Expatriates and Knowledge Management

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Importance of knowledge in the Multinational Corporation

Traditionally, Multinationals Corporations (MNCs) have been defined as corporations that have their assets, facilities and products present in at least another country than their country of origin. With this in mind, MNCs have to effective and efficiently share and stretch their organizational resources and competencies between their worldwide facilities, in order to reap significant competitive advantages that will enable them to strive in global markets. Often, these competitive advantages are derived from competencies, which are specific activities or processes that the MNC masters and as a result does better than its competitors in fields such as marketing, logistics, operations or research and development (Johnson, Scholes & Whittington, 2005).

In accordance with the Resource Based view of the firm (RBV), any company, even a MNC has to successfully own, hold and deploy its existing value creating resources or competences whilst developing future ones, so it can profitably compete in any market (Grant, 1996). The literature associated to this theory usually stresses that a firm's competitive advantage arises from resources and capabilities that follow the acronym VRIN (valuable, rare, inimitable and non substitutable). Resources or competences have to be valuable in the sense that they generate superior performances and ultimately greater income for the firm in relation to their competition. Implicit to the notion of value is the idea of the resource or competency being rare, inimitable and non substitutable. It is easy to observe this link, because if they are hard to find, build or imitate and no close substitutes abound, then the firm that has access to them benefits from their use, while they simultaneously limit another firm's ability to create value in the same manner, consequently generating a significant competitive advantage (Johnson, Scholes & Whittington, 2005).

Taking the idea of firm resources and capabilities further, these can be either tangible or intangible. In relation to resource physicality, Spender (1996) mentions that most tangible firm resources are obtained outside of the organization; therefore they are weaker sources of sustainable competitive advantages because the likelihood of them being attained by other external entities is greater than internal organizational resources. Conversely, intangible competences and resources, namely firm specific knowledge (or the firm's knowledge base) can better provide long term competitive advantages. This is because they are generated within the firm, based on accumulated and integrated firm knowledge and human capital; thus allowing the firm to create unique processes and activities which can't easily be extricated and understood by external entities that aren't or weren't part of the development process, consequently granting the firm a protracted competitive advantage (Spender, 1996; Pablos, 1998; Gupta & Govindarajan, 2000)

With this in mind, knowledge is the key for keeping a company competitive (Riusala & Suutari, 2004) and this is in line with the Knowledge Based View of the Firm (KVB). The KBV can be analyzed as an adjustment to the RBV, where knowledge is now viewed as the single most important strategic resource of a firm, contrary to its portrayal as mere generic resource in the traditional RVB theory (Scarbrough, 1998; Spender, 1996; Grant, 1996). Ultimately, knowledge is the basis of all producing institutions, because any process or activity can be understood as the operationalization of the accumulated and integrated individual and firm knowledge that has created and developed it. As a result, Grant (1996) says “firms (…) exist because they can create conditions under which multiple individuals can integrate their specialist knowledge.”

Having said this, a new definition of MNCs is need where the role of knowledge is emphasized. Authors that support knowledge as a firm’s key competitive advantage have mentioned in their articles that the main reason for MNCs existence is the creation, exploitation, integration and transfer of knowledge within its network of subsidiaries and headquarters (Gupta & Govindarajan, 2000; Bonache & Brewster, 2001). Ultimately, MNC’s strive in international markets because, on the one hand their home market and past knowledge proves to be a competitive edge in foreign ones and on the other, MNC’s have compounded their “home” based knowledge by identifying which subsidiary knowledge is relevant to the whole multinational network and then share it accordingly (Downes, Thomas & Mclarney, 2000; Bonache & Brewster, 20001; Pablos, 1998). Therefore, MNC’s should be defined from here forth “as network of three kinds of inter-subsidiary transactions: capital, products and knowledge flows” (Gupta & Govindarajan, 1991).

But if knowledge is the very core of any company, then what is it? What makes it a source of higher competitive performance?

What is Knowledge?

When it comes to giving a concrete definition of the concept of knowledge, no real consensus has been reached by the various researchers of this topic (Botha, 2000; Nonaka & Peltokorpi, 2006). If one was to look up knowledge’s definition from a dictionary, many different descriptions of it would arise. The Oxford English Dictionary refers three different meanings, the first being that knowledge is the equivalent of expertise or skills gained by a person through experience or education, thus it can be perceived as theoretical knowledge or know-what. The second meaning says that knowledge can be seen as awareness or familiarity of a situation gained through practical experience, therefore knowledge can be understood as hands on know-how. Finally, knowledge can also be labeled as what is known in terms of data or information in a specific field. As you can see from the three different descriptions of knowledge, there is a theoretical approach to knowledge, a practical one and finally an architectural or hierarchical approach based on the ideas of data and information. I will start my analysis of knowledge from the knowledge hierarchy point of view and then branch out into the theoretical and practical point of view.

The knowledge Hierarchy

The knowledge hierarchy is often used by knowledge management theorists as a mean to clarify the concept of knowledge in relation to data or information, which are commonly used as loose synonyms for knowledge (Bender & Fish, 2000; Botha, 2000, Spender, 1996). The concept of knowledge can be arranged into a hierarchy or a pyramid (as can be seen in annex 1), where the foundation is data, on to which is built information, knowledge and finally wisdom or expertise respectively.

Data is the most elementary component of knowledge and “the material for the creation of information” as said by Bender and Fish (2000). It is usually seen as a mere symbol that states or describes a discrete and objective fact about something or an event without giving it a context or meaning (Zorrinho, 2004). In the words of Nonaka and

Peltokorpi (2006), “it is raw numbers, images, words and sounds derived from observation and measurement”.

Information arises once you give data a meaning or a context and this usually comes to be by relating various types of data, then giving them a perspective or a purpose and finally deliver them to human’s brains. This information in hand, is used by its “owner” to then describe and make relationships, thus creating knowledge (Bender & Fish, 2000)

Knowledge is often seen as a dynamic (Nonaka et al, 2001) yet a tacit process, done at an internal level and as mental exercise, where people assimilate data and information, then make sense of it and integrate it, based on their values, beliefs, experiences, social interactions and knowledge base (Bender & Fish, 2000; Zorrinho, 2004). Due to this, each person’s knowledge will be different to the next’s and this happens because each person is part of a specific context and situation, thus one’s experiences and values will always be different to another’s (Bender & Fish, 2000).

Ultimately knowledge is an accumulative and dynamic process where one, through his own experience, learning and knowledge needs adds successive information and data about specific issues that are of interest or importance to him. This is possibly why Albert Einstein said “knowledge is experience, everything else is information”

As a person accrues more information on a specific subject he becomes more specialized in it, as a result becomes an expert. Hence expertise or wisdom can be understood as profound knowledge in a certain field and that is brought on through years of experience and learning (Bender & Fish, 2000). Expertise, and even most knowledge, only exists within humans, hence is it of a highly complex and tacit nature, therefore its transfer to others is difficult without the presence of who detains it

(Zorrinho, 2004; Bonache & Fernandez, 1997). This is one of the reasons for which MNC's use Expatriate Managers in a day and age of technological solutions that could shorten the distance between MNC headquarters and subsidiaries. Before exploring the concepts of knowledge transfer and uses of expatriate managers by multinational, I shall explain the difference between explicit and tacit knowledge and its role in MNC's.

Types of knowledge: Explicit versus Tacit. It's implications to the firm

As we have seen in the previous section, the creation of knowledge is a highly human process, but what does this mean to the firm or MNC? To the MNC this means that most organization knowledge is caught "between the ears" of its employees and the rest of it is present in the organizations management tools, such as information systems, manuals, training sessions and help desks (Zorrinho, 2004; Davenport & Prusak 1998) As a result, organizational knowledge has to be seen as the result of individual knowledge which has been broadened, amplified and shared by organizational structures, processes and social interaction over years of market presence and experience (Nonaka & Takeushi, 1995; Zorrinho 2004).

Philosopher Michael Polanyi (1967) said that most people know more than what they can tell, and by following this line of thought he created the distinction between tacit and explicit knowledge of individuals. This is also true for companies; Nonaka (1991) says this distinction is important because tacit knowledge can be seen as the driver of a firm's competitive advantage, especially in the realms of innovation and R&D (Nonaka & Takeushi, 1995). If this is so then what is explicit and tacit knowledge?

Both Polanyi (1967) and Nonaka (1991) define explicit knowledge as “formal and systematic”, in the sense that it is easy to acquire and understand, because it is highly communicable and codified, thus it is easy to share. Commonly, it is associated to clearly defined business practices and rules that affect business procedures, or then, information contained in data bases, blue prints, patents and manuals (Zorrinho, 2004). Often it is said to be the (theoretical) knowledge acquired through education. This kind of knowledge isn’t associated to knowledge competitive advantages because it is often associated to business rules or practices which are common to several organizations, therefore they don’t uphold the VRIN acronym for competitive edge. An example of explicit knowledge would be the practices and rules behind a firm’s accounting.

Contrary to this, tacit knowledge encompasses all individual or firm knowledge that cannot be easily explained or taught to others, because it is highly case specific and embedded in processes and actions, thus being very difficult to extricate (Nonaka et al., 2001). Some researchers like to perceive tacit knowledge as know-how, because know-how can only be acquired through experience and learning by doing (Kogut & Zander, 1992), and that is why the analogy of the craftsman who can only pass on his knowledge on by a hands on apprenticeship, is usually used to illustrate tacit knowledge. It is important to note that tacit knowledge is human or person bound, in the sense that even organizational knowledge is kept in the minds of the workers who create it, therefore it is of strategic importance to maintain these knowledge assets in the company (Bender and Fish, 2000).

Tacit knowledge is of strategic importance to firms and MNCs, because it is very case sensitive and dependent on who has it. Secondly, it can’t easily be verified from the exterior of the company, whilst it is difficult to communicate, thus the probability of being leaked to competitors is smaller, only if they hire a current employee. Even if they can get hold of this tacit knowledge, to replicate the circumstances that generated are very hard to not say almost impossible to replicate, because such a high causal ambiguity surrounds the development of tacit knowledge.

Now with this said, tacit knowledge can, and in line with the KBV theory, be seen as a firm's most important source of competitive advantages, mainly because it is at the root of all processes and activities, even explicit knowledge has to be seen as the operationalization of tacit knowledge (Nonaka & Peltokorpi, 2006).

To define the extent to which knowledge is tacit or explicit, a study developed by Kogut and Zander (1993) created three knowledge attributes. The first attribute is codifiability, which is the extent that knowledge can be expressed in a formal manner, like in a document or manual. The second is teachability that is related to the ease at which knowledge can be taught and transferred to others. Finally, complexity is the number of critical and interacting elements in the knowledge transferred. The greater the complexity and the smaller the teachability and codifiability of the knowledge then the more tacit the knowledge is and thus more difficult to transfer among individuals, employees or MNC's headquarters and subsidiaries (Riusala & Suutari, 2004).

Types of expatriates: a temporal view

As seen previously, tacit knowledge is of difficult communication and transfer, thus mechanisms have to be used as to ensure that the MNC can successfully exploit and integrate its core knowledge competitive advantages throughout its network of subsidiaries to profitably compete in international markets (Gupta & Govindarajan, 2000).

Due to tacit knowledge's causal ambiguity, embedded and human nature the most effective way for MNCs to transfer knowledge is through the use of current workers who already detain the necessary knowledge stock that is needed to be passed to the subsidiaries. Bender and Fish (2000) mention that, to transfer organizational knowledge, such as company norms, culture and processes, among others, the transfer can't be of a passive nature, personnel have to have a hands on experience to adequately assimilate and acquire the knowledge into their current knowledge base; thus extended and prolonged individual interaction, through meetings, frequent visits or sharing of human resources is needed and this explains the use of expatriate managers on the behalf of MNCs (Gaputiene, 2003).

According to Harris (2002), expatriates can have four different temporal roles in subsidiaries. The Long-term expatriate, can be seen as the traditional expatriate where the headquarters employee gets an international management job and moves to a host country with his or her family, usually for a period of more than a year. The Short-term assignment is an international managerial role that an expatriate withstands for under a year. The international commuter lives in the MNC's headquarter country yet he commutes to a subsidiary in a neighboring country on a regular basis. Finally, we have the frequent flyer, which is constantly visiting subsidiaries within the network, yet never reallocates to one of them.

Studies have shown that the length of the expatriate's mission directly affects his knowledge transfer capabilities, and that the longer the mission greater is the potential in sharing and transferring knowledge (Harris, 2002; Minbaeva & Michailova, 2004, Bonache & Brewster, 2001). Longer international assignments often demonstrate a greater commitment to the MNC thus greater autonomy and responsibility are given to the expatriate, which culminates in a greater interest in local employees' performance. Secondly, a more lengthened stay abroad increases cultural adaptation, thus greater mutual understanding is reached and knowledge transfer then becomes an easier task (Minbaeva & Michailova, 2004; Bonache & Brewster, 2001). Finally, permanent assignments give expatriate managers more time to understand the host country's business system as well as the functioning of the subsidiary, hence, greater local knowledge creation is possible on the behalf of the expatriate (Harris, 2002; Minbaeva & Michailova, 2004).

Shorter length international assignments can't be disregarded as a valid alternative to the traditional employee expatriation over a long period. (Collings et al, 2007). Although this kind of short term orientation has become ever increasing in present days, the choice for this type of international assignments came to be, originally, as a means for MNCs to cut costs on international staffing by not paying the expatriates dislocation premium (Expansion Management, 2006). Currently, the growing MNC preference for Harris' (2002) short-term expatriate, international commuter and frequent flyer has its roots in the positive experience and results that these roles have proved in project management and in technical knowledge transfer. It also allows the employee's to have a more flexible approach to going abroad, as the shorter stay doesn't involve as much commitment by the worker and his family (Expansion Management, 2006).

Although these roles can be seen as alternatives to traditional long term expatriation, which many advocate (Collings et al, 2007), in my view it is only a variation on an old theme, because ultimately the reasons and results of their use are the same: Control, Coordination, Knowledge Transfer and Management Development.

Expatriate knowledge transfer using the SECI-Model

Knowledge transfer not only depends on the time spent by the expatriate at the subsidiary, but also on the type of knowledge shared. Using the tacit or explicit dimension, Nonaka (1991) who is considered one of the fathers of knowledge management, developed the “spiral of knowledge” for knowledge creation, sharing and transfer. This “Spiral”, also known as the SECI-model, shows how knowledge can follow four processes in transitioning between tacit and explicit knowledge: Socialization, Externalization, Combination and Internalization (Nonaka & Takeushi, 1995; Zorrinho, 2004).

Of the four processes, Socialization is most commonly used by expatriate managers during their assignment as a means of control, but also of transferring their tacit knowledge to local employees, usually through dialog and the sharing of experiences through social and individual relationships (Nonaka & Takeushi, 1995; Edtrom & Galbraith, 1997). Externalization is also important, because it turns tacit into explicit knowledge by creating visual images of one’s tacit knowledge that help another understand it. Zorrinho (2004) says it happens, for example, when a person has a meeting with another and they express an idea or a concept. Combination essentially replicates and joins systemic explicit knowledge to an existing knowledge base, thus it can be seen as using different types of theoretical knowledge to create a prototype, for example. Finally, internalization represents the transfer of explicit knowledge in to a tacit state. This meaning, that people apply their theoretic learnings and use them from there out in a practical fashion, it can be considered learning by doing (Zorrinho, 2004, Nonaka, 1991).

Other roles of Expatriate Managers in MNCs

Most expatriate literature refers to Edstrom and Galbraith’s (1977) study on international manager transfer to define and explain expatriate transfer policies. Their study asserts three broad policies, the first being the need to fill positions in the subsidiary. The second policy is related to the development of individual and collective management capabilities within a foreign facility. Finally, the authors state that expatriation can be used as a method to develop capabilities that the MNC, as a network, can benefit from as a whole (Harzing, 2001).

Expatriates as means of Filling Positions in MNCs

The use of expatriates to fill positions within the subsidiary structure has always been seen as one of the primordial roles of the foreign manager. This occurs, more times than not, because the local subsidiary labor markets do not have the adequate professionals to fill more technical or higher managerial jobs, due to a greater cultural distance, which often is felt in terms of lower levels of knowledge, education and managerial experience (Boyacigilier, 1990, Harzing, 2001). Whilst filling these more specialized positions, expatriate managers attempt to transfer their own or the company’s unique competences and knowledge to the host subsidiary workers in order to simultaneously grow the local knowledge base and let the subsidiary reap the benefits from its use, in terms of greater productivity and higher performance.

Another reason for the role of position filling is the need for experienced personnel during the start up phase of the MNC subsidiary. To ensure a smoother start and greater levels of control of its foreign operations, MNCs often send managers from headquarters to set up and run the subsidiary. These managers will spearhead the subsidiary or its main departments and will be instrumental in transferring the MNC's business practices, processes, rules, culture and knowledge to the local employee base (Harzing, 2001). They will also prove to be fundamental for the development of the, possible, future local managers who will then take their place upon their departure.

Finally, expatriate are used to fill positions at the subsidiary for two reasons: national representation and compliance with government regulation. Many times, the subsidiary's local stakeholders such as clients, government, suppliers and workers have expectations of a foreign presence to grant greater credibility to the MNC's investment, thus the presence of expatriates is seen as a necessary element to conduct business in a foreign country (Brewster, 1987). Besides this, MNCs also like to have a "home" national that will represent the headquarters interests and way of life, so that the subsidiary workforce can better understand the headquarters expectations in relation to their activities, processes, practices and performance.

Expatriates as a form of Management Development in MNCs

Management development has also been seen as an expatriate transfer policy, by which, MNCs give career advancing opportunities to up and coming employees (Edstrom & Galbraith, 1977). MNCs are highly dependent on having staff that has international management experience to ensure higher current and future performance of both parent and subsidiary companies; thus expatriation is used as a growth scheme, where future stars are given greater responsibility and autonomy in a subsidiary, to develop both personal and technical skills associated to international management such as new languages, cultural adaptation, management of diverse settings, situations, people and knowledge. Although not commonly stated in literature, management development occurs both ways, with subsidiary nationals also going to headquarters to improve their skill set and advance their careers. Evidence from Harzing’s (2001) study on international transfers, shows that management development frequently takes place at larger and more established subsidiaries that denote greater degrees of MNC ownership and lower levels of cultural distance.

Organizational Development through the deployment of Expatriates

Edstrom and Galbraith (1977) last transfer policy focuses on expatriates as a form of organizational development, by which they go abroad to develop the MNC network as a whole, by altering structures and decision making processes when undertaking control and coordination roles. These researchers mention that when expatriates are exposed to subsidiary reality, they tend to increase the amount of communication with headquarters, as well as, form verbal information networks with their “home” and subsidiary contact base. This occurs, because decision making in an international and interconnected reality such as MNC means that all interested parties have to share information in order to reach the best possible outcome, especially in MNCs with more decentralized subsidiaries (Edstrom and Galbraith, 1977; Harzing, 2001). Often the local managers don’t fully grasp the extent to which their production and performance will affect the whole MNC system, thus expatriates or expatriation of local managers is used to ensure that the subsidiaries or its managers broaden their operational view and understand their relative importance in the MNC’s global operations (Bonache, Brewster & Suutari, 2001). This ultimately leverages the MNC’s overall performance, by granting greater levels of integration e coordination among the whole multinational network.

Control assignments can also work as an organizational development tool especially if the control exerted by the expatriate is of a social nature. An expatriate engaging in control through socialization will try to control the subsidiary workforce on a personal level by immersing himself into their local unit's culture and language. By doing so, he/she will attempt to create social bonds, thus heightening expatriate acceptance so they can then more easily transfer the MNC's core knowledge, culture, business rules and practices. Such an indirect control strategy allows greater decentralization at the subsidiary level as well as higher levels of trust, because the control is not applied in such a bureaucratic and forced fashion. As a result, this type of a control guarantees that a common MNC culture and practices prevail throughout the multinational network. These shared values function as a control system in their own right, by allowing some local adaptation to headquarter rules and culture, whilst not compromising the overall functioning of the MNC (Bonache, Brewster & Suutari, 2001). One must note that socialization is a two way process with the expatriates also learning local market knowledge and practices (Harzing, 2001). Ultimately, this process generates verbal information systems between the expatriate and his local and international contact base who then share, discuss, adjust and use the information at hand to the benefit of the multinational. This process generates a large flow of knowledge that can grow the MNC's knowledge base, which, when used with discretion at a headquarter or a subsidiary level to create innovations in terms of new processes, activities or even products, which ultimately, develops the MNC as a whole (Edstrom & Galbraith, 1977).

Although organizational development has been viewed as an independent reason for expatriate use by it's creators, it can, in fact be seen as the result of the MNC's use of expatriates as knowledge transfer, management develop (Harzing, 2001), because these other actions also develop organizations not only control and coordination.

Country-of-Origin effect on the use of expatriate managers

MNC’s are often thought to be completely global companies, but in reality their managerial style in terms of control mechanisms, human resource policies and knowledge sharing are often routed in the business practices of its country of origin (Harzing, 1999; Harzing & Norderhaven, 2003).

MNCs inherit their business practices from the business traditions that their headquarters have faced since their creation. Hence, their home country business practices become part of MNC’s corporate culture, which ultimately affects the management of all workers, processes and subsidiaries that are part of the MNC network.

The use of expatriates by MNC’s can also be related to the MNC’s country of origin, because some countries have stronger traditions in the use of international assignments. Germany and Japan have been dubbed the most prolific users of expatriates by expatriate literature, mainly because of their strong tradition of control by socialization, rather than formalized hierarchies and bureaucratic means of control, often associated to British and American MNC’s (Harzing & Noderhaven, 2003; Tung, 1982; Farul & Verner, 1999).

According to Whitley (1999), both Germany and Japan have a tradition of following a collaborative national business system. This means that these two countries will form companies that have, what Harzing (1999) calls a “cooperative hierarchy”. This kind of hierarchy strives to develop highly integrated businesses, where not only workers, but also company stakeholders are incorporated and are mutually supporting. Control in these kinds of companies is usually undertaken by the formation of close relationships rather than strict guidelines of action and this is due to the high levels of employee participation, integration and dynamic lines of communication.

In the case of German and Japanese MNC's, this will mean that they will prefer a closer, more integrated and proactive style of subsidiary control, thus the use of expatriates (Harzing, 1999; Farul & Verner, 1999). Both these countries are also renown for their long tradition of vocational and technical training in the realms of engineering and science, thus German and Japanese companies are highly knowledge dependent and intensive companies. This will lead to a greater use home nationals over subsidiary nationals because they have the adequate training, skills, knowledge and experience.

Harzing and Noderhaven (2003), also refer that home countries that have strong home country cultures or that have little cultural interactions with other cultures tend to prefer avoiding any kind of cultural uncertainty at the subsidiary; therefore they are more prone to using expatriate managers over local managers, as to ensure that management is done in the fashion of the home country. This is in line with Boyacigilier (1990) findings that stated that MNC's use expatriates when there is a great cultural distance between the headquarters and the subsidiary.

Problems faced by expatriates when sharing knowledge

Expatriate literature often focuses on expatriate failure and success from a selection, compensation and cultural adaptation point of view. My focus will be on the problems faced by expatriates when sharing knowledge, because as seen before, it is the MNC's single most important competitive advantage.

Sharing knowledge is not an easy task, even when people have similar backgrounds and knowledge bases. When one extrapolates this to an international sphere where different cultures will mold different upbringings and knowledge sets, one is able to see that expatriates don't face an easy time when undertaking their international assignments.

One of the biggest problems faced by expatriates upon their arrival is the extent to which local subsidiary workers accept them. MNC's with very ethnocentric attitudes, which often disregard the importance of subsidiaries and its workers, so these types of MNC are those who feel this situation the most. Ethnocentric MNC's favor, trust and rely on home employees and developments over most or all subsidiaries, thus belittling their foreign staff and giving them limited participation in the MNC. These employees respond in a counterproductive way by not accepting or willingly help the expatriate manager do his job (Tsang, 2001). This ethnocentric position on the part of MNC, also generates another problem in knowledge transmission, which is the "not made here sydrome" (Bender & Fish, 2000). By alienating the subsidiary work forces and their developmental efforts in favor of "home" knowledge, the MNC forces the foreign operations to adopt its findings. The subsidiaries often are skeptical to use such knowledge as it often lacks local responsiveness to the subsidiaries local market conditions, as well as it tends to show power of headquarters over the foreign operations. The not made here syndrome also works in reverse, at a headquarter level. The more ethnocentric the MNC, the less receptive it is to accepting knowledge developments from its subsidiary. This knowledge is deemed as less important and in extreme cases worthless to headquarters because it was not made organically at the home base (Tsang, 2001; Bender & Fish, 2000). These reactions towards knowledge sharing and adoption can be seen as an extreme case of fear of organizational change, because often, these companies become so deeply enrooted in a certain way of doing things that they forgo opportunities that can allow their improvement and higher performance (Riulasa & Suutari, 2004).

Lack of acceptance can also arise from deficient selection of the expatriate. The capacity of the expatriate to transfer knowledge to others is inextricable from his or her own social and cognitive skills (Tsang, 2001), thus an expatriate that can't adequately socialize will have a though task at teaching and coaching the subsidiary staff how to follow the MNC's culture and business practices. This is due to the fact that most tacit firm knowledge has to be transmitted in a personal or one on one basis, through a socialization process. Therefore, MNC have to include social skills in their selection process, or else, they're prone to having a very knowledgeable expatriate who then can't transfer and develop the necessary skills and knowledge to the local worker base, as well as the MNC network as a whole.

A final issue that hinders knowledge transfer is the fact that knowledge or information asymmetries are important for career development. People who detain more information or are more knowledgeable in a certain aspect don't necessarily wish to share their insight with others because they can gain from hoarding it. From a human resource view, this act of keeping the information to themselves could secure them better jobs in the future, because they'll be seen as experts. This situation could also affect expatriates sent by MNCs, because information is power, thus those who need his knowledge will be dependent on him. This gives the expatriate a favourable bargaining position, ex-ante to the MNC. Therefore, MNC's have to make sure they give the expatriate incentives to share knowledge such as better salaries, recognition or more responsibility, or else, it will reinforce the possible negative behavior on the behalf of the expatriate (Connelly et al., 2007). Although the literature focuses on knowledge agency theory from a expatriate's view, it is important to see that subsidiary workers can also hoard their important local knowledge on market conditions or production if the MNC doesn't implement incentives that create a knowledge sharing culture within the multinational network.

Conclusion

Expatriation is often seen as an organizational control tool, where MNCs send one of their current workers to a subsidiary for a certain time frame (Edstrom & Galbraith, 1977). During that period, they'll engage in not only in control and coordination efforts, but essentially knowledge transfer of headquarter practice, rules and culture whilst also gathering local knowledge from the host subsidiary (Downes & Thomas, 2000; Riulasa & Suutari, 2004; Boyacigiller, 1990)

Another reason for use of expatriate managers is the need of optimizing and efficiently deploying existing organizational resources, thus following the RBV of the firm. Although the use of expatriates comes at a higher price than local subsidiary workers, the expatriate's already detain the adequate training, familiarity of processes and activities and ultimately greater experience within the MNC. Besides this, upon the expatriate's repatriation he or she can also bring local tacit knowledge back to headquarters, thus increasing the MNC knowledge base, which can possibly lead to the development of new competitive advantages (Bonache & Fernandez, 1997).

International assignments such as expatriation have recently come under fire; firstly, because using expatriates represents a high cost to MNCs. It is important to note that expatriate managers tend to be the MNC’s most treasured and trusted employees (Downes et al, 2000), therefore they often earn three times more than a normal worker and that only a MNC’s CEO represents a higher investment (Brewster, 1987; Connelly et al, 2007). Secondly, there are some researchers who deem expatriation as unnecessary in a day and age of technology, where there is also increasing pressure to regionalize and decentralize control over subsidiaries (Bonache, Brewster & Suutari, 2001). The truth of the matter is that, although information technology can be very important in capturing, organizing, storing and transferring knowledge that is, essentially, of explicit nature, thus no real social and individual interaction is needed to pass it on. Bender and Fish (2000) go on to say, that technology can enable knowledge transfer, but to fully understand a specific issue, nothing is better than a face to face encounter.

Therefore expatriates are here to stay, although nowadays new kinds of expatriates exist. The important thing to note is that MNC’s have to be very careful in choosing them, however long their assignment takes, because the success in sharing and developing knowledge that can make the MNC more competitive is dependent on the expatriate’s social skills as well as his current knowledge stock. Without the adequate social skills the expatriate will have a difficult time to get the subsidiary staff to trust him or her and they’ll envision their attempts to teach them as headquarter imposed ways of doing things, thus dampening the full potential of the international assignment.

Finally, choosing expatriates with the wrong knowledge or that are unwilling to share it, can be disastrous for the MNC’s. For that reason, MNC’s have to ensure that their potential “expats” and their current expats know and understand what is expected of them in terms of knowledge sharing. Ultimately, it is essential that MNC’s have a corporate culture that emphasis knowledge sharing and development instead of knowledge hoarding and compartmentalization.

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