Managing Impatriates: Building a Global Core Competency

Michael G. Harvey  M. Ronald Buckley

The core competency of an organization is a unique signature composed of tangible and intangible assets that are used to differentiate a company from its competitors. As organizations have moved into the global marketplace, many have attempted to simply extend their domestic core competency to compete with global competitors. The cultural imprint of the core competency is a western, United States orientation. To effectively differentiate U.S. MNCs in the global competitive arena, these organizations must become more multicultural. One means of accomplishing this diversity of strategic perspective is to impatriate foreign managers into the domestic management team on a permanent basis. The purpose of this paper is to outline the need for impatriation while presenting the issues which will arise in the impatriation process. A step-by-step process to accomplish impatriation is also presented. While this process is not free of difficulties, it may be a cost-effective way of globalizing the core competency of an organization in a permanent way.

WHERE CAN ORGANIZATIONS GET MANAGERS FOR INTERNATIONAL EXPANSION?

- S.W.W. "Guus" Lobsen, Quaker Chemical Corporation, Nationality: Dutch
- John Hunter, Coca-Cola Co., Nationality: Australian
- John Halliday, ABC Laboratories, Nationality: Irish
- Cornelis Boonstra, Sara Lee Corporation, Nationality: Dutch
- Roberto C. Goizueta, Coca-Cola Co, Nationality: Cuban

This list of the upper level managers of United States based multinational corporations (MNCs) illustrates the growing trend toward establishing a global perspective within a company and, at the same time, infusing international management expertise into United States MNCs. The international orientation of these managers may have been intended to assist in expanding the company overseas, or to offset the extremely competitive tactics of foreign companies competing in the United States market. Domestic companies do not have the luxury of waiting until Ameri-
can managers can acquire the necessary multilingual skills, expatriate experience, and global vision. As global competition becomes more intense, the next logical step for global enterprises will be to evolve into “multicultural multinational” organizations.

Major world competitors are embarking on the retooling of their management to reflect a diversity of cultural perspectives. Asea Brown Boveri (ABB), a Swedish-Swiss electrical engineering MNC, has a board of directors consisting of eight individuals from four different nationalities; an executive committee of eight with five managers from countries other than Sweden or Switzerland; its official corporate language is English; and all financial results are reported in United States dollars. The European energy company, Royal Dutch/Shell, has over 38 nationalities represented in its London headquarters and nearly as diverse a workforce in its operating units throughout the world (Copeland, 1995; Pechter, 1993; Thronhill, 1993).

The Japanese are reducing their unicultural orientation in their global businesses. Yoichi Morishita, president of Matsushita, has ordered that top management must reflect the cultural diversity of the countries where Matsushita does business. Sony sells 80 percent of its products overseas and recently recognized the need to become multicultural. It has appointed two foreigners to its board of directors and has plans to hire host-country nationals who are to be integrated into the top management of the parent organization. At the same time, the Chairman of Sony has stated that in five years the board-of-directors of Sony will reflect the diversity of countries that are important to the future of the company. Similarly, Toshiba plans to have a more representative top management and board of directors to facilitate long-run global strategies.

The process of transferring host-country and third-country national managers into the home/domestic market of a MNC on a semipermanent basis is known as “inpatriation” (Harvey, 1993; in press (a)). The domestic inflow of managers is frequently initiated with executives; but after a reasonable period, all levels of a multicultural MNC should include inpatriate managers. The resulting multicultural management team should provide the basis for developing a competitive advantage, or global core competency enabling MNCs to compete more successfully in the global environment.

**DEVELOPING A GLOBAL CORE COMPETENCY**

To effectively compete in the marketplace, companies develop a unique set of skills for market positioning, combinations of resources, technologies, and personnel that provide competitive differentiation. The core competency of a company not only becomes the distinct corporate signature but also provides the company with its competitive advantage (Hall, 1993; Hamel & Prahalad, 1990). Companies develop a core competence which has a temporal dimension and a scope to it. The temporal dimension is composed of an assessment of how long the core competency will successfully differentiate the com-
pany from its primary rivals. An implicit dimension of the time perspective is the need to constantly augment, develop, and improve the core competency. Without attention to the distinctive core competency of the company, it may dissipate rapidly. The second dimension is its scope; that is where differentiation is effective in relation to a finite set of competitors within identifiable market segments. Many companies have a tendency to rely upon the historic scope of their competency and fail to project/estimate changes necessary to meet future evolution in competition and consumer needs.

The scope of a core competency is important for MNCs. If a United States MNC starts with a domestic perspective and expands from that point, this limits its core competency. The less familiar management is with countries at different levels of economic development, culturally distant from the United States and with a new set of competitors, the more the core competency that has served them in the past may become a liability. Success in the international arena requires a different skill set. The rules of the game are different, customers have different purchasing behavior, motivations and capabilities, and most importantly, a new set of competitors possess distinctive core competencies different from those in the domestic market. These companies, such as Sony, Matsushito, Toshiba, ABB, Shell, may have based their distinctiveness on a broad scope directed at future competition. The resulting core competencies make them more formidable competitors to United States-based MNCs in the global market.

The issue of extending the time horizon and the breadth of United States-based MNC's core competency can be accomplished in several ways. The traditional route is to develop global competencies from within the MNC by hiring managers with interest/background, i.e., education, travel, past business experience, in the global marketplace. Once international managers are hired, they can be sent to extensive training programs on intercultural communication, cultural flexibility and sensitivity training, language training, and myriad other essential prerequisites to expatriating overseas. For the most part, this orientation to “home growing” an international competency supports the use of expatriate managers. United States-based MNCs have used expatriate managers extensively because they are known commodities to the domestic management. The question that needs to be asked is “how long has this strategy been used, how expensive has it become, and how successful has the expatriate strategy been for United States MNCs?”

One constraining factor of the expatriate strategy of learning about the global marketplace is that the expatriate managers are being trained by other Americans and typically operate in an insular environment during their foreign assignment. The expatriate managers look at the foreign assignment through a Western cultural perspective and usually do not fully understand the nuances of the culture in which they are competing. This process reduces their insights into developing a unique competitive posture to effectively compete with foreign competitors.
If expatriates receive outstanding training and are successful, their reward is to return to the domestic organization having earned their “red badge of courage.” Their impact upon the core competency of the MNC is nullified because the value of their international experience is seldom translated into a new strategic direction or internationalizing the strategies of the MNC. Rather, these experienced expatriates escape to more universally supported career paths. The refinement and commitment to repositioning or improving the international strategy is forsaken to a degree and, therefore, the United States based MNC frequently attempts to compete with a generic international core competency (Lei & Slocum, 1992).

Given the problems associated with the development of a global core competency through an expatriate strategy, a more effective strategy may be to reverse the flow of managers. By inpatriating highly qualified host and third country nationals into the domestic operations, the core strategy becomes internationalized through the constant input of the inpatriate managers. Through inpatriation, the unicuture of an MNC becomes multicultural and managers broaden their perspectives in shaping a global core competency. For inpatriation to be successful, it must encompass all levels in the organization. Furthermore, it must be incorporated into basic philosophy of the organization. As with any successful change, inpatriate managers and their successors have to become embedded in the culture of the MNC. When that occurs, the MNC’s management perspective is modified and no longer are the policies, strategies, and tactics of the company solely the domain of the American orientation to a global core competency.

Differences Between Domestic and Inpatriate Managers

Multiculturalism presents an intriguing challenge to the management of a MNC based in the United States. The issues are to take managers from different countries and cultures and to effectively integrate managers from around the world into an effective domestic management team. Another issue is how to maintain the differing perspectives of these managers to add to the international competence of the MNC management. The place to start would be to better understand the unique properties of inpatriate managers in comparison to domestic managers. The primary distinction between the two groups of managers can be classified into three categories:

1. Cultural, social, and psychological backgrounds;
2. Past organizational experiences and;
3. Expectations of domestic management relative to the inpatriate manager.

1. Cultural, Social and Psychological Background of Inpatriate Managers. The cultural, social, and psychological environment has a distinct impact on a person’s frame-of-reference. An inpatriate manager arrives in the United States with a mental map of “how the world” works which is based on past experiences as a person and as a
manager. Basic skills are influenced by where the inpatriate manager grew-up and went to school. North Americans and Europeans have a cultural system, learning style, and reasoning preference which tends toward the inductive task or problem-solving approach to learning. The majority of the Asian countries tend toward deductive, topic-centered reasoning. The learning style permeates the thought processes of individuals and influences how they act and interact with others. The interaction between inpatriates and domestic managers can be hindered by the way each approaches a problem or task (Kolb, 1985; Pepitone, 1986). Developing effective management teams with inpatriates and domestic managers must incorporate these learning differences.

The broad frame-of-reference of inpatriate managers is based upon their country-of-origin and influences how information is gathered, processed, and stored. The conclusions drawn from data can also be culturally based so that two managers given the same information may come to dramatically different conclusions (worth noting if you are a member of a heterogenous team). The role of work is a culturally based concept which influences motivation, loyalty, and the importance of one’s profession to life. As the inpatriate managers’ country-of-origin differs from the United States, the key dimensions of their working habits will also differ.

2. Past Organizational Experiences of Inpatriate Managers. Inpatriate managers’ business experiences may be significantly different from their domestic counterparts. First, it is not unusual for many inpatriate managers to not have a business school degree. In many countries, the educational goals are to provide students with a comprehensive general education or a highly specific, technical degree in engineering, medicine, or the hard sciences. Business school programs outside the United States and Europe are rare and those that do exist are predominantly based in economics. Therefore, the starting point for accumulating a frame-of-reference for many inpatriate managers is different than the frame-of-reference of the majority of domestic managers.

The corporate culture to which an inpatriate has been accustomed influences their behavior when they are transferred to the domestic unit of a United States MNC. The culture of a company encompasses the written and unwritten rules enacted to govern the routines within the organization. To the degree that these internal operating systems differ between the inpatriate’s home company and those of the domestic organization, the inpatriate manager will experience uncertainty and stress (Milliman, Von Glinow & Nathan, 1991). For example, if the manager’s performance appraisal has always been a private meeting with the owner of the company once a year, the inpatriate becomes secure with this process. Upon relocating to the United States, the inpatriate manager learns that there will be a 360 degree assessment by superiors, subordinates, peers, customers, as well as outside shareholders, twice a year and to be discussed openly among the operating division’s management. This one modification to a culture can be catastrophic to the self-image of the inpatriate manager. When these differences are
found in compensation, promotion, levels of authority/autonomy, and hiring and retention, the stability of the inpatriate’s frame-of-reference is dramatically disrupted.

The stress felt by the inpatriate manager may be compounded due to family concerns. When an inpatriate manager is relocated to the United States, the local community is “foreign” to the family’s needs. The stress of the family unit is transferred to the inpatriate manager. As the isolation from family back home and lack of interaction with local citizens builds, the stress in the family situation can spillover into the inpatriate manager’s professional life. This dual-stress situation creates an environment that makes fulfilling job expectations difficult.

3. Expectations of Domestic Management Relative to the Inpatriate Manager. An inpatriate manager arrives at a domestic United States MNC-based position with a set of personal, social, and professional characteristics that makes him/her “different.” The natural inclination of domestic managers is to consider these inpatriate managers as “outsiders.” Mobil Oil expatriate managers on overseas assignments experience a similar type of exclusion from the informal organizational events but for significantly different reasons. When the expatriate manager arrives in an overseas position, they are greeted with the status of being from “headquarters” and the power and prestige of being from the “home office.” They have legitimate power associated with being a United States expatriate with knowledge and experience in dealing with the domestic management, knowing the domestic organizational culture, and how the organization operates.

The converse of the expatriate manager’s experience exists when an inpatriate manager from Coalgate Palmolive is assigned to the domestic organization. An inpatriate seldom will be accorded the same respect because they are “outsiders.” This cultural standoffishness may even occur when top executives are imported to head-up key management positions (Cassidy, 1991). Credibility of the inpatriate is challenged due to coming to headquarters from a “less significant” operating unit in the organization. The credibility of the inpatriate will be influenced to a degree by the perceived importance of the foreign subsidiary where the inpatriate manager was previously assigned, as well as the personal credentials of the foreign manager. To compound the problem, an inpatriate manager may have English as a second language, may not understand the culture of the organization and, therefore, may be perceived by subordinates, in particular, as being less qualified for this new position in the domestic organization.

The inpatriate manager may experience the status inconsistency of being placed in a position of authority in the organization without the informal personal attributes that would command respect from local managers. This inconsistency can create a great deal of stress for the inpatriate manager, if it is not appropriately addressed. Another form of status inconsistency may have grave consequences for the inpatriate manager. When inpatriate managers leave their foreign assignments to relo-
cate to the United States, they are likely very well respected, highly productive managers. They have been accorded the rewards and recognition of being a successful manager. Once arriving in a new positions in the United States, status and accompanying rewards are frequently missing and the resulting lack of organizational support leads to stress and dissatisfaction. The tension associated with this status inconsistency in the workplace can spillover to the family and create additional stress and culture shock for the family unit.

**Human Resource Management and the Inpatriate Manager**

Individuals who go through the inpatriation process should be treated quite differently, with respect to human resource issues. Consider a number of those human resource management processes that must be considered in the inpatriation process.

1. **Identification/Selection Issues.** This process is generally looked upon as a two-way signaling process (Milkovich & Boudreau, 1994). Participants use this system in order to interpret and send information about their respective positions. The number of signals which pass between participants increases geometrically. For example, at Texas Instruments most selection decisions are made primarily based upon one job-related factor—can the candidate perform the job? Other factors included in the decision process, to a lesser extent, for a manager are: (1) the educational background of the candidate in terms of preparation—school education and on-the-job field education; (2) assessments of an individual’s potential for success and growth in the position; (3) social/cultural fit; and, (4) the stage of career and family life cycle of the candidate.

In addition to these criteria, a myriad other factors become important in the inpatriation selection process at Texas Instruments. What type of selection instruments should be used? Should there be a personal interview, personality tests, cognitive skills tests, or interpersonal ability tests be used? Forethought should be used so that there is a match between candidate and selection instruments—there is a need to use the instrument which reveals the most about the candidate.

There is a need to assess the westernization of each candidate. Candidates from cultures similar to the United States experience fewer challenges in the adjustment process. A related issue is the degree to which candidates are culturally bound. Can those who have been raised in a social system with rigidly defined castes such as India, be satisfied in the absence of such social structures? Can the candidate (and family) fulfill religious needs where the majority practice a different faith and opportunities for worship may be limited. Related to all of the preceding, there is a need to assess the individual flexibility of candidates for inpatriation. Many situations will arise which require behavioral and cognitive flexibility. Candidates with little flexibility will face difficult adjustments. In fact, this may be second in importance only to job-related factors. Global companies have found that inflexibility is the key attribute that derails managers.
2. Assessment/Training Issues. Many of the assessment/training issues for inpatriate managers mirror those for managers selected for expatriation. There would be a need to assess the professional capabilities of inpatriates, along with their training in the functional business disciplines. Any deficits would require remedial training. Dealing with inpatriates, though, would require considerably more information for the training process to be successful. Many of the important areas would be concerned with fit in a different culture. Training must be considered from two perspectives: cultural impediments to fit and cultural impediments to training. The need to assess fit encompasses assessment of a number of different dimensions of fit: (A) what is the social/cultural distance of the inpatriate from US culture?; (B) how proficient is the expatriate in cross-cultural communication and cultural sensitivity?; and, (C) can the inpatriate (and family) stand the stresses of inpatriation and can they build a social support network for their assimilation into US culture?

Training may facilitate the immersion of an inpatriate (and family) by smoothing the assimilation process. A fundamental difficulty arises in relation to this assimilation training—does assimilation training minimize any of the benefits of inpatriation? One of the benefits of inpatriation is the globalization of the work force. Assimilation training diminishes the cultural enrichment benefits concomitant with inpatriation. A goal is to flexibly train the inpatriate so the advantage of inpatriation are not washed out.

3. Family Benefits, Compensation, and Motivation Issues. From a compensation perspective, inpatriates have been treated with relative neglect. Unlike expatriates, inpatriates receive relatively fewer (or no) increases in pay, incentives, or living allowances (Harvey, 1996a). Compounding this is the reality that few organizations possess well-developed inpatriate support programs. The end result is an increase in the number and severity of stressors which confront inpatriates. Compensation (and support) packages can be used to facilitate the transition of inpatriates. This is not to suggest that inpatriates should be overcompensated, but compensation should be equitable in relation to past positions of the inpatriate, their foreign counterparts in the organization, and the compensation levels of their local counterparts. Dow Chemical USA and Mariott both attempt to provide inpatriate managers with salary increases and benefit programs similar to those of expatriate managers on overseas assignments. Johnson & Johnson has local support programs for inpatriate family members to provide social support to the entire family. Financial concerns should not be another nuisance variable in inpatriate adjustment. Inpatriate assignments should be aligned with an equitable compensation package.

One of the assumptions we tend to make is that compensation is inordinately important in the motivation process. For many individuals that is certainly the case. But the key in motivation is based on the individual. Different individuals bring different needs to work. Some individuals require
money, some require recognition, some require flexibility … an inpati rate is no different—making assumptions about what motivates inpati rates is hazardous, at best, and just plain wrong, at worst. Compensation and support programs must be tailored to individual needs and preferences in order to facilitate the successful adjustment of inpati rates.

4. Performance and Appraisal System. The performance appraisal system requires considerable modification for inpati rates. In most human resources systems, the functions of performance appraisal fit into one or more of the following: employee development, evaluation, information (feedback), and motivation (Bernardin & Beatty, 1984). There is a need to analyze past experience with appraisal in the home country. The relative degree of difference with appraisal practices in the United States must be evaluated. For example, the most effective performance appraisal systems, like that used at Fleming Companies, Inc., are those which utilize information from a number of sources of information (peers, subordinates, supervisors, and self). An important issue with an inpati rate is whether these are acceptable/valuable sources of information? Further, there is some question as to what type of performance appraisal will be more helpful in facilitating the performance of the inpati rate—should it be a quantitative appraisal which is long on numbers and short on behavioral feedback. Or should it be the converse—behaviorally-oriented feedback? Due to the unique nature of the inpati rate environment, it appears as though much of the performance appraisal should be qualitative in nature. This is congruent with the developmental purposes of the performance appraisal process.

The acceptability of the performance appraisal process is an issue. Should an inpati rate be evaluated separate from group performance? Can inpat i rate performance be partialled out from group performance? It depends on past practices experienced by the inpati rate. This highlights the need for communicating, for performance review and stressing the development/redirection which is intended in the appraisal process.

The issue of the timing of performance appraisal has recently received much attention. The current wisdom is that appraisal is an ongoing developmental process, not a yearly occurrence tied solely with salary review. Texas Instruments has changed their appraisal to better reflect this wisdom. How will this be perceived by an inpati rate manager? Will it be perceived in a developmental, constructive sense, or will it be perceived as over-monitoring and a lack of confidence in the inpati rate? As with US managers, it must be stressed that performance appraisal is utilized to motivate, develop, and redirect the performance of inpati rates. Communication will be key in developing a system which facilitates performance for inpati rates.

5. Career Paths/Retention. There are a number of important issues concerned with career paths with inpati rate employees. Most of these issues center around why the inpati rate was hired. Simply put, was the inpati rate hired to develop the organization or to develop the individual (or both)? Should an inpati rate be put into an entry level posi-
tion in an organization? The responses to these issues will determine the career path of an individual.

There are a number of other important career issues. For example, what about promotions and possible relocations? Should promotions be made using the standards of the home country of the inpatriate? Is the inpatriate put in a position which requires the accomplishment and learning of many diverse functional areas? Should relocations be encouraged? This may result in a reivation of adjustment issues which may have been earlier and successfully confronted? Decisions concerning the focal point of development (person/organization/both) have major influence on the answers to these questions.

Under what conditions should the inpatriate be returned to their home market? There are numerous personal, developmental, and organizational reasons to return an inpatriate. These reasons may have different degrees of positive perceptions associated with them. For example, if an individual returns home for personal reasons does this limit career development in the home market? Inpatriation may be a dangerous process from both ends. If an inpatriate returns home, this may lead to stunting career development. If an inpatriate stays in an international assignment the "bamboo ceiling" may be responsible for stunting career growth and development. It is more difficult for inpatriates to make it to the top of an organization than it is for nationals to rise to the upper echelons of an organization.

In order to facilitate satisfaction with work, promotion opportunities should be possible. Compensation and benefits should be determined using peers and rank in the US as the frame-of-reference, not home country statistics. Inpatriates should be provided with a safety net and be permitted to return home without damage to subsequent career movement. For example, if a greater professional or personal opportunity opens up in their home market, an inpatriate should be treated similarly to how a domestic employee is treated. Career movement should not be automatically career debilitating.

**Work and Family Problems Related to the Inpatriation of Managers**

The human resource issues associated with inpatriate managers reflects "official" organizational concerns surrounding inpatriate managers—those appropriate for organization concern. As important are the complications relative to the external environment that both the inpatriates and their families face. Problems on the job can create stress which carries over to the inpatriates' families, as can the difficulties the families have adjusting to the new culture. The successful integration of inpatriate managers into domestic organization depends upon satisfying the social and cultural support needs of the inpatriates' families.

1. **Determination of Adjustment Cycle for Various Categories of Inpatriate Managers.** The adjustment cycles when entering a new culture is predicated on five related issues: (1) predeparture training; (2) previous overseas experience; (3) what criteria were used
by the organization in the selection of candidates; (4) characteristics and skills of the manager being transferred; and (5) nonwork related factors, i.e., family issues, degree of cultural differences in host country, degree of governmental intervention in the organization (Parker & McEvoy, 1993). The level of difficulty inpatriate managers encounter upon relocation to the United States can be diminished through predeparture training and establishing selection criteria that incorporates culturally flexibility assessment. The level of past cross-cultural experiences prospective inpatriate managers have had can be indicators of how rapidly the adjustment cycle will occur once transferred to the United States. These are job-related factors for an inpatriate manager.

It should be noted that a comparable adjustment assessment of the trailing spouse and family members should also occur. The duration and the level of dysfunctional consequences of the adjustment should be anticipated prior to relocation. By forecasting the perceived adjustment cycle, domestic human resource personnel should be able to provide the necessary support mechanisms relative to the stage of the inpatriate’s adjustment cycle (as well as for the family). In addition, by estimating the length and complexity of adjustment, human resource managers will be alerted to problems when the inpatriate manager exceeds time estimates. The need for support provided by the company may be magnified due to dual stress, i.e., lack of stability in the work and external environments of the inpatriate manager.

2. Assessment of Impact of Family on Successful Inpatriation. Successful adjustment may be influenced by the inpatriate manager’s family. The stage of the family life-cycles may be used or a quasi indicator as to the level of influence of the family unit on the inpatriate manager.

As Exhibit 1 illustrates, not only does the family life-cycle have predictable stages, but also the typical type of family problems that can impact the inpatriate manager at each stage of the cycle (Gilby & Enis, 1982). For example, as the children become a much more central issue in the family unit, the greater will be the need for cultural and social support mechanisms. The educational, religious, and extended family issues are primary concerns within the family during these children intense stages. These culturally influenced factors may be the most difficult to address during the inpatriate’s assignment to the United States. However, when the children are older, the cultural inculcation has already taken place through the family and only needs to be supported during the relocation experience. The college age children stage of the family life-cycle permits the children to return to their home country if they wish, thereby, reducing their dissatisfaction which may play a role in the inpatriate manager’s performance.

The need to develop formal support from the MNC is predicated to a large degree upon family needs and expectations, such as, the need to find employment for the trailing spouse may necessitate a formalized placement program for inpatriate managers’ spouses. U.S. Sprint, NCR, Kodak and BP American
all have spouse placement programs within their foreign organizations. Without this assistance, the trailing spouse may experience significant obstacles to continuing a career. The frustration associated with not being able to find employment may play a critical role in the spouse’s level of satisfaction with the family’s relocation to the United States (Harvey, 1993; 1996a; 1996c). A related factor is the impact on the disposable income of the family. While inpatriate managers will more than likely receive an increase in compensation and relocation benefits, the discretionary income beyond maintaining the inpatriate’s standard-of-living may decline (on a relative basis). Also important, is the trailing spouse’s attitude toward the MNC as being the primary reason that he/she had to give up their career. According to individual circumstances, this may result in spousal adjustment problems and enmity toward the MNC.

3. Community Issues Associated with the Inpatriation Process. The inpatriate manager may not adjust equally well in a community in the United States. Just as there is a cultural distance between countries, the degree of sophistication/cosmopolitanism between communities varies significantly. Every effort needs to be made to match the communities from which the inpatriate is moving from to the community he/she is being transferred to in the United States. For example, transferring a Mits-
bushi inpatriate from Tokyo to Chicago would be a good match from the level of cultural, social, education, and transportation expectations of the transferee. The same inpatriate transferred to El Paso, Texas may not have the same ease in adjustment to the assignment in the United States.

The majority of community related concerns for the inpatriate manager revolve around the trailing spouse and family. Career and employment opportunities are an issue as many of the trailing spouses will be employed in the home country. The frequency of dual-career and dual-income families is increasing throughout developed countries in the world with many of them having 70-80 percent dual-career/dual-income family units. Satisfaction of the trailing spouse may be contingent upon the ability to continue his/her career during the transfer period (Greenhaus & Granrose, 1992; Blair, 1994).

The representation of minorities in the community could play a role in the transfer of inpatriate managers to the United States. The willingness to accept “outsiders” is not an ubiquitous characteristic of communities across the United States. Depending upon the national characteristics of the inpatriate, identification of communities based on cultural diversity and/or representation should be taken into consideration before inpatriating the overseas manager. Acceptance of the inpatriate family provides the foundation for successful adjustment to a new culture. Schooling opportunities for children that are compatible with the inpatriate’s expectations helps in reducing a major source of stress in relocating families.

4. Superior, Peer and Subordinate Understanding of the Role of the Inpatriate Managers. The domestic management team must be aware of the importance of the inpatriate manager program and the value of individual inpatriate managers to the globalization of the company. A definitive statement on the goals of the inpatriation program needs to be communicated throughout the organization. In an effort to support and facilitate the inpatriate manager program, a cross-cultural awareness/communication program should be prepared for management within the MNC. By the MNC being better prepared to address the influx of foreign managers, the adjustment process will be accelerated and domestic managers can better understand why another “special interest” group has crowded the ranks for advancement and key management positions. The training could include background information on the inpatriate country of origin, history of the inpatriates’ home country, illustrating social and cultural similarities/differences, and the economic importance of the global market to the future of the company.

DESIGNING A PROACTIVE INPATRIATION PROGRAM

The inpatriation of foreign managers into the United States should follow an established plan to address the aforementioned issues. The plan will be influenced by the number as well as the level at which the inpatriate managers are brought into the organization. We suggest the following steps be taken in designing a proactive program.
STEP ONE: Inpatriate Orientation Assessment

One of the most critical aspects of any inpatriation program is to determine the degree of difference among the incoming managers. The degree of heterogeneity among inpatriate managers can have an impact on the type of training and organizational support necessary. Two indicators of the relative level of adjustment for inpatriate managers would be the differences between their home country environment and the United States as well as the magnitude of difference in the organizational environment between the two operating units.

The country-of-origin of the inpatriate manager will provide a cue as to the social, cultural, and economic differences the manager will experience upon arriving in the United States. To adequately respond to these differences, the MNC must assess the magnitude of expected adjustment of each manager; therefore, some type of classification scheme needs to be developed to differentiate the necessary training and support for each inpatriate manager. This may be as simple as an individual skill analysis—as long as those issues discussed earlier are included in the necessary skill set.

Exhibit 2 illustrates a format for organizing environmental issues relative to an inpatriate manager’s “cultural” experience prior to relocating to the United States. The external environment categories could be based upon Hofstede’s classification of culture (Hofstede, 1980; 1994). His indicators were: social orientation, power orientation, uncertainty orientation, and more recently, he had added time orientation. By using these variables as cultural indicators, he classified countries into distinct cultural categories. This analysis does not imply that countries in the same category are the same, but rather have greater similarity to countries in the category than between categories. The greater the cultural distance from the United States, the more difficulty the inpatriate manager may experience in adjustment. It would also be logical to expect a longer adjustment cycle and additional support from the MNC once relocated domestically.

The “fit” between the two organizational cultures becomes an indicator of the adjustment problems inpatriate managers will experience. The greater the similarity of the two cultures and human resource policies, the less traumatic the adjustment process for inpatriate managers. The more familiar the corporate setting, the less stressful the adjustment process and the less likely that there will be spillover into an inpatriate’s private life. The internal cultural distance that the inpatriate manager experiences relates to the level of sophistication or development of the inpatriate’s own organization to that of the domestic organization. The degree of control or involvement of the MNC in the foreign operation can be used as a quasi indicator of cultural “fit.”

STEP TWO: Assessment of External/Community Support

The external/community environment can directly impact inpatriate adjustment. The “sophistication” of the
Exhibit 2
Inpatriate Manager Environmental Analysis Matrix

<table>
<thead>
<tr>
<th>Internal Environment</th>
<th>Category I Culture</th>
<th>Category II Culture</th>
<th>Category III Culture</th>
<th>Category IV Culture</th>
<th>Category V Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly Consistent Wholly Owned Subsidiary Top</td>
<td>Middle</td>
<td>Supervisory</td>
<td></td>
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<tr>
<td>Strategic Alliance Top</td>
<td>Middle</td>
<td>Supervisory</td>
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<tr>
<td>Joint Venture Top</td>
<td>Middle</td>
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community can influence the degree of acceptance of “foreigners.” The social environment relative to newcomers can influence the trailing spouse’s acceptance of the transfer and thereby the level of stress in the inpatriate family unit. If the inpatriate family unit is accepted into the community, the transition can be better handled by all family members. On the other hand, if the inpatriate family is isolated and cutoff from a social support network, the stress within the family unit will grow and compound the inpatriate manager’s stress on the job.

The level and composition of the minority community within the community may also be used to gauge the ability of the inpatriate’s family to assimilate into the social setting or community as a whole. While social support can come from representatives and families of the MNC, the more natural the affiliations are, the more likely they will be lasting ones. Frequently, when a newcomer enters a new community there is an initial flurry of support activity that quickly dwindles. Without a more natural set of companions, i.e., others who were originally “foreign” to the community, lasting community support will be lacking.

Two critical elements that need to be assessed prior to transferring inpatriates into the domestic organization are the educational and religious options in the
community. Ignoring the most fundamental social support mechanisms, the probability of success of the transfer is diminished. If the community does not have the facility to undertake bicultural/language education for school age children, serious consideration of relocating the inpatriate to a more accommodating community must be examined.

This stage of the inpatriate program requires a clinical, unbiased assessment of the external support systems in the community. The social, religious, educational, and cultural needs of the inpatriate and the family unit must be met. Without this external support, the inpatriate program may fail or face more difficulties.

**STEP THREE: Establishing a Formal Inpatriate Monitoring Process**

Given the potential level of stress for both the inpatriate and family members during a transfer to the United States, we recommend a formal, ongoing assessment of the manager and family. The stressors commonly associated with inpatriate relocation are: (1) loss of close relationships in both family and work situations; (2) adaptation to both internal and external environments; (3) problems associated with establishing a new residence; (4) an altered financial state, e.g., higher cost of living or immediate loss of spouse’s income; (5) pressure by family members who are experiencing difficulty in adjusting; and (6) pressure to succeed in a new position without the traditional support levels.

High levels of stress are associated with low job satisfaction, family-work conflict, lower on-job productivity, and lower physical and mental well-being of both inpatriate and family. A systematic measurement and longitudinal monitoring of the inpatriate managers stress level must be conducted and a benchmarking of stress levels by cultural background must be established. Similar stress assessments should be conducted with family members due to the spillover of stress into the work environment.

**STEP FOUR: Establishing or Training and Experience Programs for the Inpatriate Manager**

Each inpatriate manager should undergo an assessment regarding their training and business experience. An ongoing, broadening educational plan should be designed for each inpatriate based on this deficiency assessment. The base of this business training can take the form of formal educational opportunities, e.g., in-house training programs, short courses, and university extension educational programs. The inpatriate manager could be “exposed” to the business culture by observing business decision being made at higher levels in the organization. By taking on the observer’s role, the inpatriate would not be expected to contribute to the decision-making process, but to learn how organizational culture influences the process.

Training beyond formal courses could include short-term assignments to other locations in the United States. These assignments could be designed to expose the inpatriate manager to differences in the operation of the company in
the domestic market. The inpatriate manager could also return to their country-of-origin for task specific purposes to test newly learned skills and to be a project manager for some specific problem in the home country. A benefit of periodically returning home is to allow the inpatriate to maintain professional relations with managers in the home country. The successful inpatriate manager can be helpful in recruiting additional managers to inpatriate to the United States.

The inpatriate manager and family should also be provided with professional counseling to facilitate adjustment. The stress management and cultural adaptation counseling could provide the final assistance to insure a successful inpatriation process. Once it is felt that the inpatriate manager and family have made a successful adjustment, they can be enlisted to assist in modifying the program to improve the process. The inpatriate managers can also be used as nurturers and mentors for new inpatriate managers, particularly when they are from the same cultural cluster.

STEP FIVE: Measuring the Impact of the Inpatriate Program

Due to the relative newness of creating a multicultural corporate environment, the inpatriation program impact needs to be assessed. The measurement of success of the inpatriate program will be difficult due to the long term nature of the project, i.e., to stabilize the corporate culture and implement successful global core competencies. Nonetheless, the inpatriation program must be analyzed for its contribution to providing a unique perspective on the MNC's global strategies and ultimate development of a global core competency.

One problem that needs to be addressed is whether the inpatriate manager can maintain a global perspective in a domestic organizational setting. If taken to its logical conclusion, a very successful adjustment training program for inpatriate managers might westernize them to a point where their value is diminished in building a multicultural environment. This would defeat the goal of inpatriation diversifying the core competency of an organization. Inpatriation is not synonymous with acculturation. Organizations need those managers who are able to experience and synthesize the benefits of different cultures for the purpose of facilitating management appropriate in a global environment.

To successfully compete in the global market place, MNCs have to augment their existing domestic management perspective. Without the globalization of an MNC's core competency, organizations will not be adequately prepared to take on their global competitors who are multicultural. A generic core competency will not successfully differentiate the MNC. A fast, cost effective means to develop a global core competency is to inpatriate managers to the domestic organization. MNCs which develop successful inpatriation problems can reap significant rewards—the strategic ability to differentiate their organization in a global context with a truly "globalized" work force. Inpatriate training will be essential for any organization seeking to
maximize opportunities for success in the global environment.

REFERENCES