees (Black, Gregersen, & Mendenhall, 1992; Barnett & Toyn, 1991; Beeth, 1997). The implication of the “ideal” overseas management candidates to be transferred is for (1) ethnocentric organizations (international) will utilize expatriates management positions; (2) polycentric organizations (multinational) will use expatriates and local nationals to manage operations; and (3) geocentric organizations (global) will utilize inpatriates, nationals and third country nationalists in economic and culturally distant assignments and expatriates in countries with a higher degree of similarity with the home country (Edström & Galbraith, 1994; Harvey & Buckley, 1997).

The objectives of this paper are four-fold: (1) presenting issues associated with the limitations of continued use of expatriate managers; (2) examining the rationale for the complementary use of inpatriate managers to increase an organization’s global perspective; (3) examining the factors influencing successful integration of inpatriate managers into the organization; and (4) exploring a means to stimulate commitment of inpatriate managers to the global organization by developing a social support program for inpatriates.

ISSUES IMPACTING THE SUCCESS OF EXPATRIATE MANAGERS

Historically, organizations have relied heavily on expatriates for staffing critical managerial positions abroad. Expatriates have typically been the preferred group of managers for overseas assignments for a number of reasons: (1) their technical/business expertise; (2) political understanding of the headquarters organization; (3) ability to transfer the domestic corporate culture to the foreign operation; (4) communication clarity between headquarters and the subsidiary; and (5) as a means of social control over the subsidiary (Black et al., 1992; Harvey, 1996; Martínez & Quelch, 1996; Dowling, Welch, & Schuler, 1998; Vaughen, 1998). The primary function of expatriates has frequently been as a control representative and secondarily, to provide managerial expertise, management development, technical expertise and in order to “qualify” these expatriates for advancement into the senior management ranks of the organization (Adler & Ghader, 1989; Feldman & Thomas, 1992; Feldman & Thompson, 1993). However, there is ample evidence in the literature that expatriate managers will continue to experience mounting difficulties in adjusting to cross-cultural management assignments (Black, Gregersen, Mendenhall, & Oddou, 1991; Birdseye & Hall, 1995; Harvey, 1996). There is also a reluctance to rely on and to integrate host country and third country national managers into global operations. This results in an opportunity cost of lost social and
political knowledge regarding a subsidiary location (Tung, 1993). Similarly, researchers have assumed that management expertise and knowledge to develop effective global management strategies originate within the parent organization. However, there is growing evidence that subsidiaries can play an important role in the creation and maintenance of global competitive advantage (Birkinshaw & Morrison, 1996, 1998) suggesting the importance of alternative candidate pools for overseas subsidiary management staffing.

United States companies employ 5.4 million employees outside the country and have an additional two million expatriate managers on foreign assignments annually (Solomon, 1995; Paterson, Sargent, Napier, & Shim, 1996). While there is not a consensus on the rate of failure of expatriate managers among practitioners and academics, the range of failure is typically stated between 20 and 40% (Mendenhall, Dunbar, & Oddou, 1987; Solomon, 1994; Harvey, 1996; Dowling et al., 1998). The large variance in this range is explained, in part, by the ambiguous definition of expatriate failure (i.e., early assignment withdrawal vs. reduced effectiveness in the overseas position). Regardless of the definition used, there is sufficient evidence indicating that ineffective expatriate managers incur large direct and indirect costs. The direct cost i.e., training, relocation, compensation and repatriation) is estimated as between $200,000 and $500,000 per candidate for MNCs and United States-based firms lose over $2 billion annually in failed overseas assignments (Webb & Wright, 1996). In addition, the indirect/implicit cost (i.e., reduced service to customers, the negative impact on implementing strategy, strained relations with home country networks and government officials) are thought to surpass the direct cost of expatriate failure (Fuchsberg, 1992; Wederspahn, 1992).

One of the more salient categories of costs of expatriates is that incurred by expatriate managers who have inadequate performance but remain in their overseas assignment damaging the organization’s performance, reputation and relationships (Harzing, 1995). Another category of costs that is frequently overlooked is that related to the career impact of a failed expatriate assignment as damage to managers’ careers (Tung, 1987). This damage to the self-esteem is carried over to others in the organization reducing their willingness/enthusiasm to undertake a foreign assignment.

While there has been a multitude of reasons advanced for the high failure rate of expatriates, e.g., lack of training, inadequate selection criteria, ineffective compensation programs, ineffective leadership and the like, one dimension historically has been deemed the primary reason for expatriate failure, that being expatriate and family adjustment issues (Harvey, 1985; Black, Greger- sen, & Stevens, 1989; Harris, 1989; De Cieri, Dowling, & Taylor, 1991; Have- man, 1992; Dowling et al., 1998). To date the majority of the expatriate assignments have been to developed countries suggesting that the adjustment issues will be accentuated in the future given the increased need to manage operations in developing countries, where it is anticipated that 7/8 of the population will be located by 2025 (World Health Organization, 1995; Webb & Wright, 1996). From an adjustment perspective, the greater the economic and
cultural distance, the more likely the family (as well as the expatriate) will have difficulty in acclimating to the new environment (Feldman & Thompson, 1993; Fish & Wood, 1997).

An evolving issue that will inevitably complicate the overseas adjustment of the family and expatriate, is the growing number of dual-career couples. Even in a domestic context, the labor force participation of spouses has greatly reduced the likelihood of family migration (Arkin, 1993; Blair, 1993). In the international dual-career situations, there is both a direct and indirect influence on the couple/family adjustment. The direct impact can be illustrated by the potential loss of the trailing spouse’s income and potential future earning during the duration of the expatriate assignment. Indirectly, the trailing spouse can experience heightened stress and tension which may translate into dysfunctional family conflict which in turn can “spill over” into the work environment of the expatriate manager (Vannoy & Philliber, 1992; Solomon, 1994; Wiggins-Frame & Shehan, 1994; Harvey, 1996, 1997a).

In a recent survey of MNC human resource managers, 88% of the respondents felt that dual-career issues will become a more acute problem in international assignments in the near future (Solomon, 1994). In addition, when dual-career couples are expatriated the support required from the MNC is substantially increased and the productivity of the expatriate is typically lower than expected (Harvey, 1997a). Frequently, dual-career couples are entering a commuting relationship during the expatriation of one of the spouses, attempting to mitigate the negative consequences of disrupting the other spouse’s career. It is estimated that 25% of dual-career couples do not move the family/spouse but continue to commute between the home and host countries when one of the members of the couple is relocated overseas (Bunker, Zubek, Vanderslice, & Rice, 1992; Blair, 1993; Coolidge & D’Angelo, 1994; Lublin, 1994; Swaak, 1998).

One mechanism for developing a multicultural management team is through inpatriation — the process of selectively transferring and intensive development of host and/or third country national managers into the domestic/parent country organization on a semipermanent to permanent basis (Harvey, 1993). Inpatriate managers infuse knowledge of the host country throughout the global organization and provide a means to enrich the management team by adding a multicultural perspective or cognitive diversity to global strategy development (Bartlett & Ghoshal, 1992; Quelch, 1992; Martínez and Quelch, 1996; Harvey, 1997b).

GAINING INSIGHT INTO THE INPATRIATION PHENOMENA

As global organizations move away from a model of multinationalism towards one of globalization, the development of multicultural management teams has become critical (Sohn, 1994). Inpatriate managers can serve as “linking pins” between domestic and foreign subsidiaries; where they work as boundary spanners in the global network providing the managerial diversity that is
necessary to effectively compete globally (Harvey & Miceli, forthcoming). Boundary spanning managers are an important mechanism by which subunits are linked and through which external data is obtained and interpreted for those in the organization (Tushman & Scanlan, 1981a). Collecting and interpreting communications/signals across organizational boundaries requires a knowledge of both the local context of business in the host country as well as an appropriate manner in framing the information for those in the domestic organization (Tushman & Scanlan, 1981b). In some cases, the inpatriate manager may be considered a surrogate for structure when decisions/strategies must be adapted to meet the local environmental constraints (Dollinger, 1984). The inpatriate manager provides a degree of formalization of decisions to gain acceptance in the host country. The environmental constraints of conducting business globally requires highly knowledgeable boundary spanners that can integrate the technical and institutional differences among multiple environments (Fennell & Alexander, 1987). Inpatriate managers have the social knowledge and the positional authority in the headquarters to effectively accomplish the goals of a boundary spanner. Inpatriate managers can provide the social, political and economic insights into local markets yet maintain a global network perspective supporting an efficient/effective network of subsidiaries working in concert (Harvey, Speier, & Novicevic, forthcoming). This combination results in global managers who are capable of interpreting the complexities of specific global situations and assist in the development of local competitive strategies that are compatible with the overall global strategic thrust of the organization. This diversity of perspectives is important throughout the global organization but is of particular value among the upper-echelon executives (detailed discussion of this phenomenon can be found in Miller, Burke, & Glick, 1998).

The social and/or cultural control system provided by the inclusion of inpatriate managers is a valuable alternative to bureaucratic control systems used when expatriating managers to overseas assignments (Egelhoff, 1984; Tolbert, 1988). The value of the context-specific knowledge of inpatriate managers provides for (1) efficient transaction of business with local internal and external parties; (2) prediction of how local parties would react/behave under different strategic scenarios; (3) insight into the implicit contextual dimension of internal/external cultural settings; (4) an expansion of top management’s frame-of-reference for developing strategies, interpreting outcomes and drawing culturally accurate inferences from signals; and (5) a means of discrete contextual control that increases the likelihood of increased organizational performance (Frank, 1988; Geringer & Hebert, 1989; Sohn, 1994).

One of the ultimate goals of inpatriation is the internalizing organizational ability to manage the global dimensions of business using social knowledge. Social knowledge is defined as one’s ability to understand and predict others’ general patterns of behavior in specific national cultural environments and within multicultural management teams (Tolbert, 1988). The theory of multinational group (MNG) functioning (Hambrick, Davidson, Snell, & Snow, 1998)
suggests that when nationality-specific social knowledge of a particular multi-
cultural team member can increase overall team effectiveness. The MNG
theory posits that multicultural team effectiveness increases if a member’s
social knowledge increases the diversity of cognitive schemas within the team.
However, this diversity of cognitions is effective only if each member sup-
presses his or her culture-specific, values, demeanors and communicating
idiosyncrasies (Hambrick et al., 1998; p. 196). The cognitive diversity associ-
ated with team members from different nationalities would result in differ-
ences in possessing social knowledge, assumptions and schemas. Team
management possess “different information and process new information
through their own base of experience and knowledge” (Hambrick et al.,
1998; p. 197). Increasing the cognitive diversity of the management team
comes from the different experiences/ backgrounds of both inpatriate managers
and their headquarters’ counterparts.

Cognitive diversity also reduces the tendency of groupthink that can occur
among more homogeneous groups of decision makers (Lant, Milliken, & Barta,
1992; Wiersema & Bentel, 1992, 1993). One could also argue that the cost of
global decision making would be lower due to the reduced need to bring in
outside experts/consultants on contextual issues of conducting business in
numerous locations (Glick, Miller, & Huber, 1993). The inpatriate managers
represent the contextual frame-of-reference necessary to operate globally and
at the same time compete locally. Having cognitive diversity becomes a
strategic distinctive competency enabling the organization to compete against
global competitors more effectively. Noneconomic governance mechanisms,
such as trust, are built by developing and sharing social knowledge and may
serve to increase economic efficiency in the subsidiary organization (Maitland,
Bryson, & Van de Ven, 1985; Ring & Van de Ven, 1992). Thus, social knowl-
edge provides the understanding of the differences in the cultural clans (Ouchi,
1980) and acts as a primary force in developing “organic solidarity” between
culturally different groups (Durkheim, 1964). Therefore, cognitive diversity
increases expertise, reduces the tendency of homogeneous groups to strategize
“narrowly,” and at the same time allows the global organization to develop
interorganizational trust with subsidiaries as a core competency, increasing
overall effectiveness and making it difficult for competitors to replicate (Miller
et al., 1998).

One means of better understanding inpatriate managers is to compare
and contrast them to expatriate managers. Illustrating these similarities
and differences emphasizes the importance of managing these two unique
sets of managers differently. Five issues have been identified to portray
differences between inpatriate and expatriate managers and the resulting
research propositions.

**Difference in Inpatriate Frame-of-reference**

The inpatriate managers’ personal and professional frames-of-reference will
be distinctly different from those of expatriates. First, due to the number of
different countries from which inpatriate managers may originate, they will be a more heterogeneous group than a set of expatriates from the same parent country. This is not to infer that there are no differences among expatriates’ backgrounds and resulting frames-of-reference, but rather the differences among inpatriates will be greater due to the cultural diversity of their home countries. The greater the cultural distance between inpatriates’ culture and that of the parent country, the greater the difference in cultural, social and economic frames-of-reference between the inpatriates and the expatriates. In addition, the inpatriates’ organizational frame-of-reference will be contingent on the differences between the organization from which they are inpatriating and the parent organization.

Second, inpatriates’ personal means to organize and process societal stimuli will vary by national culture. These basic organizational frameworks aid the individual in: (a) categorization — means to organize/group information (Detweiler, 1980); (b) differentiation — means to discriminate among subtleties found in a culture and in interaction with others (Brislin & Yoshida, 1994); (c) in-group and out-group distinctions — identification of variables to determine group membership and social acceptance (Brislin & Yoshida, 1994); (d) differences in learning styles — cultural prevalent orientations to learning frequently identified as convergent, divergent, assimilative and accommodative which are influenced by education and profession (Kolb, 1984, 1985); and (e) attribution — the conclusions inpatriates make concerning the motivation of others’ behavior (Hamilton & Hagiwara, 1992). The level of intercultural sensitivity developed in their own societal and organizational cultures may be one of the most important aspects of inpatriate managers’ frame-of-reference when interacting with multicultural management team members (Thiedermann, 1991; Marquardt and Engel, 1993).

Given the differences in perspectives of inpatriate managers, the following research propositions are presented:

**Proposition 1.** The greater the cultural and economic development distance between the home country of the inpatriate manager and the home country of the headquarters, the greater the degree of difficulty in inpatriate adjustment to the headquarters organizational culture.

**Proposition 2.** The greater the cultural and the economic development distance between the home country of the inpatriate manager and the home country of the headquarters the longer the time period of the inpatriate adjustment in the headquarters environment.

**Organizational Reaction to Inpatriate**

The typical response to expatriate managers when they are brought into a foreign operation is that they carry the “weight” of the “home office” with them (Egelhoff, 1984; Boyacigiller, 1990). Therefore, the expatriate manager has a “halo” effect relative to his/her perceived value and importance as a decision maker. Alternatively, inpatriates often experience the corollary. Frequently,
the inpatriate manager uses English as a second language and is not intimately aware of the customs and politics of the parent country organization. Thus, members of the parent organization are likely to perceive these managers as less qualified and view inpatriates as less “acceptable” as prototypical managers (Pelissier, 1991; Cvi & Awa, 1992). Inpatriate managers are likely to experience a perceived status inconsistency (e.g., lower than/relative to their experience and ability). The lack of acceptance can easily impact the inpatriate manager’s self-efficacy and ability to adjust to the cultural context of the parent country organization (Harvey & Buckley, 1997). There could be a tendency to view this inequality of treatment as exploitation of the inpatriate managers but this would only be the case if the inpatriates were not rewarded appropriately or were not treated as equals thereby negatively impacting their self-esteem (De-Shalit, 1998). Therefore, the organization’s inpatriating managers must recognize the need to overcome initial resistance to the diversity brought about by introducing an inpatriation program (Harvey & Buckley, 1997).

Given the differences in acceptance of inpatriate managers, the following research propositions are presented:

**Proposition 3.** The greater the status inconsistency perceived by the inpatriate manager in the headquarters the lower the performance appraisals of inpatriate managers in the headquarters.

**Proposition 4.** The self-efficacy of inpatriate managers is negatively related to the inpatriate’s perceived acceptance in the headquarters.

**Increased Levels of Stress and Resulting Conflict**

New and challenging aspects of the environment can interact with individuals resulting in stress — psychological and/or physiological conditions that deviate from normal (Bhagat, Allie, & Ford, 1991). Inpatriates who come from countries that are more culturally distant and/or economically dissimilar to the parent country of the organization are likely to experience the greatest stress either directly or due to family adjustment problems. In addition, the stress experienced by inpatriates will frequently be greater than that experienced by expatriates due to the likelihood of being stereotyped (e.g., not be as accepting of a “foreigner” into the headquarters of the organization) (Harvey, 1997b). Stress and the resulting conflict within the work environment may result in lower performance levels and significantly longer adjustment periods for inpatriate managers (Cassidy, 1991). The tendency for inpatriates to want to return to their home country may be greater due to both external and internal cultural stress experienced during inpatriation.

Given the differences in stress levels associated with the inpatriation process, the following research propositions are presented:

**Proposition 5.** The higher the cultural distance between the inpatriate manager’s home country and that of the headquarters the higher the inpatriate’s intention to turnover.
Proposition 6. Organizations with support programs for inpatriate families will experience lower turnover rates of inpatriates than those without the program.

Characteristic Learning Processes of Inpatriate Managers

Individual reasoning and learning processes tend to be culturally bound and are likely to be reflected in inpatriates’ preferred framework of learning. The broadest delineation of learning processes is typically categorized as deductive vs. inductive. In the United States and in most of Europe, learning tends toward inductive perspective (i.e., task and/or problem centered); conversely, much of the remainder of the world’s population approaches learning from a deductive perspective (i.e., topic-centered learning) (Kolb, 1984). Inpatriate managers from deductive cultures focus on general to specific when learning, whereas those from inductive cultures process internalizing external stimuli (Thijssen, 1992; Marquardt & Engle, 1993). This potential clash of internalizing facts and, in the alternative manner, cultural/social/political inputs needs to be carefully analyzed when assimilating inpatriate managers into the parent country organization (Riding & Cheema, 1991; Munter, 1993).

Given the differences in learning styles among inpatriates and between inpatriates and managers in the headquarter’s organization, the following research propositions are presented:

Proposition 7. The inpatriate learning progression is positively related to the degree of compatibility between the inpatriate training program and the inpatriate learning style.

Proposition 8. Inpatriates from deductive cultures will have higher job satisfaction following task-oriented training whereas inpatriates from inductive cultures will have higher job satisfaction following person-oriented training.

Level of Explicit/Implicit Support for Inpatriate Managers

Just as for their expatriate counterparts, the formal organizational programs for training and support and informal non-work support network may not be well articulated for inpatriate managers. The diversity of inpatriate manager’s cultural, religious and social backgrounds necessitates a complex social support program. These programs are time consuming and, in the case of formal programs, may be very costly. Variation in salary, benefits and career opportunities between expatriates and foreign nationals have been well-documented (Harvey, 1993; Gómez-Mejia & Palich, 1997). For example, only 33% of inpatriate managers received COLA adjustments while 100% of expatriates transferred overseas received COLA allowances in a 1993 survey (Harvey, 1993).
Given the historic differences in compensation and benefit programs between inpatriates and domestic managers, the following research propositions are presented:

**Proposition 9.** The greater the difference in compensation between inpatriate managers and parent country managers of the same level the higher the conflict between the two managerial groups.

**Proposition 10.** The higher the inpatriate’s perceived fairness of the compensation system in the headquarters the higher the inpatriate’s job satisfaction.

Inpatriates present a unique set of problems for human resource managers in the parent organization and, therefore, it would appear that a concerted effort needs to be undertaken to insure inpatriate managers’ adjustment is facilitated. Cultural diversity can provide significant global advantage to an organization particularly when inpatriate managers become an integral part of the fabric of management. However, cultural diversity can create conflict and friction within the organization if not managed effectively, resulting in a lack of stability in the organizational culture and creating communication mishaps and breakdowns reducing the managerial capabilities of the global organization (Boyacigiller, 1990; Harris & Moran, 1992; Gómez-Mejia & Palich, 1997). Therefore, the differences in competencies between inpatriate and expatriate managers must be well understood and effective human resource management practices implemented, to reduce the interpersonal barriers to cooperation, communication and teamwork necessary to be successful in the global arena (Glick et al., 1993).

Additional concerns which are frequently considered shortcomings of some inpatriate managers are: (1) less likely to have formal business education; (2) difficulty in adjusting to the complexity/sophistication of the domestic organization (particularly if they are being relocated to developing countries); (3) the inpatriate managers lack breadth and depth of experience given the limited scope of some subsidiaries in developing countries; (4) low level of acceptance in domestic organization and are perceived as outsiders; (5) lack of social support system for spouse/family (i.e., religious, educational, national cohorts); and (6) generally have a high level of stress and dysfunctional impact on adjustment and productivity (Harvey, 1997b; Harvey & Buckley, 1997; Harvey et al., forthcoming). Therefore, the development of a program to effectively integrate this diverse set of foreign managers into the domestic operations of the organization becomes essential for global organizations attempting to capitalize on multiculturalism.

**INPATRIATE MANAGERS’ ADJUSTMENT, ACCEPTANCE AND LOYALTY**

One of the primary goals of integrating inpatriates into the MNC is to incorporate their contextual social knowledge of host countries/operations into
the development of global strategies. In addition, increasing management
team cultural diversity accelerates “global thinking” of parent country na-
tionals. There are a number of issues that should be addressed in order to
merge inpatriate managers into the domestic organization effectively: (1)
adjustment/support; (2) acceptance/trust; and (3) commitment/loyalty. Each
of these issues will be discussed separately and an appropriate theoretical base
applied to aid in understanding these complex points.

**Inpatriate Adjustment and Need for Social Support**

Personal and professional adjustment occurs anytime an individual moves
from one country or job to another (Black et al., 1991). The adjustment process
is typically divided into two phases: anticipatory and in-country adjustment.
First, anticipatory adjustment involves an individual’s previous experience
and training plus any training program that has been instituted by the
organization to facilitate adjustment. Secondly, in-country adjustment focuses
on non-work adjustment (e.g., family, cultural and social adjustment), organi-
zational adjustment (e.g., formal support, on-going training, conflict with past
practices and degree of latitude or discretion the manager is allowed in a
specific position) and the individual’s ability to adapt to culture/positional
requirements in the foreign country (Black & Gregersen, 1991; Black et al.,

International adjustment is a complex, multifaceted process due to the
language, cultural, social, political and economic differences that often exist
(Torgiorn, 1982; Black & Gregersen, 1991; Black et al., 1991). This complexity
is shaped by the existence of a new work environment and position, ongoing
interactions with foreign nationals and a need to acclimate to the general
cultural, social, political and economic environment (Reichers, 1985; Black &
Gregersen, 1989). Existing norms and programs have been identified for
facilitating cross-cultural adjustment (Black et al., 1991). However, it is
anticipated that these expatriate-tailored cross-cultural adjustment norms
will be convoluted and ineffective for inpatriate managers, potentially result-
ing in a loss of self-efficacy.

Social cognitive theory (SCT) suggests that the basis of managerial effec-
tiveness is the manager’s self-efficacy (i.e., an individual’s belief in his/her
capabilities to control activities in a given environment in ways that produce
desired outcomes) (Bandura, 1997). Unless managers perceive that they can
access and/or develop the necessary behavioral, cognitive and motivational
resources to be successful, they frequently dwell on the formidable of
the task/position, exerting insufficient effort and doom themselves to the
self-fulfilling prophesy of failure (Stajkovic & Luthans, 1998). Because of the
magnitude of cultural adjustment, inpatriate managers have the potential for
losing self-efficacy resulting in adjustment problems.

In most relocation circumstances, the inpatriate is eventually moving to
headquarters — a more important/prestigious organizational entity — that
may result in reduced inpatriate self-efficacy. An inpatriate manager’s
self-esteem may falter because he/she does not have the experience base
to assume/understand how to interact in the headquarters environment
effectively. Furthermore, the inpatriate may have played a significant role
within a subsidiary operation exerting his/her control and decision making.
Within the context of the parent organization, the inpatriate is likely to exert
less authority and “be one of many” (e.g., small fish in a big pond). Inpatriates
relocating from collectivist cultures where a lower level of self-esteem is
accepted are more susceptible to this type of adjustment problem (Diener,
Sch, Smith, & Shao, 1995).

In the situations where there is a devaluation of self-esteem, there may
also be a concomitant reduction in satisfaction and ability to perform in the
position (the self-fulfilling prophesy) (Triandis, 1989; Veenhoven, 1991; Di-
ener & Diener, 1995). This inability to perform may carry over to the
ineffective use of the inpatriate’s social knowledge regarding culturally and
economically distant countries/operations — the primary competency they
bring to headquarters.

In addition to adjustment difficulties related to self-esteem, it is anticipated
that many inpatriate managers will experience a significant level of status
inconsistency after being relocated to the parent country organization. Status
inconsistency occurs when an individual has status indicators (e.g., authority)
that are inconsistent with each other or some expected value (Blalock, 1964,
1967; Hope, 1975; Smith, 1996). Specific to inpatriation, status inconsistency
might occur in the following manner: inpatriate managers are likely to be
selected based on their superior performance in the foreign subsidiary result-
ing in a great deal of foreign organization adulation and support. Because of
this strong performance, the inpatriate receives personal rewards/perks and
are accorded a high level of esteem/respect within the foreign subsidiary. After
the transfer to the parent country organization, the status of many inpatriates
may be transformed due to the prevailing stereotyping attitudes of domestic
managers/employees: (1) the inpatriate is relocating from a less “important”/
foreign subsidiary; (2) the inpatriate is “different”/foreign in a behavioral sense
and speaks English as a second language; (3) frequently the incentives and
compensation for inpatriates are not sufficient to reach parity with domestic
managers (Harvey, 1993); and (4) inpatriates do not understand the informal/
political dimensions of the parent country organization and therefore appears
as a naïve novice to their peers and subordinates.

The adjustment problem associated with status inconsistency relates to the
“appropriate” means by which individuals resolve the conflicting inconsistency.
It has been hypothesized that if the inpatriate transferees are inconsistent on
ascribed status characteristics, they will attempt to modify their perceptions of
the organizational culture to which they have been transferred. Whereas,
when inpatriate managers are inconsistent on achieved status characteristics,
they will focus the changes to themselves to become attuned to the new
organizational culture (Smith, 1996).

The resolution of the inpatriates’ conflict state is imperative to insure
the successful relocation and integration of the inpatriate manager into the
domestic organization. It is important to note that this adjustment stress from status inconsistency is not associated with expatriates because of their assumed “superior” background coming to the subsidiary from the headquarters organization. Therefore, organizations must create adjustment programs tailored for inpatriates and not rely on regurgitated expatriate adjustment programs to enhance the development and success of inpatriate managers.

**Acceptance and Trust in Inpatriate Managers**

Permanently relocating inpatriate managers to the parent country organization requires specific measures and programs to insure the acceptance of these individuals. To facilitate the development of a multicultural strategy and management team, the organization should encourage the development of inpatriate trust that heightens their acceptance, resulting in higher levels of decision discretion for the inpatriates. The acceptance of inpatriate managers is likely to be contingent on three broad categories of factors: (1) inpatriate characteristics — cultural background, race, country-of-origin, age, gender, religion, disability; (2) inpatriate experience — behavior characteristics, personality, expressed attitudes, prior experience in social/professional contexts, position and linguistic ability in parent country organization’s language; (3) cultural/relocation experience — international context-related variables (e.g., level/degree of ethnocentrism in majority population, stereotyping of inpatriates type of background) and organizational factors (e.g., support for inpatriation by top management and their policies, proximity of inpatriates to majority population) (Adler, 1991; Greenhaus & Parasuraman, 1993; Powell, 1993; Tung, 1993; Witte, 1993; Tayeb, 1994; Mamman, 1996).

The complex set of variables that can influence the acceptance of outsiders into an organization complicates the process of encouraging organizational inpatriate acceptance (Louis, 1980; Jackson, Brett, Sessa, Cooper, Julin, & Peyronnin, 1991; Motwani, Harper, Subrammian, & Dreglar, 1993). The process of formalizing the development of inpatriate manager trust is important because it demonstrates both the organization’s willingness and the inpatriates’ intentions of making a commitment to the inpatriate/organization. Trust refers to the willingness of a manager to be vulnerable to the actions of another manager based upon expectations that the former will perform a particular action important to the trustor, irrespective of the ability to monitor or control the other party (Gambetta, 1988; Mayer, Davis, & Schoorman, 1995). Without trust in inpatriate managers, effective social control of global operations will be overridden by formal bureaucratic controls which are frequently ineffective in a global context (Sohn, 1994). Therefore, creating a program to develop trust between the inpatriate and parent country managers should focus on the degree of difference between the individual manager being transferred and the degree of homogeneity of the organization’s culture (Lengnick-Hall & Lengnick-Hall, 1988; Barnett & Toyne, 1991). The acculturation process (i.e., a multidimensional process
resulting from intergroup contact with individuals whose primary learning has been one culture take over characteristic ways of living from another culture; Hazuda, Stern, & Haffner, 1988) can be conceptualized as varying along two underlying dimensions — the degree of acceptance of the host country/culture and retention of one’s original culture over time.

Prior research suggests that there is a positive relationship between acculturation, organizational socialization and headquarters career progression of inpatriate managers (Barnett & Toyne, 1991). Successful career progression is contingent on new skill acquisition that can only occur if an inpatriate manager has been socialized into the parent country’s organizational culture. Although all inpatriates need to go through a socialization process, the process itself will vary based on the inpatriate manager’s national culture and other individual characteristics, their hierarchical level within the organization and the disparity in economic development between the two countries (Feldman, 1981, 1988; Berry, 1990; Barnett & Toyne, 1991; Cox, 1993; Alkhazraji, Gardner, Martin, & Paolillo, 1997). In addition, there are four phases of socialization that an inpatriate manager can progress through relative to the parent country organization’s culture (see Fig. 1): (1) segregation — maintaining social distance, identifying differences and assessing the social cost of not becoming more socialized; (2) assimilation — modifying the inpatriate cultural/social behavior through increased communication, developing clearer understanding of informal organization and social networks; (3) integration — influencing the organization’s culture and recognizing the contextual/global social knowledge the inpatriates provide to parent country management; and (4) individualization — blending both inpatriate and parent country cultures facilitating the development of global strategic perspectives by using the local contextual social knowledge necessary to develop competitive strategies.

Over time, an effective socialization process results in an increased level of trust between the top management of the parent organization and the inpatriate. Trust component is a critical dimension of any inpatriate program, in part, due to top management’s need for a high level of confidence in managers who control the global operations. Until inpatriates are accepted as members of the managerial “in-group,” they will frequently be thought of as outsiders, having an unpredictable level of loyalty/commitment resulting in a belief that they cannot to be trusted with an important responsibility (Labianca, Bran, & Gray, 1998).

Another stream of research has emerged that recognizes the role of trust in interpersonal rights and obligations. When embedded in the organization, the concept of trust is the relationship between individuals in each of the organizations, i.e., the home and host country organizations (Granovetter, 1985). This network or “radius” of trust is the willingness to extend trust to others and it has been shown that trust varies by culture and may also differ by level of economic development in a society (Fukuyama, 1995). Therefore, inpatriates having the social knowledge of the host country and the knowledge of the parent country are ideal to bridge cultural boundaries
Figure 1. Life-cycle Phases of Inpatriate Inclusion
of the two organizations better than alternative staffing pools. Their social knowledge and organizational acceptance in both the home and host countries provides them with a unique position to maintain recurring relations and interdependence which are built on trust (Ring & Van de Ven, 1992). Trust becomes social capital between institutions and/or networks that provides them with a distinct competitive advantage and allows them to cooperate and share resources necessary for developing and implementing global strategies (Koehn, 1996).

A model of trust building has been developed based on the centrality of interpersonal trust in the implementation of an inpatriate program (see Fig. 2). The inpatriates' trustworthiness is a composite of their cultural distance from the parent country culture, their repertoire of past organizational experiences in both the foreign and parent country organizations, the level of socialization and their expertise and knowledge. The established level of past experience and perceived integrity of the inpatriate represents a cornerstone of continued trust (Mayer et al., 1995). In addition, characteristics of the trustors (i.e., both in the home and host countries) also influence trust building. The primary characteristic identified in the model is the cultural background of those entering the trust relationship with the inpatriate. The predisposition to trust is likely to be based on the interactions between trustors and the inpatriate manager and will be influenced by past experience in each of their cultures. The cultural stereotyping tendency of the trustor is often a strong barrier to trusting and therefore plays a significant role in the building of a trusting relationship with inpatriates. These cultural dimensions of the trustor tend to identify the cultural propensity to trust in general as well as to trust others based upon their cultural heritage.

Trust comes from the antecedent characteristics of both inpatriate and the trustor. Inpatriates must be able to develop trust relationships with both home and host country trustors, thereby, illuminating the true boundary spanning role the effective inpatriate manager plays in a global organization. The organization can influence the speed at which trust relationships develop between managers by creating a culture and/or formal programs to enhance the creation of trust. The culture/programs will influence individual perceptions of trusting and the likelihood of being betrayed or not trusting and losing the value of the relationship with a trustworthy individual. As with socialization, the trust relationship will evolve over time and will change the nature of the trust relationship based upon prior outcomes. Within the organization, building trust with parent country counterparts allows the inpatriates to perform control activities on behalf of the global operations based upon their understanding and acceptance in the parent country organization. Trust built with host country nationals allows the inpatriate to exercise the control necessary to insure successful contextualization of strategies, yet insure these strategies are consistent strategies with the global network.
Figure 2. Inpatiate Model of Trust Relationships
Commitment and Loyalty of Inpatriate Managers

Organization commitment encompasses the comparative strength of an individual’s identification with, involvement in and compliance to a particular organization (Cohen, 1993; Heimann & Pittenger, 1996). While commitment to domestic organizations has been extensively researched (see Mathieu & Zajic, 1990; Randall, 1993), only recently have researchers begun the arduous task of examining commitment in an international context (Boyacigiller & Adler, 1991; Randall, 1993). A guiding question for international human resource managers is how to accommodate, control and obtain commitment and loyalty of managers transferred from one culture to another (Ricks, Toyne, & Martinez, 1990). As with adjustment and trust, inpatriate commitment is also influenced by his/her background. Researchers have found commitment differences varying by the level of economic development, with individuals in less industrialized economies showing a high level of normative commitment to the organization (Hofstede, 1980; Randall, 1993).

Inpatriate manager commitment to the organization is a central issue in the development of a fully articulated inpatriation program. Four factors appear to contribute to an inpatriate’s commitment based on existing theory and cross-cultural research (Avery, Bhagat, & Salas, 1991; Doktor, Tung, & Von Glinow, 1991; Luthans, Welsh, & Rosenkrantz, 1993; Welch, Luthans, & Sommer, 1993; Sommers, Bae, & Luthans, 1996): (1) demographic characteristics — (e.g., age, position/level in the organization, education level) (Luthans, Black, & Taylor, 1987; Mathieu & Zajic, 1990); (2) organizational factors — (e.g., size, structural characteristics, degree of centralization of decision making, the level of formalization of conflict resolution) (Payne & Pugh, 1976; Morris & Sherman, 1981); (3) management style — (e.g., degree of openness in management decision making, degree of individualism allowed in decision making); and (4) organizational culture — supportive, compatibility of the individual in an organization’s culture, consistency with the personal beliefs of the individual (Mathieu & Zajic, 1990).

The longitudinal corollary to commitment is the development of loyalty to the parent country organization. Loyalty focuses on the inpatriate managers’ on-going willingness to identify with the parent country organization’s goals and recognition that their future career opportunities are in the domestic organization. The following section explores a means to increase commitment and loyalty of inpatriate managers to the parent country organization.

SOCIAL SUPPORT PROGRAM FOR ACCOMPLISHING INPATRIATION GOALS

In an effort to encourage inpatriate commitment and loyalty, differences between inpatriate managers must first be understood by human resource managers responsible for developing inpatriation programs. In an effort to distinguish among inpatriates, three variables can be used: (1) cultural distance between home and host country of the inpatriate manager and the
subsequent clustering of cultures that exhibit similarities (Hofstede, 1980); (2) the level of economic development and the resulting influence on the inpatriate’s economic frame-of-reference for making decisions (Rostow, 1971; Hofstede, 1980); and (3) the organizational level that the inpatriate manager is going to be assigned to in the parent country organization (Harvey et al., forthcoming). These dimensions can be used in classifying inpatriates into more or less homogeneous clusters that are depicted in Fig. 3.

Fig. 3 illustrates the various categories of inpatriate managers and consequently the anticipated different levels of social support to facilitate adjustment to the parent country organization. For example, a supervisory manager from a host country with low cultural distance and a high level of economic development would require less complex training and support due to the similarity of home/host countries and the requirements of their position. A more complex adjustment and, therefore, the need for a more elaborate program would be the case of a top management inpatriate from a culturally distant country with a low level of economic development. This top manager’s cultural, organizational, and personal frame-of-reference would probably not be sufficiently well articulated to manage in the home country organization effectively. Therefore, intensive assimilation and a formalized training/development program would be needed. Inpatriate manager would be relegated to making decisions in a “cultural vacuum” without attending to the “differences” amongst inpatriate types.

The clustering of inpatriates allows for the customization of support/training/development programs for each category of inpatriate. These programs can be delivered in a series of modules appropriate for the category of inpatriate manager. It is important to recognize that inpatriate managers need varying levels of support and on-going training/development or the likely probability of success of an inpatriate program would be diminished.

The critical nature of inpatriate managers’ contribution to globalization would be lost without a comprehensive inpatriate manager “support” program. An inpatriate’s concept of self-efficacy will play a major role in their motivation and task performance necessitating formalized support to assimilate them into the parent country organization effectively. Self-efficacy may be reduced during periods of complex learning (e.g., when inpatriate managers are relocated to the domestic organization). The ability to learn and maintain one’s self-efficacy, motivation and integrative skills is an important consideration for developing an inpatriation program (Mitchell, Hopper, Daniels, George-Falvy, & James, 1994).

In order to gain inpatriate managers’ commitment and loyalty over time, a psychological contract of trust must be forged between the inpatriate and the home organization’s management. Creating trust in the organization entails providing the inpatriate managers with: (1) the global vision held for the organization; (2) the basic core values of the global organization; (3) a clear understanding of the home organizational climate/culture; (4) the differences in human resource management processes and how the variations have an immediate as well as long-run impact on the inpatriate; and
(5) the career opportunities for the inpatriate manager in the parent country organization (Rogers, 1995a, 1995b). These psychological contracts help support the inpatriates' beliefs about the reciprocal obligations between them and the parent country organization and represent a cornerstone of an enduring employment relationship (Rousseau, 1989; Morrison & Robinson, 1997). Variation in the psychological contract on the part of the parent
country organization will decrease the inpatriates’ trust, satisfaction, performance and likely success in their critical dimensions of global management (Robinson & Rousseau, 1994).

The parent country organization must also commit to a social/psychological support program for reducing inpatriate manager’s stress during his/her adjustment to the parent country’s external and internal cultures. The infrastructure of support has two primary aspects, one which is related to the inpatriate work environment and the other which is designed to assist the inpatriates’ families (see Fig. 4). The social/psychological support at work is to assimilate the inpatriate into the working culture as quickly as possible, reducing the potential amount of dysfunctional behavior and increasing the rate of learning. The support program should be constructed with the characteristics of the inpatriate clusters that were discussed in Fig. 3. This would allow the components of support and the resources allocated to supporting different clusters of inpatriate managers to be variedly dependent on the cluster needs.

One of the most important aspects of inpatriate manager support is the perceived equity associated with the organization’s efforts. While there will be differences in the support programs for each cluster of inpatriates, each cluster must recognize why there are differences and accept these differences as being equitable. The process by which support is allocated to each support cluster (i.e., procedural justice) will significantly influence the inpatriate manager’s perceived satisfaction with support (Lind, Kuntz, Musante, Waller, & Thibant, 1980; Greenberg, 1990).

Inpatriate managers will more than likely look to the equity of procedures for input about their social identity and value in the parent country organization. If they do not perceive that they are legitimate, full-fledged members of the organization, the level of commitment and loyalty will be in question (Lind, Tyler, & Huo, 1997). If inpatriate managers perceive/feel they are being treated fairly, they will have a higher probability of committing to the organization and accepting the authority of decisions resulting from the established procedures (Tyler, Degoey, & Smith, 1996). It could be argued that the value and identity of the inpatriates would be communicated through the procedural justice process where their “worth” is demonstrated by the equitable treatment they receive (Grienerberger, Rutte, & van Knippenberg, 1997). In summary, the support for inpatriates must vary by cultural/economic cluster and by their level in the organization but at the same time the support must be viewed as equitable by inpatriates based upon the procedure for distributing support to the inpatriates and their families.

SUMMARY/CONCLUSIONS

In this paper, the contextual issues contributing to the success of inpatriate development program have been examined. A particular focus of this research has been on (1) customizing the program to the inpatriate frame-of-reference
Figure 4. Model of Social/Psychological Support for the Inpatriates and Families
that is dependent on the inpatriate national culture and its level of economic development; (2) enhancing inpatriate’s status and self-efficacy in the parent organization’s environment; (3) providing the inpatriate a formal support for stress reduction and learning conflict resolution; (4) customizing the program to the inpatriate learning style; (5) designing an equitable inpatriate compensation program; (6) formalizing the program to enhance the inpatriate’s commitment, loyalty and trustworthiness; and (7) developing a social support program for inpatriate and family. As a result, these contextual issues impose a specific set of demands on the corporate human resources department in an MNC headquarters to design inpatriate development programs in a different manner from that of expatriates.

The guiding processes and expected outcomes of the inpatriate development programs are explicated in the figures to this paper, which summarize the contributing findings of this research. The Fig. 1 shows the four phases (segregation, assimilation, integration and individualism) of the inpatriate value-adding role to the organization outlining the characteristics, critical issues and barriers associated with each phase. The Fig. 2 illustrates the formal iterative process of developing trust in inpatriate relationships taking into account the antecedent factors influencing inpatriate trustworthiness (cultural distance, organizational experiences, socialization level, expertise level, social capital and perceived integrity) and the moderating effect of individual trustors in the headquarters (cultural background, level of interaction with inpatriate, tendency to stereotype, past experience in developing inpatriates and propensity to trust). The trust resulting from interaction of these two sets of factors and organizational inpatriate programs leads to development both at the individual and at the headquarters levels with the goal of increasing the inpatriates’ discretionary latitude in actions over time.

Fig. 3 depicts how the level of complexity in designing inpatriate development programs increases with inpatriate management level in the organization as well as with cultural distance and the difference in the economic development level between the home country of the headquarters and that of the inpatriate. Finally, Fig. 4 portrays a proposed model of social/psychological support for inpatriates and inpatriate families. As is indicated in this figure, it is necessary to fit the informal aspects of family social support into the formal organizational support program to meet the inpatriates’ needs where the support program encompasses emotional, instrumental and informational dimensions.

Specific organizational policies should address how dimensions of the informal and those of the formal support programs may be combined into a specific support program for a cluster of inpatriates. The concrete options in these policies could include such items as: (1) separation of the organization and family domains by establishing non-permeable boundaries; (2) integration of informal and formal support by erasing the boundaries between the two domains; and (3) respect for the inpatriate family need for moving this boundary during different phases of inpatriate development program. In
summary, Fig. 4 provides the general framework that delineates specific components and dimensions of both the informal and formal social support aspects, which can be customized for each chosen strategy among the three options for the organization/family “fit” within the program.

Future research on inpatriation should address a broader set of contextual influences on the design of the inpatriate development program. The United States is the largest market for human capital and is the country which has received the largest number of highly trained professionals over the past decade (Cheng & Yong, 1998). In particular, the influence of the configuration of the firm’s resources, corporate culture and organizational learning as well as the influence of the controls employed in global diversification strategies may influence the design of the inpatriate development program. A more specific line of research should address the design of inpatriate development programs in terms of their structure, incentives, communication processes and inpatriate composition. In our opinion, the proper integration of nationality construct in the inpatriate development program research will be one of the most intriguing future research topics.

REFERENCES


