

## **Inpatriate assignments in a globalizing Danish MNC**

### **Enhancement of knowledge flows and translation of corporate culture**

#### **Abstract**

This paper reports from an exploratory case study in a globalizing MNC based in Denmark. We focus on the role of inpatriates as mediators of knowledge flows between headquarters and subsidiaries and as translators of corporate culture. Based on interviews we discuss how the learning potential their assignments represent may be exploited. We find that although the knowledge exchange does not always work smoothly, inpatriates may carry out an important task as boundary spanners, not least when coming from complex and dynamic emergent markets. Also, their experiences highlight aspects of corporate culture that may require extra efforts to disseminate – and possibly adapt - to subsidiaries. In our case company, stated corporate values such as trust, involvement, empowerment, knowledge sharing and work-life balance emerged as issues to pay attention to. Finally, we discuss how the HR department's involvement may prove crucial when recruiting and integrating inpatriates.

**Keywords:** inpatriate assignments, multinational corporations, case study research, knowledge exchange, corporate culture, cultural learning processes, international human resource management

## **Introduction**

The complex cultural environments in which globalizing companies find themselves are constantly evolving – not only outside but also inside the company. Various groups of stakeholders are involved in processes of strategic change and knowledge exchange. The companies must include customers and other external stakeholders in different geographical locations in their considerations, and internally, attention must be paid to the communication between management and employees in headquarters and subsidiaries in order to create commitment and further exchange of knowledge.

Many headquarters are faced with a difficult challenge when they attempt to extend their corporate culture, policies, and procedures to their subsidiaries. Some degree of standardization is necessary, but more often than not, top management realizes that their company's corporate culture with everything it involves has to be translated and adapted in some way. It is, however, not always obvious in which areas this is required. Corporate values – which employees at headquarters may find unambiguous and fairly easy to put into practice - may be interpreted and implemented in a quite different manner by employees working in the subsidiaries and living in other cultural and societal contexts.

In this business context there is a growing need for MNCs to develop a multicultural and international workforce (Harvey et al., 1999; Collings and Scullion, 2006) with distinctive intercultural competences and knowledge of how to do business successfully in a specific context. By drawing more on inpatriates' knowledge and perspectives, the MNCs may find it easier to strike the right balance between global integration and local adaptation.

On a more general level, managers and employees in globalizing companies are faced with growing demands on their intercultural competences as they become increasingly involved in complex cultural encounters. As we see it, these encounters include not merely national aspects of culture,

but also for instance organizational and professional dimensions. Therefore, a multifaceted and dynamic concept of culture is appropriate to studies of the global workplace of an MNC (Sackmann and Philips, 2004). In this context, the notion of cultural intelligence is crucial. In general terms, it is understood as an ability to interact in multicultural settings, and it encompasses cognitive (including metacognitive), emotional, and behavioral dimensions. Among the cognitive dimensions is knowledge about culture as a concept and about how specific cultures differ, as well as – at the meta-level - reflection on how culture affects one's own and others' behaviors and ways of thinking. The emotional aspects include empathy and motivation to engage in cultural encounters, and, last but certainly not least, as far as behavior is concerned, cultural intelligence requires some degree of ability to act in order to establish contact with individuals perceived as culturally different and cooperate from a shared platform (cf. Earley and Ang, 2003; Plum et al. 2008; Thomas and Inkson, 2003; Thomas 2006; Thomas et al. 2008). Globalizing companies have to seek new ways of developing cultural intelligence, and one of these may be drawing on the experiences and reflections of inpatriates assigned to headquarters.

In the following, we intend to draw attention to inpatriation as an emerging staffing strategy which is likely to become a more common alternative to expatriation in MNCs in the future. We define inpatriates as local employees from subsidiaries who are assigned to the headquarters of a company for a period of time. We recognize that the labeling of this category of staff – as pointed out by Torbiörn (2005) – reflects a degree of ethnocentrism in the sense that the perspective is that of the headquarters. The “patria” or native country in question is obviously the country where the company's headquarters are situated, not the employee's native country. Ideally, in a completely globalized or transnational corporation (cf. Bartlett et al., 2007), the distinction between expatriates and inpatriates would become irrelevant, and both categories would be viewed as “transpatriates” without any connotations of the existence of a centre versus a periphery.

In this paper, we would like to discuss how inpatriation may be used as a means of cultural learning in a globalizing multinational company – in particular regarding the exchange of knowledge between subsidiaries and headquarters, but also regarding the development of cultural intelligence in general. On the basis of interviews with inpatriate assignees we intend to shed light on their individual motivations for going abroad, as well as on the experiences they have acquired during their stay at the Danish headquarters. We try to assess to which extent their inpatriate assignment has served as a cultural learning process, and discuss the following questions: What did the inpatriates learn about the headquarters-subsidiary relations? To which extent did they engage actively in knowledge flows? How did they reflect upon encounters with the corporate culture, specific leadership practices and decision-making processes? Our data material does not allow us to study the inpatriates' or their colleagues' cultural intelligence as such, but we will discuss if there are indications that their stay at the headquarters may have contributed to its further development? Have the inpatriates thus been able to serve as boundary spanners between headquarters and local subsidiaries and participated in the process of adaptation and translation of corporate strategies and values?

The paper is organized as follows: First, we identify a research gap in existing international human resource management literature when it comes to empirical studies of inpatriate assignments and their cultural learning potential in a headquarter context. Second, we present the organizational context as well as the corporate culture context for our explorative study of inpatriates in a globalizing MNC of Danish origin. Third, information about our research design and empirical material is given. Fourth, an analysis of qualitative interviews follows with a focus on the inpatriates as mediators of knowledge between headquarters and subsidiaries, as well as on the inpatriates' role in the translation of corporate culture, including an emergent HR issue of work-life balance. Finally, before our concluding remarks and ideas for future research, we offer some

reflections on the HR departments' handling of inpatriation and the potential of inpatriate assignments from a learning and knowledge exchange perspective.

### **Research on inpatriate assignments**

Despite the growing importance of inpatriation as a strategy for developing a candidate pool of managerial talent across national and regional borders, international business research on this specific group of international assignees is limited when it comes to theory development. Also, the number of empirical studies is still sparse (e.g. Harvey and Miceli, 1999; Peterson, 2003; Reiche, 2006). Moreover, there is an acknowledged need of deeper understanding of the importance of the specific industry, organizational and corporate culture context in which inpatriate assignments take place as well as of the location of the subsidiary from which the inpatriates are sent abroad. Below we will give a brief overview of some of the main issues touched upon in the existing literature on inpatriate assignments.

One corporate motive for assigning inpatriates to headquarters is the need for enhanced knowledge flows within the networks of a MNC (Bonache and Brewster, 2001). Inpatriates are well suited to function as active mediators of knowledge flowing in both directions between headquarters and subsidiaries. This includes specific, task-related, technical knowledge as well as various types of socially situated knowledge, often of a more tacit nature – on culture, networking, communication, etc. The flow of such knowledge is crucial when the MNC attempts to translate its values and procedures to subsidiaries and at the same time to develop these in a global manner. The returning inpatriate may prove useful in this process if he/she is successful in conveying what he/she has experienced at the headquarters to his colleagues, and if he/she is able to provide headquarters with the subsidiary's local perspective. The unimpeded flow of knowledge from subsidiaries to

headquarters is especially needed when the MNC is expecting rapid growth in geographically distant, emergent markets such as Brazil, China and India. It has been argued that emergent markets are characterized by extremely dynamic local contexts that make the acquisition and sharing of knowledge, especially tacit social knowledge, difficult - but all the more crucial to company success (cf. Harvey et al., 1999a). In this case the inpatriate may be able to contribute with valuable insights and create a better understanding of the context in which the subsidiary he/she comes from operates as well as of the way of thinking of subsidiary employees. As far as the corporate culture is concerned, the inpatriates are able to advise on local adaptation needs in the translation process. The presence of inpatriates will also contribute to the general diffusion of different types of knowledge about local markets and societal contexts in which the MNC operates throughout the company. Thus, inpatriates may serve as boundary spanners or “linking pins” between the different parts of the multinational organization (Harvey et al., 1999b; Harvey et al., 2000).

The inpatriate’s role as “linking pin” may not just involve knowledge transfer; another underlying corporate motive is control and coordination. Just as expatriates are frequently used to control subsidiaries, inpatriates who have been socialized to the headquarters’ ways of doing things may function as complementary controllers in the process of globalizing the company (cf. Bonache et al., 2001; Harvey et al., 2000). Inpatriates returning from the headquarters to a managerial position in a subsidiary after corporate socialization and firm-specific training may even be able to exercise control in a more subtle manner than expatriates, since they represent headquarters in a less conspicuous manner, being usually of the same nationality as their local colleagues and speaking the same language. To the extent that they are able to make other employees in the subsidiary internalize corporate values, they may even exercise a kind of normative control (cf. Kunda, 2006).

Studies of expatriates indicate that their career moves are increasingly motivated by their individual wishes for professional self-development and learning in an international and multicultural context.

If this involves a change of employer after repatriation, they will usually not hesitate to leave the company that expatriated them. They tend to interpret career progress more in these subjective terms than in terms of increased salary and hierarchical advancement within the organization of one specific company, thus emphasizing what Schein (1996) described as the “internal” over the “external” career perspective. Therefore, researchers have identified what they call “the boundaryless career concept”, comprising jobs in different geographical locations as well as in different companies (cf. Stahl et al., 2002 for a study of German expatriates). It seems likely that such a trend is to be found among inpatriates, too. If this is the case, it underlines the need for the MNCs to demonstrate their appreciation of the returning inpatriates’ acquired intercultural competences and organizational coordination capabilities, so that they do not lose them to competitors on the local markets who are on the look-out for local managers with international experiences and a multicultural frame of reference. In order to retain qualified inpatriates with managerial aspirations, career paths which allow high potential employees to become fully integrated – and not peripheral – members of the company’s organization are crucial. This would imply that they are seen as part of global, strategic management teams (Harvey et al., 2000) and thus for example considered for management positions in host countries, especially for those recognized as difficult assignments for expatriate managers.

However, the inpatriate’s position is generally less privileged and powerful than that of the expatriate who is sent out to a subsidiary in a management capacity and with the authority to implement processes and strategies decided at the headquarters. Inpatriates do not only have to adjust to an external environment that may be very far from the society in which they grew up. They may also have to accommodate their thinking and behavior to the corporate culture which may be implemented sparingly or differently in the local subsidiary they come from. Moreover, some inpatriates face serious language barriers if oral and written communication at the

headquarters is still to a great extent in the host country language, rather than the lingua franca used as corporate language, usually English. Also deficiencies in the lingua franca may limit the interaction between inpatriates and their colleagues at the headquarters and thus have a negative impact on the expected social integration and knowledge exchange (Barner-Rasmussen, 2003; Piekkari, 2006).

There is also some evidence that inpatriate managers get less attractive compensation packages and less HR support in general compared to their expatriate counterparts, and that they are unlikely to receive the same level of respect and credibility among subordinates as the expatriate HQ representatives (Harvey et al., 1999b). Such differential treatment is likely to have a demotivating effect in the long run and to make it harder for MNCs to capitalize optimally upon inpatriate knowledge. On the other hand, high involvement from the HR department signals that the inpatriates' contribution is valued, and will make it easier to retain competent inpatriates after their return to the subsidiary (cf. Harvey and Novicevic, 2006, and Vance and Paik, 2006, for suggestions regarding HR handling of inpatriation). The fact that inpatriates differ significantly as to ethnic and national background entails the need to consider potential implications of this for the social interaction with colleagues. It seems likely that an inpatriate's experience may vary depending on national identity as for example US American, Japanese, or Chinese, or even on professional identity as an engineer, a lawyer, or a manager - even within the context of the same headquarters.

As mentioned earlier, inpatriation can be viewed as global talent development. Managers who are competent in the implementation of global strategies are increasingly a critical success factor in globalizing MNCs, and several researchers have pointed to inpatriation as a means to develop management resources to be used in formulating and implementing global strategy plans.

Inpatriates are in a good position to develop the duality of perspective which is needed, i.e. combining the need for some degree of consistency and standardization with requirements of local

markets and contexts (Harvey et al., 1999b; Harvey et al., 2000). Also, inpatriation may function as developmental transfers with the explicit purpose of developing local employees with high managerial potential (cf. Collings and Scullion, 2006; Scullion and Collings, 2006a and b; Scullion and Paauwe, 2005).

The abovementioned research themes will form the frame of interpretation for our analysis of the interviews which we have conducted with inpatriates in a MNC of Danish origin.

## **Methodology**

The empirical material used in this paper is collected in connection with a comprehensive research project. This research project is carried out by an interdisciplinary team of researchers in collaboration with five multinational companies based in Denmark and operating, among other locations, in the emergent markets in Asia. Until now 61 interviews have been carried out with HR staff and international assignees, hereof 17 were interviews with inpatriates working at their company's headquarters.

The research project's partner companies find themselves at various stages of a globalization process that increasingly requires them to be able to combine their market specific cultural knowledge with global multicultural operations. The project aims at exploring the cultural learning processes and potentials at organizational as well as individual levels in various contexts, both at the companies' headquarters and in their Asian subsidiaries.

### *The organizational context*

In order to make our explorative study of inpatriates contextually situated, we have chosen in this paper only to draw on empirical material from BIOTEK,<sup>1</sup> a multinational company in the biotechnology business, the world leader within its field. BIOTEK has over 5,000 employees working in research, production and sales in more than 30 countries around the world. Of these, 2,100 work in Denmark. To a great extent, the company has grown organically, but has also recently acquired companies in both the US and India. A driving force in the company's development has been to be close to world leading universities. In this way, BIOTEK can recruit from their graduates and collaborate with them when conducting research. BIOTEK has established four research and development centres outside Denmark: in the US, Japan, China and India. The company has production facilities in Denmark, Sweden, the US, Brazil and China.

Our main findings in relation to BIOTEK's organizational HR policies and practices confirm the contention of recent literature; namely that international human resource management is undergoing rapid changes (Collings et al., 2007). HR managers in BIOTEK express the need to adapt existing policy guidelines to a new global business context in which international assignments require individual solutions rather than standard packages. Moreover, they point to the challenge of conceiving and organizing international assignments in a global perspective that includes not only expatriation from the headquarters in Denmark, but likewise assignments between subsidiaries located in Brazil, China, Japan, the US and India.

According to BIOTEK's 2008 international assignment status report, 62 employees were on international assignments. 3 were on short-term assignments of less than a year, 48 were posted for between 1 and 3 years, and 11 for more than 3 years. Long-term assignees are either experts posted at a particular location where there is a need for their expertise, or managers. The figures for international assignments in BIOTEK in 2008 also show that:

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<sup>1</sup> In order to protect the anonymity of our interviewees we have chosen to give the case company this fictitious name.

- 11 inpatriates from subsidiaries were assigned to positions at the headquarters.
- These inpatriates came from Japan, China, Brazil, USA, Switzerland, and Austria.
- 33 expatriates were sent from headquarters to a subsidiary, most of them to the US (16) or China (12).
- 18 of the international assignments were cross-postings (e.g. employees from the Chinese subsidiary sent to the US subsidiary).
- International mobility remains a predominantly male phenomenon as only 4 women were sent abroad.

It deserves mention that a majority of the top management positions in BIOTEK are still held by Danes. However, the globalizing company is well aware of the challenges inherent in long-term expatriation of Danes due to dual careers and high expenses when a couple, often with children, is sent abroad. BIOTEK realizes that there is an increasing need to train local managers to take over managerial responsibility, especially in subsidiaries in developing markets and outside the major cities. These destinations are less likely to be seen as attractive by potential Danish expatriates in terms of quality of life for themselves and their accompanying families. Therefore, BIOTEK has committed itself to developing a more diverse workforce and relies very much on international recruitment for expertise, both in the form of inpatriates and permanently employed foreign experts. The latter group comprises around 100 out of the total of 2,200 employees in Denmark, and they come from for example Austria, China, Japan, Brazil and the US.

### *The corporate culture context*

One consequence of BIOTEK's preferred organic growth strategy is that a strong corporate culture has been gradually disseminated across national, professional, and organizational borders. This has

been done through various mass communication media, among them the company website and intranet and various company magazines and booklets, but also - and primarily - through managers who are sent out to subsidiaries to serve as “ambassadors” of the corporate vision, values, commitments and fundamentals, which give general directions, explain what the company stands for, and where it is heading. But one-way communication and dissemination is not enough, and BIOTEK also makes great efforts to integrate its “fundamentals” of corporate values, commitments and procedures everywhere in the world through auditor teams of so-called “facilitators” (Holden, 2002, 103-132).

We assume that socialization into this specific corporate culture is also a main purpose of bringing inpatriates to the headquarters. Moreover, many of them are offered managerial training in a Danish context and experience how BIOTEK practices leadership with the stated purpose of empowering people and making them share and develop knowledge. In our analysis of interviews with inpatriates we will look more into this issue, which is articulated in the company’s text about “Leadership for everyone”, i.e. not only for the managerial levels, but for every employee within the company. This company document, produced by BIOTEK’s HR department, says: *“We believe that leadership is not a title, but something everyone can - and should - do. No matter what their role, we support our employees to develop their own leadership skills. [...] Leadership at BIOTEK isn’t limited to people with management responsibilities. It’s about developing judgment skills, taking initiative, motivating others and acting on the courage of your convictions. [...] Leadership isn’t something you learn in a classroom—leaders learn and are inspired by each other. Our coaching and mentoring programs are not only ‘academic’, but are part of your job. [...]”*

In this text, which is quoted in the annual reports, and thus plays an important role in stating what leadership in a BIOTEK context is expected to be, it is mentioned that the company focuses on seven leadership competences – the abilities to:

- Trust, involve and empower people
- Ensure purpose and direction
- Drive for results and follow up
- Foster curiosity and creativity
- Encourage openness and knowledge-sharing
- Take care of people and encourage them to grow
- Demonstrate passion and professionalism.

(The above is quoted from the BIOTEK website and annual report).

According to the annual report, where these seven leadership competences are highlighted, they have been formulated “to have a system for setting strategic directions for development of BIOTEK’s people managers, to create a common understanding and language in relation to leadership, and to reinforce the importance of leadership in BIOTEK.”

In another company document from the HR department on ”quality of work and work-life balance” there is a strong focus on establishing a balance between employees’ working lives and family lives through, among other things, possibilities for working from home, flexible working hours, part time work, paternity and maternity leave, kindergarten, fitness center on site, and biannual working climate surveys. The company understands these considerations and initiatives as an integrated part of their corporate social responsibility policy and also hopes to minimize stress-related absence in

this way. Work-life balance is closely linked to one of BIOTEK's above mentioned leadership competences: "Take care of people and encourage them to grow".

*Empirical material: Documents, expert interviews and inpatriate interviews*

During the autumn of 2008 several documents about BIOTEK's HR policies, expatriation procedures and practices were collected. This was done in order to shed light on official company strategies and HR guidelines for facilitation and enhancement of internal mobility and cultural learning processes in a culturally diverse organization. Our second source of data consists of five semi-structured interviews with staff in the headquarters' HR department. They offer an insight into the challenges HR faces in relation to international staffing, expatriation, and culture training. Also, they clarify formal and informal HR practices as well as recent developments and challenges with regard to international assignments. Third, we have conducted three semi-structured in-depth interviews with inpatriates at the corporate headquarters, each with a duration of an hour. These explorative interviews aim at illuminating the inpatriates' motivation for accepting an international assignment and their experiences with working at the corporate headquarters. In addition, the interviews provide insight into the inpatriates' view of cultural encounters, the strategies they develop to cope with them, how they understand their own role as mediators between headquarters and subsidiaries, and how they perceive the preparation and support they have received from the company before and during their assignment.

## **Analysis of interviews and discussion**

### *Introduction of three inpatriates*

We have chosen to focus on three interviewees from our case company – all well-educated male employees in their 30es, inpatriated at BIOTEK's headquarters in Copenhagen, Denmark. Our interviews with these three inpatriates are able to throw light on different aspects of the boundary spanning role of the inpatriate and on the various challenges of this type of position.

Chen Chiang<sup>2</sup> is a Chinese engineer who has been with BIOTEK for 12 years.<sup>3</sup> He has been assigned to headquarters for a year and a half, and the company sponsors his executive MBA studies in Denmark during his stay. He started his career working as process engineer for some years, but eventually changed from a specialist position to a more marketing and management oriented career track with a focus on logistics and supply chain management. In China he worked as customer service and development manager for China, Korea, and Japan, in Denmark he works as part of a management team as a global supply coordinator. He plans to go back to China and continue his managerial career, hopefully assisted by his experience from headquarters and by an international MBA. His inpatriation is an example of a developmental transfer of a local employee with high managerial potential – an increasingly frequent assignment practice in MNCs (cf. Collings and Scullion, 2006; Scullion and Collings, 2006a and b; Scullion and Paauwe, 2005).

Andrew Armstrong is a North American lawyer, currently assigned to the position of Senior Patent Counsel at BIOTEK's headquarters in Denmark. He is the manager of a group of 12 patent agents and administrators (11 Danes and one Belgian who, however, speaks Danish fluently) who are responsible for protecting and securing patents. Prior to that he worked in a specialist position at BIOTEK's office in New York City for 8 years - a relatively small place with a total of about 45 employees. He accepted the job in Copenhagen for various reasons. He wanted to try his hand at new tasks and at people management, and he had always wanted to work overseas. And as far as his

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<sup>2</sup> The names of the three inpatriates are fictitious.

<sup>3</sup> The interviewee speaks a somewhat unidiomatic English, but in the quotes that follow we have normalized it in order to make it more readable.

personal life was concerned, it seemed a good time to go abroad since he had recently divorced and did not have to consider family members. He is on a three year contract and is not yet certain which job he will apply for afterwards, though he supposes that he will return to the US at some point in the future.

Junichi Yoshida is a Japanese scientist, assigned to a specialist position in the research and development department in Copenhagen. He was previously employed in the company's Japanese subsidiary. Science is his main interest and he aims at continuing his career as a researcher. He has no plans to apply for a managerial position when he returns to Japan, except perhaps as leader of a research team. One of the reasons that he chose to go abroad was that he felt a professional need to further develop his English skills in order to improve his ability to collaborate in multinational teams. In this way he seeks actively to overcome the language barrier that frequently impedes knowledge flows in MNCs (cf. Barner-Rasmussen, 2008; Piekkari, 2006). The interview was somewhat hampered by linguistic problems, so we have only been able to draw upon it to a limited extent in the following.

#### *Inpatriates as mediators of knowledge between headquarters and subsidiaries*

BIOTEK explicitly expects their "people managers" to practice openness and develop the employees' capacity for knowledge sharing (cf. the company's leadership competence criteria mentioned above in the section on the corporate culture context). As far as inpatriates are concerned, it seems particularly relevant to encourage and develop these competences.

The Chinese inpatriate, Chen Chiang, is very conscious of the possibilities for acquiring and disseminating knowledge inherent in his assignment. He is aware of the advantages this represents both to the company and to himself: "[...] of course it's kind of an investment from BIOTEK. I also spend time myself, so I try to [...] get knowledge about headquarters – to get knowledge about this

system here.” He believes that his stay in Denmark has changed his outlook and made him see company issues in a more systematic and global manner, insights which he believes he will be able to put to use when he returns to China: “[...] it will definitely be a good thing for me there [in China] that I know something about the headquarters. Why? Because [the employees in the Chinese subsidiary argue]: ‘Why does the headquarters have so many positions? Why is the reaction from the headquarters so slow? – Not like when we make decisions and implement them quickly.’ Now I can see the reason behind this fact, so that’s a good thing I really want to bring back to my Chinese colleagues. If I come back working in the same areas, I may have a different opinion, because [...] you cannot get the global perspective when you only look at your market in China. Some decisions are really hard [...] Some decisions you really have to balance – not only in China. [...] it’s really valuable for me to stay here for one and a half year. Not only to be networking, but also to learn [...] the global point of view of thinking about a decision or a process.”

Chen Chiang goes on to explain in more detail how he has become aware of the reasons why decision making at the headquarters may take some time – the location of the headquarters in a different time zone is one reason, but more importantly, he has come to understand how interlinked everything is in such a global company. This means that you have to consider many different potential impacts if you make a change (in a product or a process, for instance). And once a change is implemented it may be costly and troublesome to reverse it. Therefore, it is necessary to follow certain procedures and to analyze a situation thoroughly before any action is taken. In the subsidiaries, this is apparently not always fully realized, and sometimes, employees may feel frustrated if headquarters is not able to follow their suggestions and make fast decisions that would seem to solve the problems or demands they are facing locally.

On the other hand, it may sometimes be essential to make an extra effort and adjust products or procedures to the local markets, something of which he has firsthand experience from China. He

finds that he is usually able to explain the subsidiaries' perspective to his Danish colleagues, and sometimes their decisions or procedures are influenced by his input. He feels that he is listened to and that his input is appreciated by his Danish colleagues, especially because he has been in the company for 12 years and knows the products, customers and processes well: "[...] it's not just from a book or from another organization. So I get a very positive feedback from them." Thus, Chen Chiang develops the duality of perspective mentioned as a potential advantage of inpatriation by Harvey et al. (1999b and 2000).

Chen Chiang realizes – and is pleased with - the importance of China as an emergent market to the company. This makes the subsidiary he comes from strategically important, also in the long run. As pointed out by Harvey et al. (1999a), inpatriates from subsidiaries in emergent markets have a particularly important boundary spanning role to fulfill. And indeed, this contributes to Chen Chiang's self-confidence and to his experience of carrying out his inpatriate assignment in a manner that is useful both to the company and to himself seen in a managerial career perspective. "So it's really exciting to see how important China is in the world economy and how important it is [...] for our whole BIOTEK business. [...] And of course I learn something in this culture, in this working style [...]. So I'm really looking forward to go back to China, to show them what I learned, what I heard, what I experienced outside China about China, because that's very positive." In relation to the emotional dimension of cultural intelligence touched upon in the introduction, he expresses a strong motivation to engage in cross-cultural communication to develop his own and his colleagues' cognitive understanding. And at the behavioral level he appears to contribute to establishment of a common platform for social interaction and collaboration, something which was also clearly noticeable to the two researchers who conducted the qualitative interview with him

The continued development of abilities for collaboration is also important to the Japanese inpatriate, Junichi Yoshida. He is involved in international research projects, and though he his present

managerial aspirations do not seem to go further than to becoming R & D team leader sometime in the future, he sees it as a professional advantage to develop his network, especially among the company's other research and development teams, in Denmark, the US and Japan. He finds that he is able to assist his Danish colleagues in making contacts with relevant researchers in Japan and vice versa, since he now knows more about their individual experience and specialist competences.

Knowledge does not always flow smoothly between headquarters and subsidiaries, though. Andrew Armstrong, the American in-patriate, feels that he gets too few opportunities to use his legal specialist knowledge which he has acquired both in law school in the US and during his nine years with BIOTEK in New York. Part of the reason is that the technical aspects and the legal aspects of the patent work are separated into two different departments in Denmark. This is not the case in the US, so now, he finds himself working with people who have a technical background, but no law degree. He spends most of his time managing. Though he wants to carry out his managerial tasks, he is somewhat disappointed that he does not get to do some more work as legal specialist, too.

When asked about the sort of activities he had expected to become involved in, he answers: "Well, I guess at least to use my background to be involved in negotiations, deals – legal related work – more about what's going on for the company." In this case, it seems the in-patriate's specialist knowledge and experience from the New York office are not exploited to the fullest. As a result he seems to be somewhat dissatisfied with his current job, and the company may miss out on an opportunity to draw on capacities already present and capitalize upon their investment in his in-patriation to headquarters.

#### *The in-patriates and the translation of corporate culture*

Chen Chiang emphasizes the interaction of Chinese culture and BIOTEK culture as far as he himself is concerned. He expresses a certain degree of identification with what he sees as the

BIOTEK culture – a corporate culture which he appreciates: “they really care about what you think and when they make decisions they really ask you, even if you’re on a very low level. And also I like this very open and honest communication. Here, it’s a very flat organization [...] the BIOTEK culture has a very high level of trust.” And indeed, trust is one of the values which BIOTEK claims is part of its corporate culture. He later explains how he feels that BIOTEK compares favorably with many state owned companies in China in this respect. Already while working in the Chinese subsidiary, he liked the way in which his Danish expatriate bosses established a foundation for trust instead of assuming that people would do something wrong on purpose. He feels this has worked well and has made communication smoother, since the Chinese employees “know that they’ve got trust, they’ve got respect. Then they also want to return back this respect and trust, because that’s interaction.” Here, Chen Chiang demonstrates that he has reflected upon the corporate culture and the ways in which it influences the Danes’ communicative behavior towards local subordinates, and on how this in turn makes their self-respect and work commitment grow. It is likely that he, when he returns to China, presumably to assume a managerial position, will make a continued effort to disseminate the avowed corporate value of trust in employees, thus translating his reflections into action.

An important part of any corporate culture is the way in which management is supposed to be carried out. Andrew Armstrong worked in BIOTEK in the US before coming to the headquarters, but he finds that he is met with unfamiliar demands when it comes to being a manager in a department with a majority of Danish employees. Though the company explicitly states that their managers are expected to “trust, involve and empower people” (BIOTEK’s leadership competence criteria), he was surprised to realize “how important the manager’s role was to the employees here [i.e. in Denmark]. [...] I came from a role where the manager was very little relevant to your working life. [...] it was hands off [...] we never spoke about problems. [...] Maybe it’s the US

style [...] but [...] *here* [...] they expect you to behave and perform and to give them attention. I didn't expect that. I thought it would just be more coming here: 'OK, you're OK, everything's fine?' – distributing work – but here it's everyday [...] making sure that the people in our department are going along well. [...] You cannot be a 'hands off' manager here [...] You have to be really involved. [...] And you're looked at all the time". In this quote, he tentatively tries to explain his experience by referring to national differences in management style. It is thinkable that the management style which BIOTEK tries to disseminate as part of their corporate culture has not been fully implemented in the New York office. But part of the explanation may also be that the in-patriate has no previous management experience. Also, he was used to working in a small legal department with only 5 employees, so it seems likely that less managerial effort was called for in that context.

Andrew Armstrong tells that his employees expect him to involve them more than he would do intuitively: "they get *very* upset if you don't communicate information to them and involve them. [...] They won't accept 'sorry, that's for us to know and not for you to know.' [...] they want to be involved." He has made an effort to adjust to those demands, but he is somewhat frustrated by a feeling that he himself does not get as much information as he had expected: "I thought that if I went to a higher position, technically, I would know more about what was going on in the company [...]. And the reverse has happened. I knew more about what was going on in the company when I was in the New York office – I was receiving information from my boss. [...] they [managers from headquarters] were asking us, because [...] they needed us to implement the US work, whereas here [...] I'm not getting that.[...] so that [...] was a little of a shock." He says that he has raised this particular issue many times, but "My boss is like: 'well, I don't know anything either [...]'" This may have something to do with the size of the organization in Copenhagen compared to the small New York office, but of course, it may also be due to his Danish superior not living up the BIOTEK

ideal of involvement and empowerment of subordinates, in this case at the middle management level.

Andrew Armstrong finds that his subordinates seem to prefer less hierarchy and more egalitarianism than he is used to, which of course influences the way in which he can exercise management. He says: “They want it [the hierarchy] to be flat – [...] And they get upset if they see somebody stepping out and saying ‘I’m here and you’re there’”. So as a manager, he has to treat his employees in a manner which appears egalitarian, but at the same time he is well aware that “you have to separate yourself. Otherwise you’ll get into trouble. But it’s a fine line [...] you can’t be too distant, but you can’t be too close.” He has attended a leadership training course offered by BIOTEK’s HR department where some of these things were pointed out to him. The course was for all new managers in his part of the organization, but though it was not aimed specifically at in-patriates, he found it useful.

Thus, Andrew Armstrong has put a good deal of effort into developing a management style that works well in the Danish headquarters context. He feels that he has succeeded, and this was confirmed in a recent survey of employee satisfaction in his department. He believes that this is because he has deliberately compromised between an American and a Danish management style<sup>4</sup> and is continuously negotiating solutions with his subordinates – a task where he also benefits from his experience with legal negotiations as an attorney. Naturally, as a manager, he needs for things to get done. And indeed, “drive for results” and ability to “follow up” are also stated by BIOTEK as leadership competences which the company values highly. Now, Andrew Armstrong has learned whom in his department he can push and how he can convince employees individually that they

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<sup>4</sup> According to the GLOBE study (House et al., 2004) Denmark is significantly lower on “power distance” in the Hofstedeian sense of accepting differences in power in comparison to the US, China and Japan. Danish managers delegate responsibility to a great extent, and Danish employees expect to be heard and involved in decision-making. (Cf. also Schramm-Nielsen et al., 2004).

would be good for a particular task. He has realized that “It’s very horizontal here. [...] they like group involvement – a group decision – so that’s how I push and try to sell the idea more, like ‘hey, [...] I think it’s a good idea – is anybody interested in it?’”. After a meeting, he talks informally to people on a one-to-one basis to try to convince those he would like to take on a certain task to do so. He finds the negotiating processes time consuming, but nevertheless necessary. He has experienced that people in his department are hesitant about changes and do not like things happening too fast: “Even getting a new coffee machine was like a dramatic thing here!”. So he is careful about “picking and choosing [...] which battles you want to negotiate [...] it’s not fight, it’s negotiation.” So, by changing his managerial behavior after careful consideration, Andrew Armstrong has succeeded in establishing a common foundation for intercultural collaboration.

Junichi Yoshida finds that the way of conducting research at BIOTEK is very different from what he experienced when he was employed at a Japanese research centre previously. There, the decision making was strictly top-down – the research director decided what should be done and handed out the tasks. In his present job, he works in a group where information is shared and researchers discuss their ideas with each other and with their superior. So the system is more flexible, and he finds that exciting. To a certain extent he was already used to such a flat hierarchical structure when he came to Denmark, since the research and development centre at BIOTEK in Japan where he worked before is organized in same way. However, in the beginning he found it confusing as he was used to having tasks, deadlines and schedules decided by his Japanese superior. Now he prefers to have more flexibility in his research work.

### *Quality of life and work-life balance*

When reflecting upon the cultural differences he has experienced during his stay at the headquarters, Chen Chiang finds that much is due to differences in the employees’ motivation. “We

Chinese [...] feel very strongly about having a successful career compared with foreigners who try to balance their life and job more. [...] As a parent from China [...] I'm thinking very much [...] about my kid's future. We still think we should try to give them the best opportunities and foundations [...] when growing up [...]. That's also part of my motivation for wanting a successful career. Then I [...] can have a higher salary, I can afford more things. [...] Working here [...] it has really changed [...] seeing my Danish colleagues, their lives, their weekends, their vacations, their quality of life, has also kind of changed for myself [...] now, I'm also looking for some enjoyment *outside* my work." One way to enjoy himself is doing sports - he is fond of this and is happy to have more possibilities for physical exercise in Denmark where BIOTEK offers various sports facilities and activities to employees: "I can bike every day, I can join my company volleyball club, I can play badminton with friends. So [...] you have the job and at the same time you use that [the sports activities] as kind of a balance and then you feel more fresh when you go to work." He also believes that he has become less materialistic: "In China [...] many people are very greedy – they know that resources are limited, so they always want more. But from my experience of living and working here I have really learned one thing, it's how you content yourself within a limit [...] My colleagues here will say: OK, this is limited, we're still satisfied." So, at the personal level, he feels that during his stay in Denmark he has changed his outlook on life in the sense that he now sees a certain work-life balance as valuable. He is, however, still very ambitious in his work life and spends most of his time on his job or on his MBA studies. In any case, his statements demonstrate that he has given a lot of thought to the cultural encounter he is experiencing.

Andrew Armstrong also emphasizes BIOTEK HR's focus on work-life balance as an issue that has brought cultural and societal variations to his attention. He finds that his Danish employees view their work in relation to their free time and family life in a different manner: "[...] in the US, work is almost ahead of family and everything else, and here it's the opposite – definitely! And that

surprises me – and I tried to come in here and push a little bit on the work side, but you’ve got to be careful [...] if there’s like a project that needs to be done [...] in the US, it’s [...] forced on you and you just take it, but here it’s a negotiation to some extent [...] family is sacred here, and their vacation is sacred more so than their job. [...] you *have* to consider that, and you can’t push people too much. [...] It’s people who have a very high education and their job is important to them, but at the same time, family is [...] more overriding here - and so is your outside life [i.e. life outside the company] - than in the US [...]”. In general, he was surprised to find that the work-life balance is mentioned so often and is taken so seriously by employees and managers alike. Though BIOTEK mentions the ideal of “taking care of people and encourage them to grow” as part of their corporate culture and social responsibility, he says that he was unprepared for work-life balance to be such an important issue at the workplace. He has adapted to the Danish MNC’s interpretation of work-life-balance, though maybe not totally: “I push where I think they can be pushed. [...] maybe confronting a little bit with the traditions here, but not with everything. Otherwise, I think I’ve kind of conformed to what is the norm here and the culture here.”

#### *The HR department’s handling of inpatriation*

Literature on how to manage a global workforce emphasizes the importance of enhancing inpatriate adjustment to headquarters through various initiatives such as individual assessment, realistic relocation preview, pre-departure training and various social support structures (Vance and Paik, 2006). According to our case study of BIOTEK, the HR department makes great efforts to prepare and support its expatriates, but perhaps less has been done for its inpatriates.

Andrew Armstrong, at least, complains about a lack of assistance from BIOTEK with all the practicalities involved in moving from the US and settling in Denmark. Everything was paid for by the company, but he had to make all the arrangements himself while at the same time coping with

wrapping up his old job and starting his new one. He was offered some introductory courses in Danish culture and society by the HR department, but could not find time to participate since he was so busy getting everything in order both at work and privately during his first months in Denmark. At the time of interview, the inpatriate is looking for an appropriate Danish course since he wants to demonstrate to his Danish subordinates that he is making an effort to learn their language. In this connection, too, he would have liked some guidance. The apparently rather low involvement from the HR department may indicate that the company does not give a very high priority to inpatriate assignments, though to be fair, it should mentioned the other two inpatriates voice no complaints of this type. It is hard to say whether Andrew Armstrong's negative experience is due to unfortunate accidental circumstance or whether the BIOTEK HR department generally pays less attention to inpatriate assignments than to expatriations – as it has been shown to be the case in some MNCs (cf. Harvey et al., 1999b). If that is the case here, it may discourage employees from subsidiaries from applying for such assignments in the long run.

According to Andrew Armstrong, there are no clubs for inpatriates at BIOTEK, even though the company celebrates diversity as a value<sup>5</sup> and in fact hosts around 100 foreign employees. He was not too thrilled with the inpatriate events he went to in another biotech MNC next door to BIOTEK, because there were “a lot of people complaining about how difficult it is.” On an informal basis, he has made contact with other BIOTEK inpatriates, “[...] but to be honest with you, I didn't want to come over here and hang out with Americans and people from other places. [...] I think it would ruin the experience here to be just experiencing it with others.” As he points out here, it is not

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<sup>5</sup> “Our team is made up of a diverse mix of talented individuals. We all respect the differences and benefit from what they bring with them, whether it's ethnic or gender diversity - or the different career strengths and experiences they've earned. The most important element is how we function as a team to bring out the best innovative and performance potential in every employee.” (BIOTEK's website).

necessarily an advantage to spend a lot of time with other inpatriates. But on the other hand, an inpatriate club might be organized in such a way as to provide a forum for constructive exchanges of experience and reflections upon them. In one of the other companies we are studying such a club has organized events where inpatriates have successfully shared their professional and cultural knowledge with their Danish colleagues. This particular club was set up through the inpatriates' own initiative, but it might be worthwhile for HR departments in other MNCs to make conscious efforts to establish and support such networks (cf. Clausen and Zølner, 2009).

### **Concluding remarks**

In this paper we have attempted to start filling an acknowledged research gap when it comes to contextually situated analyses of inpatriates' various functions and potentials at corporate headquarters. In our exploratory study of inpatriates in a globalizing MNC of Danish origin, we have drawn attention to the specific societal and organizational contexts. Through qualitative interviews and analyses we have given voice to inpatriates from three countries: China, Japan and the US. These locations are all geographically distant from the headquarters in Denmark, but of crucial strategic importance to the MNC.

The majority of research literature on international assignments is unidirectional, focusing on how corporate strategies and values can be most effectively implemented in subsidiaries through parent company nationals, i.e. expatriates. In order to complement those studies we have chosen to investigate how inpatriates from subsidiaries perceive their stay at headquarters, what they learn through collaboration and managerial work in this specific setting, as well as how and to which extent their experiences and perspectives on corporate strategy and culture are taken into account.

We have given examples of how the inpatriates feel that they can contribute to bi- or multidirectional knowledge flows within the MNC's network of globally dispersed units. We have also illustrated how inpatriates reflect on attitudes and behavior which they had not expected to meet even though they had to a certain extent already been exposed to and socialized into the corporate culture in their respective subsidiaries.

In our multinational case company there is much focus on creating good working conditions, on developing a learning environment, and on empowering the employees. And the company's recruitment of employees from its subsidiaries around the world for work experience and managerial training at the headquarters may be viewed as an indication of a strategy for empowerment and knowledge exchange. In this way, the MNC also expands and develops the pool of talent and management potential on which it can draw in the global staffing of the company.

Based on our data material we are not able to say anything very exact about the development of cultural intelligence during the inpatriations we have studied, but there were indications in the interviews that the inpatriates unfolded various aspects of this notion. As for the cognitive dimension, they expressed in several instances that they had learnt more about corporate and societal culture, and also that they had reflected upon differences between local culture and host culture. All three inpatriates said that they had in some ways adjusted their behavior in accordance with this new knowledge. Thus, they had contributed to building a platform for collaboration across perceived cultural differences, and it seems likely that they in some cases also conveyed cognitive cultural knowledge of various kinds to their colleagues. As far as the emotional dimension of cultural intelligence was concerned, the inpatriates all gave the impression of being deeply motivated to engage in complex cultural encounters and to continue their endeavors to act as boundary spanners in the MNC – especially as long as they were offered good working conditions at the headquarters to explore, learn and develop new competences.

In this paper we have given voice to a small sample of international assignees, a group which is seldom heard even though their experiences and perspectives on corporate strategy, leadership, involvement and delegation of responsibility, quality of life and work, etc. are increasingly important to a company with ambitions to accommodate its operations to ever-changing conditions and to prepare its culturally diverse staff for coping with the globalizing business world.

The conclusions which we have been able to draw in this article are, however, somewhat limited by the fact that our analysis is based on what is in the research literature – sometimes in a slightly derogatory manner - characterized as “self-report data”, supplemented by various HR documents. We have not as yet interviewed the inpatriates’ Danish colleagues at the headquarters, but this would be useful in order to throw further light on whether collaboration with inpatriates may contribute also to their colleagues’ cultural intelligence and their ability to bridge perceived differences in leadership practices, decision-making, and intercultural communication. As for the future research perspective, we plan to supplement the existing empirical material during our field work in subsidiaries in Asia by interviewing once again some of the employees we talked to in Denmark – i.e. after their return – in order to get to know how they view their experiences at headquarters in retrospect. Moreover, we plan to interview local colleagues of former inpatriates. Thereby we want to explore if they perceive the former inpatriates as boundary spanners between headquarters and local subsidiaries in the process of adaptation and translation of corporate strategies and values.

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