Reducing inpatriate managers’ ‘Liability of Foreignness’ by addressing stigmatization and stereotype threats

Michael Harvey a,*, Milorad M. Novicevic a, M. Ronald Buckley b, Helen Fung c

Abstract

The acceptance of ‘others’ in an organization can be a long and protracted process that can take years. Seldom is there a smooth assimilation into the corporate ranks for outsiders. Given the increasing number of inpatriate managers arriving in the domestic organizations of many global organizations, the issues impacting the acceptance of inpatriate managers by home-country managers will invariably increase. The purpose of this paper is to prescribe a program/process designed to suppress the stigmatization and stereotyping of inpatriate managers located in the home-country organization, as stereotype threats may impact not only the performance of the inpatriate managers but also the performance of an organization that is attempting to globalize its operations.

Keywords: Liability of foreignness; Inpatriate managers; Stigmatization; Stigma; Stereotype threats; Diversity; Global mindset

“Stigmatization, at its essence, is a challenge to one’s humanity . . . both the stigmatized person and of the stigmatizer. . .” (Dovidio, Major, & Crocker, 2000, p. 1)

1. Introduction

The increase in the globalization of management has brought about the omnipresent evaluative perceptions of foreign professionals located in the home-country organization of multinational corporations (MNCs). Influenced by additional security concerns, home-country nationals tend to develop a checklist of questions relative to the incoming foreign managers, such as: Who are these foreigners (i.e., where do they come from)? What are the foreigners going to do while they are here? Where are the foreigners going to work while in the country/organization? Why are the ‘foreigners’ here? How are the foreigners going to impact me, my job, and the organization? And the one central concern relative to the ‘invasion’ of foreigners is: “When are they going back home?”

The phenomenon of ‘collective reservation’ toward foreigners, coincides the increase in the utilized of inpatriate managers. Inpatriates are host/third country

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* Corresponding author. Tel.: +1 662 915 5830; fax: +1 662 915 5821.
E-mail address: mharvey@bus.olemiss.edu (M. Harvey).
nationals relocated to the home organization on permanent or semi-permanent basis (Harvey & Buckley, 1997). Inpatriation is becoming an invaluable practice of MNCs attempting to enhance their corporate knowledge-transfer, coordination and control capabilities in the home-country organization (John, Jetto-Gillies, Cox, & Grimwade, 1997). Among the companies that are pioneering the inpatriation practice are Italian Fiat (inpatriating French, Belgian, Spanish, and Lebanese managers into the senior management team) and Dutch Shell (having inpatriates of 38 nationalities located at its headquarters) (Feely & Harzing, 2003). Some United States based MNCs are presenting even stronger globalization/diversity signals by posting foreign-born CEOs in traditional American organizations, such as; McDonald’s CEO Charles Bell an Australian, Coke-Cola’s new CEO, E. Neville Isdell, an Irish citizen, Kellogg’s CEO Carlos Gutierrez, born in Cuba, Schering-Plough’s CEO Hassan, born in Pakistan, are becoming emblematic of the new generation of global managers (White, 2004).

The episodic resistance toward the integration of inpatriate managers and their career progression to management positions in the home-country organization might possibly turn into an unspoken but concerted form of ethnocentric stigmatization and stereotyping (Harvey & Buckley, 1997). If such cultural bias becomes widespread it can impact negatively not only the future contributions of these inpatriate managers but also the image of organizations attempting to infuse diversity into their management perspective. Diversity of management background and experience is rapidly becoming the enabler of global reach and scope for organizations (Bartlett & Ghoshal, 1995; Ghoshal & Bartlett, 1997; Gregersen, Morrison, & Black, 1998; Hitt, Keats, & DeMarie, 1998) Therefore, developing a program to manage the issues of the inpatriate ‘liability of foreignness’ becomes a pressing need for organizations committed to developing a global mindset (Kefales, 1998; Kedia & Mukherji, 1999; Paul, 2000; Feely & Harzing, 2003).

The purpose of this paper is to develop a program/process that addresses the issues of the potential of ‘liability of foreignness’ of inpatriate managers and the problems surrounding their stigmatization. The process developed in the paper suggests how a program can be implemented to suppress the ‘liability of foreignness’ issues and problems that face inpatriate managers. As a result, a step-by-step process for implementing a ‘liability of foreignness’ program in global organizations is the primary contribution of the paper to the literature. To gain additional insights into the development of a process to address the liability of foreignness of inpatriate managers, we first explore the potential stigma attached to being a foreigner in the home-country organization.

2. The rapid globalization of organizations and the development of a pluralistic global management mindset

The globalization of markets presents a difficult challenge for organizations attempting to compete in the global marketplace. In response to global opportunities, organizations are shifting from economies of scale to economies of scope and attempting to develop global mindset through management diversity. The development of a pluralistic global mindset is perceived by some to be the ultimate means to differentiate an organization’s competitive posture on an on-going basis (Kefales, 1998; Kedia & Mukherji, 1999; Paul, 2000; Feely & Harzing, 2003).

Pluralism evolves when distinct ethnic, religious or cultural groups and their alternatives views of thoughts, opinions and actions are accepted and tolerated within a society. When a management team recognizes pluralism it indicates the acceptance of alternative thoughts, opinions and actions within the organization’s culture. The benefit of pluralism is that it fosters an environment of mutual respect (Tung, 1993). Diversity thrives on pluralism when both domestic and inpatriate managers in the pluralistic organization embrace shared norms of cooperation amongst themselves. This shared mindset is conducive to developing alternatives in solving problems, nurturing pride in collaborative work outcomes and ultimately, celebrating successes in global initiatives. Furthermore, a pluralistic climate of diversity-based success is ultimately sustained with increased profit and satisfaction of both consumers and employees.

Given the increase in the perceived difficulty associated in inpatriating managers and the associated
risk of their stigmatization, the challenge is to design an effective training/monitoring program that could elicit pluralism in the home-country organization. A program designed for avoiding inpatriate stigmatization and stereotyping should provide answers to the following four questions: (1) are the stipulated policies and procedures of the organization producing the desired diverse thinking/behaviors; (2) are the stakeholders (e.g., including employees) within the organization reducing the limitations on their thinking/behavior; (3) is management artificially forcing boundaries on organization strategy; and (4) is the organization consistently re-inventing itself to where its culture is never “settled” or static (Novicevic & Harvey, 2001). The multicultural work environment created by the inpatriation of managers is dependent upon positive approaches to addressing these four issues.

When a successful program is designed and implemented ensuring that pluralism is embedded in a domestic organization, home-country managers will ensure that they are treating inpatriates with respect and accepting differences in a proactive manner (Feely & Harzing, 2003). By approaching newcomers in this fashion, home-country managers will treat newcomers positively and in a manner supportive of increasing their level of satisfaction in the home-country organization. The inpatriate managers, responding positively/proactively to the way in which they were treated, will experience a high level of satisfaction with the home-country organization, exhibit and accelerated adjustment to the home-country, and improve their performance.

In effect, pluralism will likely limit ’liability of foreignness’ of inpatriate managers that are relocated to the home-country of the organization. As individual inpatriates are accepted in an organization, they will enjoy both the freedom of diversity and the pluralistic culture of interactions with domestic managers. The nurturing relationship between home-country nationals and inpatriates will be passed along to subsequent newcomers to the organization. The result will be a suppressed stereotype threat and reduced ‘liability of foreignness’ in the culture of the domestic organization and the potential for improved organizational performance (Ng & Tung, 1998).

When inpatriate managers are transferred to the home-country organization, their knowledge, cultural/social perspectives, and diversity of experience should be viewed by the local home-country managers as value-added. If such a view is not prevalent, isolating negative stereotypes will be ascribed to these immigrant managers by the home-country management. Ethnophaulism (i.e., to disparage a national group or to exclude from social/cultural acceptance or to use ethnic/nationality slurs to refer to out-groups) (Mullen & Johnson, 1993; Mullen, 2001) by home-country nationals could undermine the value of ’importing’ inpatriate managers.

If these inpatriate managers are relied upon to provide the diverse input necessary to developing a global mindset for the organization, there should be programmatic efforts to reduce the reaction of local nationals to discounting/dismissing inpatriate managers and their unique and valuable input to decision-making (Welch, 1994; Stroh & Caligiuri 1998; Gregersen, Morrison, & Black, 1998). The level of ethnophaulism and the social distance between countries can serve as a broad indicator of a link between how members of the receiving society think about ethnic/national immigrants and how members of the receiving society behave towards these immigrants (Mullen & Johnson, 1993; Mullen & Nichols, 2000; Mullen, Rozell, & Johnson, 2000).

Traditionally, domestic managers were expatriated to develop a degree of a global mindset (i.e., developing and maintaining multiple coherent perspectives to allow them to address complex global problems). This capacity will be even more critical in the domestic context because of the increasing need to reduce the potential bias of ethnocentrism when managing in the global market arena (Tung, 1995; Aguirre, 1997; Harvey, Speier, & Novicevic 1999). Effectively acculturating inpatriate managers into a domestic organization is becoming a hallmark of global leadership development (Hedlund, 1986; Harvey & Novicevic, 2001). A lingering issue concerns why inpatriate managers are frequently viewed as not being equal to the home-country managers but rather stereotyped as out-group members with the ascribed need to overcome their ’liability of foreignness’? To gain insight into why inpatriate managers might/will experience levels of the ’liability of foreignness’ once relocated to the home-country of
3. A psychological foundation of stereotyping and stereotype threats

The term stereotype is composed of two ancient Greek terms—stereos, which is a Greek prefix that means rigid and solid, and typos, which means letter, type, and character (Kubler, 1941). Walter Lippermann’s book *Public Opinion* (1922) was the first work that introduced the term “stereotype” into the social sciences. In Lippermann’s book, stereotypes are defined as “pictures in our heads”, i.e. our shared mental representations that facilitate our individual perceptions of complex environments. Stereotypes elicit shortcuts that supplement our ‘cognitive efficiency’ when forming positive and negative stereotyping categories (e.g., foreigners are commonly good in quantitative skills, but poor in interpersonal skills) (Fiske, 1998; Crocker, Major, & Steele, 1999; Link & Phelan, 2001).

When negative stereotypes are implicitly communicated by the powerful individuals or groups, their impact on the targeted individual/group becomes tangible over time through their declined self-esteem and self-efficacy in accomplishing tasks. This decline occurs because stereotyping can be inculcated by the targeted individual/group to become a permanent stereotype threat. This may possibly be manifested as an increased performance pressure exerted upon them by the powerful others when performing a given task, for which their competence is socially stereotyped (Steele, 1997; Brown & Pinel, 2003).

Stereotype threat is a social-psychological phenomenon experienced by some individuals and/or groups when performing in a domain where negative stereotypes about their social standing are salient (Steele & Aronson, 1995; Steele, 1997; Fiske, 1998). Situational pressure caused by the stereotype is likely to provoke anxiety as targeted individuals perceive that they are being judged stereotypically, treated stereotypically, or presumed behaving stereotypically. A closely related construct to stereotype threat is stigma, which is a social regulatory tactic the majority use to identify those who deviate from the majority standard (Pinel, 1999, Crocker, Major & Steele, 1999). According to Dovidio, Major, and Crocker (2000), in contrast to stereotyping, stigma is situation-dependent because an attribute can be enacted as salient in one situation but not in another.

Stigmatization is focused on some easily recognizable characteristic, such as race, weight, (dis)ability, gender or nationality (Zebrowitz, 1996), so that individuals who process these attributes can be stereotyped (positively or negatively) according to some specific societal standards (Fiske, 1998). For example, femininity is a valuable positive attribute in nursing or teaching occupations, but not in traditionally male-dominated occupations, such as engineering or sciences. The entangled relationship between stigmatization and stereotype threat develops “when members of a stereotyped group (are) in situations in which the stereotype could be applied to them – used to judge them or their ability in some way – their knowledge of the stereotype and the features of the situation may combine to affect feelings about themselves, as well as stereotype-relevant performance” (Crock & Quinn, 2000, p. 166). Therefore, stigmatization of one’s group cognitive ability is a necessary, but not sufficient condition for individuals to experience stereotype threat because the cues from the situation need to be relevant for the individual’s knowledge (Steele & Aronson, 1995).

As a means to illustrate the impact of stereotyping threat, researchers have examined the impact of race, socio-economic status (SES) and gender on perceived cognitive ability. Empirically, researchers have found that psychological factors could account for the persistent academic performance gap between black and white students (Jencks and Philips, 1998; Roth, Bevier, Bobko, Switzer & Tyler, 2001). Using Stanford University undergraduate students, Steele and Aronson (1995) reported black students performed poorer on a cognitive ability test than white students when they thought it was a diagnostic test. Black students in the diagnostic condition exhibited a lower performance relative to black students in the non-diagnostic condition. However, both black and white students performed similarly in the non-diagnostic condition. Further, high SES students were generally regarded as more intelligent than low SES subjects. A cognitive-ability test performance gap was also found between students from low and high socio-economic backgrounds (Crozier & Clarie, 1998; Roth, Bevier, Bobko, Switzer, & Tyler, 2001).
Stigmatized individual performance was also found in stereotypical gender performance domains. Brown and Joseph (1999) found both genders had poorer mathematics performance in conditions that highlighted negative stereotype traits of their respective gender groups. Spencer, Steele, and Quinn (1999) observed females performed poorer than males on a math test when the test was introduced as one that accurately measured gender differences in mathematical ability. Recently Kray, Thompson, and Galinsky (2001) found females performed poorer on a negotiation exercise when negotiation ability was described as ‘masculine’. Furthermore, researchers observed stereotype threat could undermine individuals’ expectations of future performance regardless of their initial ability beliefs (Chan, Schmitt, & DeShon, 1997; Stangor, Carr, & Kiang, 1998; Chan, Schmitt, & Sacco, 1998).

Stereotype threat was found to have a robust effect on stigmatized individuals’ performance outcomes in a number of settings (Wigdor & Sackett, 1993; Guion, 1998). Such an effect can signal important implications in personnel selection because the stereotype threat effect could account for the gap typically found in occupational cognitive ability tests (Guion, 1998; Jenck, 1998; Roth, Bevier, Bobko, Switzer, & Tyler, 2001). Specifically, stereotype threat might relate to racial/nationality differences in test taking motivation and behavior. As these differences could be the unmeasured variables causing mean performance differences, stereotype threat effect is a potential source of variance for the racial/nationality performance gap on cognitive ability testing. Therefore, identifying and reducing stereotype threat is an important step in addressing bias and adverse impact on inpatriate managers (Guion, 1998, Wigdor & Sackett, 1993), which is of high relevance for global organizations striving to improve their performance through the inpatriation process of increasing the diversity of their management teams. The central question is how is stigmatization and stereotyping fundamental to the ‘liability of foreignness’ question associated with inpatriate managers?

4. The stigma associated with the ‘Liability of Foreignness’ of inpatriate managers

Stigma refers to a mark or an attribute linking an individual or a group to undesirable characteristics that are socially represented by stereotypes (Link & Phelan, 2001). The stigmatized individual/group is assumed to possess some attribute, or characteristic, which conveys a social identity of lower value in the eyes of the powerful others in the society (Goffman, 1964; Croizert & Claire, 1998). Stigmatization is a form of collective representation that is known by both the stigmatized and the non-stigmatized as being different or of less value by the prevailing norms in a society (Cooley & Schubat, 1998). Stigmatization is contingent on the stigmatizer having access to power (i.e., social, political, economic) that allows the development of the nature of the differences to influence the separation of those like inpatriate managers are critical to the future success of the organization.

In summary, a common finding of these studies is that stereotype threat has a robust effect on stigmatized individuals’ performance outcomes in various settings. This has important implications for human resource management because the stereotype threat effect could account for the racial and other types of gaps typically found in occupational cognitive ability tests (Guion, 1998; Jenck, 1998; Roth, Bevier, Bobko, Switzer, & Tyler, 2001). Specifically, stereotype threat might relate to racial/nationality differences in test taking motivation and behavior. As these differences could be the unmeasured variables causing mean performance differences, stereotype threat effect is a potential source of variance for the racial/nationality performance gap on cognitive ability testing. Therefore, identifying and reducing stereotype threat is an important step in addressing bias and adverse impact on inpatriate managers (Guion, 1998, Wigdor & Sackett, 1993), which is of high relevance for global organizations striving to improve their performance through the inpatriation process of increasing the diversity of their management teams. The central question is how is stigmatization and stereotyping fundamental to the ‘liability of foreignness’ question associated with inpatriate managers?
with the stigmatized characteristics for disapproval, rejection, exclusion, and potentially discrimination (Link & Phelan, 2001).

Stigma is a multidimensional construct consisting of six dimensions, which are: (1) concealability—the level of visibility of the distinguishing mark or attributes used in the stigmatization of the individual; (2) course of the mark—is the mark increasingly debilitating over time to the individual; (3) disruptiveness—of the mark in interpersonal interactions; (4) aesthetics—the degree of ‘disfigurement’ or unattractiveness of the stigma mark or attribute; (5) origin—of the stigma attribute, for example, is it congenital, accidental, intentional, or imagined; and (6) peril—the danger associated with the stigmatized individual to others (i.e., AIDS patients, leper or similar contagious diseases) (Deaux, Reid, Mizrahi, & Eitier, 1995; Dovidio, Major, & Crocker, 2000). The perceiver’s assessment of these six dimensions capturing the ‘severity’ of the stigma may evoke the target (e.g., individual or group) of the stigmatization to react to the stigmatizing disapproval and stereotyping cognitively, affectively and/or behaviorally (Gonzales, Blanton, & Williams, 2002; Dovidio, Major, & Crocker, 2000).

Some classes of disapproval or stereotyping that are culturally based may even be at a preconscious level, often engendered by visual cues or shortcuts for devaluing individuals by just observing and labeling their attributes (i.e., race, gender, disability, nationality). This downgrading of status or devaluing of an individual or a group in a status hierarchy may become a tangible form of discrimination, as it creates negative stereotypes of individuals and groups that appear different or act differently relative to the prevailing cultural norms (Mullen, Salas, & Driskell, 1989). If labeling and stereotyping lead to discrimination of stigmatized individuals or groups, a ‘disabling’ social environment is facilitated. This environment can impact the performance and limit the potential of the discriminated individual/group (Fine, 1998). The current tendency of Westerners to stereotype and devalue Arabic people, following the recent wave of terrorist acts performed by Muslim extremists, illustrates this point. Although the militant extremists deserve both stigmatization and condemnation, the systemic risk of security concerns has caused a wider spillover of stigmatization.

Any stereotyping engendered by stigmatization of individuals and groups consists of an array of shared beliefs and attributes that categorize, justify, and maintain the individuals as members of such groups that have devalued characteristics (e.g., race, gender, disability, nationality) (Druss, Bradford, Rosenheck, Radford & Krumholz, 2001; Link & Phelan, 2001). When these arrays of beliefs and values become a part of the wider collective representation, the individuals with the stigmatized attributes are likely to be inculcated with the ways in which powerful others perceive their group (Crocker & Quinn, 2001). Therefore, social stigma with negative stereotypes may significantly distort the self-concept of members from a targeted group(s), when their ‘negative’ attributes are widely shared in a society. One such attribute is ‘foreignness,’ which becomes a liability when inpatriates attempt to construct professional or managerial role identity in the domestic organization of their new country. To gain addition insights into the potential for stigmatizing inpatriate managers, the detailed complexities of the ‘liability of foreignness’ need to be explored.

5. Examining in more detail the complexities of the ‘liability of foreignness’ phenomenon associated with inpatriate managers

In line with the most recent research trend (Allison, 1998; Miller & Major, 2000; Miller & Kaiser, 2001), stigma and stereotype threat can be viewed as stressors faced by inpatriates. This view accentuates the need for inpatriate “cognitive appraisals in the experience of stigmas related stress and the coping responses made to that stress” (Miller & Kaiser, 2001, p. 73). The ways in which stigmatized and stereotyped inpatriates may cope with the stress engendered by their devalued status in the home-country organization could be helpful in designing a process/program to facilitate effective coping responses (Shih, 2004).

An effective program facilitating inpatriate appraisals and coping may suppress the consequences of stigma-related stressors (e.g., low self-esteem, external locus of control and depression) to free inpatriate adaptive resources for productive use. For the design of such a program, it is important to bear in mind that stress responses vary not only in nature (i.e., psychological, cognitive, emotional, and behavioral)
but also in orientation (e.g., voluntary–involuntary, engaged–disengaged, problem-focused or emotion-focused) (Zeidner & Endler, 1996). Consideration of the variety of stress and coping responses is necessary to design a program of their effective facilitation with inpatriates. The program design should however be extended to ensure the inpatriate acceptance by the home-country nationals.

Inpatriate stereotyping and stigmatization can be moderated by various events including home-country managers’: (1) motivation to form and maintain positive intercultural relationships; (2) efforts to promote counter-stereotypes; (3) focus of attention; and (4) contextual cues (Blair, 2002). One way to frame these moderators associated with inpatriate managers working in the home-country of an organization is to examine how they could counter the country-of-origin/liability of foreignness effects that Hooley, Shipley, and Krieger (1998) claim are contained in the four dimensions surrounding the relationship between the image of a country and the image of products and/or individuals that come from that country (see Fig. 1).

The first dimension, the belief that inpatriate managers of the similar origin are largely homogeneous, implies that home-country citizens will perceive the quality of nations from which inpatriates originate is roughly the same as the home-country. For example, inpatriates from the United Kingdom may be perceived as quality managers. Conversely, inpatriates from Zimbabwe may be perceived as lower quality managers than home-country managers. Home-country organizations can use this rough indicator and recognize the potential problems of accepting inpatriate managers from diverse countries (i.e., acceptable/similar/unacceptable compared to the home-country).

The second dimension, the perception of management education, training and experience, may vary from country-to-country, suggests that France’s ranking of inpatriate managers will differ from those of the United States for the same set of inpatriate managers. As the United States system may not be perceived as international, this point may appear to be moot. However, because of the diversity of the United States population and the reality that certain ethnic groups

Fig. 1. Country-of-origin and impact on acceptance of inpatriate managers.
are congregated in certain areas of the country (e.g., the French speaking population in New Orleans, Louisiana), there will be cultural differences in these areas that depart from traditional national perceptions (Tung, 1993). Thus, organizations located in these specific areas of the country could take into account the differences in perception which may lead to exceptions to the level of acceptance of inpatriate managers’ education and experience.

The third dimension, denoting that the passage of time can significantly change the perception of managers over a timeframe, illustrates that the home-country’s perception of inpatriate managers today can change over time. Home-country organizations cannot assume that the perception of inpatriate managers remains constant over time. Thus, constant monitoring of perceptions specific to inpatriate managers will allow home-country organizations to target inpatriate managers from those countries perceived to be more acceptable to the home-country nationals.

The fourth dimension implies that home-country management could give preferential treatment to domestic managers over inpatriate managers. Generally, there will be a preference for home-country nationals due familiarity and track record of these managers in the home-country organization. But this option may be less advantageous in the future in which the tacit knowledge of the inpatriate managers is necessary in order to develop a global approach to performance. In addition, management diversity becomes the means to develop and adjust competitive strategy on a constant basis (Simpson, 1995; Palich, Hom, & Griffeth, 1995; Novicevic & Harvey, 2001).

Addressing these four issues will assist organizations in their attempts to develop a model for targeting inpatriate managers that will have less difficulty in being accepted in the home-country environment and organization. These issues compel organizations to prioritize their recruitment of inpatriate managers on these four different issues and therefore begin to attempt to limit and then reduce the ‘liability of foreignness’ that inpatriate managers will experience during their entry into a domestic organization.

The ‘liability of foreignness’ problem has primarily been experienced in foreign subsidiary environments (Calhoun, 2002). Thus, very little research has explored the issues associated with inpatriate managers being relocated to the home-country organization (Matsuo, 2000; Mezias, 2002a). The body of research on expatriates in subsidiaries focuses on the adjustment of expatriate managers and the cultural/social backlash/negative reactions to the expatriate manager (Mexias, 2002b; Calhoun, 2002; Sethi & Guisinger, 2002). The issue is whether the importation of inpatriate managers will follow the same adjustment pattern experienced by expatriates. There are a number of issues that need to be explored relative to this ‘reverse liability of foreignness’ trend found in the home-country organization. There is some indication that the reaction may be stronger in the home-country, as illustrated by a recent backlash experienced by major airlines in the United States that have outsourced customer service/reservations to foreign entities. We would suggest that implementing a structured process to reduce the ‘liability of foreignness’ would add competitive advantage to an organization. That process is examined in detail in the following section of the paper.

6. A program/process for managing the ‘liability of foreignness’ associated with inpatriate managers

Home county organization should make a sustained effort to reduce the impact of the ‘liability of foreignness’ through recognizing the tendency for home-country nationals to judge newcomers to an organization on their perceived degree of difference. Fig. 1 illustrates the need to determine which countries to recruit inpatriate managers from based upon the probability of acceptance by home-country managers recognizing that acceptance can and more than likely will vary by country (Fiske, 1999; Bigoness & Blakely, 1996; Calhoun, 2002). In addition, it is noted in Fig. 1 that perceptions can change over time given exposure to incoming inpatriate managers, therefore, an on-going monitoring of the program is necessary. Therefore, Fig. 1 can be used in the development of a program to more effectively integrate inpatriate managers into the domestic organization.

The inpatriate program developed below should allow inpatriates to both cope as well as empower them by recognizing that overcoming their potential
stigmatization is not a depleting process but rather a replenishing and enriching process (Shih, 2004). A comprehensive program should have elements that enable the in-patriate to overcome as well as empower them to more effectively address stereotyping and stigmatization in the future. Therefore, a step-by-step process of addressing the ‘liability of foreignness’ could provide the foundation for developing a proactive program of the home-country management. Fig. 2 illustrates specific steps in the process and each step will be briefly discussed (see Fig. 2).

6.1. Assessment of present/future level of need for foreign nationals

The need for foreign nationals as in-patriates will vary based upon: (1) the type of organization and (2) the stage of globalization of that organization. The demand for diversity and the resulting increase in the ‘liability of foreignness’ is contingent to a degree upon the need for varying viewpoints/perspectives from globally diverse sources of information. This is of particular importance in situations where there is a need for globally diverse tacit knowledge in order to develop effective strategies for the organization. The greater the cultural distance and the level of difference in economic development between two countries the higher the need for in-patriate input. Moreover, as organizations globalize their operations, the need for a wider variety of input/knowledge will grow (see special issues of Strategic Management Journal, 1996; Journal of International Management, 2002; Organization Science, 2002; as well as, Nonaka and Takeuchi, 1995; Nonaka & Teece, 2001; Orlikowski, 2002).

The first step in managing the ‘liability of foreignness’ in global organizations is to ascertain the present information needs of the organization and to anticipate the need for diverse input in the short-run and in a longer time horizon. It is logical to surmise
that the greater the need for information/input, the greater the willingness of management to commit resources to the transfer of inpatriate managers to the home-country organization. At the same time, the potential negative outcome of introducing inpatriate managers into the domestic organization needs to be recognized by management (Harvey & Buckley, 1997; Harvey, Speier, & Novicevic, 1999). This initial recognition of the ‘liability of foreignness’ can help to increase the awareness of management as to the potential negative impact of introducing foreign managers into the domestic organization. As well as, to underscore the potential negative reactions and stereotyping of foreign managers by domestic employees (Lou, Shenkar, & Nyaw, 2002).

6.2. Determination of strategic markets and cultural distance/novelty

The need for information will vary by stage of globalization and the realization that the need for input will be most valuable for certain markets of strategic importance. This recognition of the variance in the importance of information needed is the basis for the classification of countries/markets concerning from which countries inpatriate managers could be transferred to the home-country. Once these target countries are determined, the level of cultural and economic distance can be determined and used as a quasi indicator of the level of foreignness that the inpatriate managers might expect in the home-country (Hofstede, 1983). The level of diversity among the foreign nationals to be ‘imported’ to the home-country will also serve as a guide to the support needed to overcome the difficulties in socializing the incoming inpatriate managers to both the internal and external environments (Tung, 1995). The mix of incoming inpatriate managers/families will also underscore the level of complexity of the newcomer problem for the human resource management function in the home-country.

The greater the cultural/economic distance of countries that inpatriate managers are recruited from the higher the probability of managers being stigmatized by domestic managers (e.g., the more novel the culture from that of the home-country the lower level of acceptance by domestic managers) (Harvey & Buckley, 1997; Novicevic & Harvey, 2001). The tendency to stereotype out-group members is heightened due to the greater cultural/economic distance between the inpatriate and domestic managers. Frequently, the abilities of the inpatriate manager(s) will be discounted because the domestic manager(s) perceive the inpatriate as different (therefore less quality). This discounting of inpatriate managers shadows the stigmatization of outsiders because of a lack of knowledge as well as lack of acceptance of individual differences (Fiske, 1999; Calhoun, 2002).

6.3. Assessment of cultural acceptance of diversity in the home-country organization

As was depicted in Fig. 1, there can be a derived targeted pool of inpatriate candidates that are more likely to be accepted in the home-country. These targeted countries will more than likely be less culturally novel and have a more similar level of economic development. By targeting the countries where inpatriate managers are recruited from, there will be less likelihood of domestic managers to stereotype and ultimately stigmatize incoming inpatriate managers (Brown & Pinel, 2003). One of the primary considerations in the development of a program for addressing the inpatriate ‘liability of foreignness’ is to undertake a benchmarking of where the organization stands relative to diversity and acceptance of foreigners in the organization. Any program that is to be developed to socialize inpatriate managers into the home-country organization is predicated on the ‘vision’ of diversity and the existing climate of acceptance of difference in the organization (Tung, 1993; Ng & Tung, 1998). While there are legal parameters stipulated in most developed countries relative to diversity and discrimination, the informal climate needs to be evaluated and the level of potential ‘stigmatization of foreignness’ determined. In doing so, human resource management professionals can determine the level of change that must take place for the successful integration of inpatriate managers into the organization.

6.4. Development of dual socialization process for inpatriates/home-country nationals

It is obvious that there needs to be a socialization process established for the inpatriate managers to
assist them in adjusting to the home-country/organization. For the socialization process of inpatriate managers to be effective, a complementary training program should be put in place for the home-country nationals. This cultural sensitivity training would have as its goal to reduce the level of stereotyping and stigmatization which domestic managers could develop toward inpatriate managers (Brown & Pinel, 2003). While the inpatriate managers will recognize the need to be socialized into the home-country organization, there will be a concomitant level of reluctance exhibited by domestic inpatriate managers to accept newcomers/outsiders into the informal social network of the organization.

The process developed for the home-country nationals could be based on the four phases that the inpatriate managers will go through in the process of successfully entering the home-country organization, as follows:

1. **Segregation**—social distance maintained and is characterized as a period of learning and acceptance of differences. Barriers to moving to the next level in the process of socialization being overt hostility between groups, lack of a common body of knowledge and an inability to effectively communicate. The critical juncture in the stage being the recognition of the value of tacit knowledge of the inpatriate managers to the success of the global organization;

2. **Assimilation**—modification of behavior by the inpatriate managers, recognition of the informal structure and environment in the home-country organization and increase level/quality of communication between home-country and inpatriate managers. Barriers to the successful completion of the phase are different rates of acceptance of inpatriate managers by clusters of countries of origin and fear on the part of the home-country nationals of loss of power and decision-making to inpatriate managers. It is critical to reduce tension between the home-country managers and the inpatriate managers;

3. **Integration**—some remaining conflict over adaptation to the home-country organization culture and dominant cultural norms resulting in a growing recognition of the value of diverse perspectives. Barriers to successful completion of this stage are the balance between the two cultures (e.g., home-country and inpatriate manager), the blurring of norms and acceptance of the ‘hybrid’ culture by both groups. The critical juncture being a blending of organizational culture acceptable to both groups; and

4. **Individualism**—home-country organization acceptance or difference in frame-of-reference of inpatriate managers and valuing their input to the strategic direction of the organization. The value of tacit knowledge of the inpatriate managers is acknowledged and their input to strategic thrust is support by the home-country managers. The barrier to accomplishing this stage in the process is maintaining a coherent cultural historical perspective or frame-of-reference to demonstrate the impact/value of inpatriate managers to the globalization of the organization. The critical juncture in this stage of the process is the inclusion of inpatriate managers into formal/informal networks in the organization.

Training the home-country nationals to be more receptive to the inclusion of foreign nationals may be as difficult learning process as having the inpatriate managers understand the level/type of adjustment they will need to make to be successful in the transition to the home-country organization.

### 6.5. Development of support package for expatriate/family

Every inpatriate manager that is going to enter the home-country organization will require a formal as well as informal support of those in the organization. The human resource management task is to develop a flexible support mechanism that can be adjusted and/or be customized to the incoming inpatriate managers (Harvey, 1985, 1997). The importance of this support infrastructure can measured in the length of time that it takes the inpatriate manager to adjust to the organizational as well as general societal culture shock that each will experience upon relocating (Black et al., 1991). The support should encompass external support for the family and the manager, as well as internal support system or infrastructure for the manager. The formal support mechanism should be augmented by encouraging an informal recogni-
tion by home-country managers that the inpatriate managers will need to be included in social activities and informal organizational events (Harvey, 1985, 1997).

6.6. Monitoring/auditing of the ‘Liability of foreignness’ processes and program

Once in place, the program for assisting inpatriate managers to adjust to the local domestic macro and organizational environments will need to be assessed on a regular, timely basis. The success of this support program for inpatriate managers may provide the margin for global success of the organization by helping to integrate this specific knowledge and insights into the global organization better than its competitors could do. Therefore, the functioning of the process must be evaluated in terms of success, as benchmarked against other such programs established in the marketplace.

7. Conclusion

The inflow of inpatriate managers to home-country organizations will continue to grow with the need for accumulation of heterogeneous assets of strategic importance. The need for a variety of perspectives, as well as for the experience in the emerging markets of the future, will rest to a large degree on the insights of inpatriate managers from these countries (Garten, 1996, 1997a,b). Given the specific importance of this group of managers, it would seem reasonable that additional attention will have to be given to improving their transition to home country organization, as well as to the process of their socialization with and acceptance by the home-country managers.

The importance of successfully integrating of inpatriate managers is paramount in developing an effective global strategy. This source of competitive advantage (i.e., diversity of knowledge and experience in a management team) may be one of the more important traits of management team in successful organizations. Unless the inpatriate ‘liability of foreignness’ issue is addressed, the development of a global mindset will be more difficult and organization will be less likely to be able to successfully compete in the global marketplace.

References


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