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Title

Meeting the challenge of inpatriation – a cultural perspective

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Abstract

Inpatriation becomes increasingly important in today's staffing policies. However, in order to be able to exploit its full benefits, potential challenges must first be diminished. The most significant challenge this thesis has identified are cross-cultural adjustment problems. Within the area of cross-cultural adjustment, six aspects have been explored to cause difficulties: 1) a high organizational cultural distance, 2) role and acceptance problems, 3) a high national cultural distance, 4) family adjustment issues, 5) unrealistic expectations and 6) language barriers. Hence, two approaches are proposed, which meet all six challenges. These approaches focus especially on acceptance and corporate culture difficulties as these two aspects are considered most challenging for inpatriates. The first approach proposes that on the short-term a cross-cultural training should be developed, which includes corporate culture in its content and is adapted to the variety of backgrounds of inpatriates. On the long-term, the value of diversity should be integrated into the overall corporate culture and the HR strategy adapted to the needs of inpatriates. Both approaches together can then ensure the exploitation of the benefits of inpatriation in the short as well as in the long-term.

Keywords: inpatriation, inpatriate manager, cross-cultural adjustment, diversity management, cultural distance, cross-cultural training

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IV. List of Abbreviations

CCA	cross-cultural adjustment
CCT	cross-cultural training
CD	cultural distance
CQ	cultural intelligence
HCNs	host county nationals
LDCs	least developed countries
MCQ	motivational cultural intelligence
MNCs	multinational corporations
MNG	multinational group functioning
PCNs	parent country nationals
SGHRM	strategic global human resource management
TCNs	third country nationals
UCT	U-curve theory

1 Introduction

The accelerating pace of globalization and worldwide interconnectedness forces multinational corporations (MNCs) to constantly adapt their staffing policies. This makes traditional international assignment types, such as expatriation, less beneficial in today's environment. Hence, MNCs have started to develop more innovative forms of cross-border transfers. One of these new assignment types is the process of inpatriation. Inpatriate managers represent global managers, who are transferred from the subsidiary into the headquarters of a MNC. However, here also a significant problem arises: As inpatriation is a very innovative assignment form, it is not yet widely researched. For this reason, both in theory and practice companies and authors often consider inpatriates to generally face the same assignment challenges as expatriate managers. However, recent theoretical and empirical research proves differently.

For this reason, this thesis aims at exploring the challenges of inpatriation to finally propose measurements how to best overcome them. The focus lies on challenges from a cultural perspective. This comes due to the fact that already in the area of expatriation cross-cultural adjustment problems were regarded the most harmful influencing factor for the expatriate's success. Expatriate adjustment problems have led to several personal dilemmas for the manager and to high direct and indirect cost issues for MNCs. Hence, it can be derived that it is also highly important to specifically explore the cross-cultural adjustment challenges inpatriate managers face. This is especially the case as inpatriates are likely to be increasingly employed in the future.

In order to explore the cross-cultural challenges of inpatriates, firstly chapter two explains the specific context of inpatriation. This is done to create a common understanding of what the specificities of inpatriation are, and how it differs from expatriation. Afterwards, as the main part of this thesis, chapter three explores the cross-cultural challenges of inpatriate managers in detail. To do so, first theoretical background knowledge on cross-cultural adjustment will be provided. In the second part of chapter three, this knowledge will then be applied to the specific case of inpatriation. Here, the cross-cultural challenges of inpatriate managers will be explored in detail from a practical view. Afterwards, chapter four then builds up on the cross-cultural adjustment challenges identified and proposes two approaches how these challenges can be best overcome. By doing so, it can be ensured that the inpatriate's

employment finally leads to the benefits expected both for the inpatriate and the global corporation. Finally, a conclusion including a summary, critical review and outlook will be provided.

2 Current context of inpatriation

As mentioned above, inpatriation represents one specific option of various international assignment types¹. For this reason, it is especially important to define its context. To do so, first a definition of the process of inpatriation will be provided, in which inpatriates will be distinguished from expatriate managers. Afterwards, chapter 2.2 explains why inpatriates are likely to be increasingly used in the future. Then, chapter 2.3 outlines the detailed benefits inpatriation brings both to the manager and the company. Finally, the overall challenges inpatriate managers face will be presented in chapter 2.4.

2.1 Definition of inpatriation and distinction from expatriation

From a past view point, the process of inpatriation was regarded an alike alternative to expatriate assignments, where both managers serve as links between the HQ and subsidiary in simply reversed directions (Williams, Moeller, & Harvey, 2010a, p. 72). However, recent research reveals that there exist significant differences between the two kind of managers (Harvey, Novicevic, & Speier, 2000, pp. 162-164; Reiche, Kraimer, & Harzing, 2009a, pp. 154-156; Williams, Moeller, & Harvey, 2010a, pp. 71-73). The thesis will define inpatriation by distinguishing inpatriates and expatriates according to four factors: 1) assignment direction, 2) country of origin, 3) manager characteristics and 4) repatriation process.

Firstly, the most common distinction between inpatriates and expatriates refers to their assignment direction. Inpatriation is the process of transferring foreign professionals *“into the home organization of an MNC on a semi-permanent to permanent basis to enhance global business activities”* (Harvey, Novicevic, & Speier, 2000, p. 154). Hence, its direction is aimed from the subsidiary towards the headquarters. This means that its transfer is regarded from the recipient’s perspective, into the parent corporation

¹ To provide some examples, in his article Reiche (2010, p. 38) mentions as well rising assignment types of frequent business travel, virtual assignments or short-term transfers next to inpatriation. All three examples represent innovative assignment alternatives to traditional expatriate transfers.

(Dowling, Festing, & Engle, 2008, p. 4). For this reason, inpatriation is especially suitable to bring subsidiary characteristics such as knowledge or a different viewpoint into the headquarters (Borici, Albana, Borici, & Dergjini, 2013, p. 220). Expatriation, on the other hand, is directed from the HQ towards the subsidiary (Peterson, 2003, p. 57). Its transfer is regarded from a sending perspective, outside of the parent company (Dowling, Festing, & Engle, 2008, p. 4). Hence, it aims to impose HQ characteristics such as corporate culture into the subsidiary to ensure a certain level of control by the home organization (Harvey, Novicevic, & Speier, 1999c, p. 461).

However, the assignment direction is not the only difference. The two managers also possess diverse characteristics arising out of their respective country of origin. Inpatriate managers are referred to as *host country nationals (HCNs)* as they usually have the same nationality as where their subsidiary is located (Borici, Albana, Borici, & Dergjini, 2013, p. 220). For this reason, they possess the mindset, routines and behavior typical for those of the host country (Harvey, 1997a, p. 398). On the contrary, expatriate managers are referred to as *parent country nationals (PCNs)* (Novicevic, 2001, p. 2). Parent country nationals come from the same country as where the parent corporation is located. They are familiar with the routines, culture and behavior of the HQ country and corporation (Harvey, Novicevic, & Speier, 2000, p. 157). However, according to Dowling et al. (2008, p. 4) it is important to add that the identification of managers being HCNs is not sufficient to define them as inpatriates. The country of origin has to be combined with the assignment direction to clearly distinguish an inpatriate manager. This can also be explained by mentioning the fact that both inpatriate and expatriate managers can also be *third country nationals (TCNs)* (Dowling, Festing, & Engle, 2008, p. 4). TCNs are referred to as either expatriates or inpatriates, who come from a country different than the one of the subsidiary or headquarters. Hence, TCNs are familiar with a third culture and can be sent on assignment either into the HQ, into the subsidiary or between subsidiaries (Reiche, Kraimer, & Harzing, 2009a, p. 153).

Apart from the specific background, Harvey and Miceli (1999, p. 340), Williams et al. (2010b, pp. 72-73) and Reiche, Kraimer and Harzing (2009a, pp. 157-159) state that an inpatriate manager has specific characteristics to match the inpatriate assignment: Reiche (2010, p. 40) conducted an empirical study among 286 inpatriates being sent to German multinationals, where he figured out that the average age was 37 years old.

This indicates that the average inpatriate manager is rather young. Besides, this idea is supported by a survey Henze (2009, p. 27) conducted among the 56 biggest German multinationals. In her survey, 64% of employed inpatriates are transferred to employee positions in the operational area, while 34% work on management levels. The idea of high numbers of inpatriates on management level is supported by Harvey and Miceli (1999, p. 340), who consider inpatriate managers to fill important strategic positions at the HQ, starting in the area of top executive management. Besides, both Harvey (1997, pp. 38-39) and Reiche, Kraimer and Harzing (2009a, p. 153) argue that inpatriate managers are likely to come from developing countries. Expatriate managers, on the other hand, are usually very experienced managers from developed nations, who take over high level management roles in the subsidiary (Baloch, 2013, pp. 23-36).

Finally, the processes of inpatriation and expatriation differ in their final stage. International assignees who have returned home after their stay abroad are referred to as repatriates (Greer & Stiles, 2016, p. 102). In the case of expatriation, it is common that expatriate managers decide to return home to the HQ. In fact, repatriation for expatriates is considered an important topic to avoid late turnover intentions and fully profit from the benefits of expatriation (Greer & Stiles, 2016, pp. 102-103). However, in the case of inpatriation the repatriation process is highly controversial. Froese et al. (2016, p. 284), Adler (2002, pp. 160-161) and Reiche, Moeller and Harvey (2011, pp. 156-157) agree with the fact that the inpatriate assignment can be temporary. They argue that by returning home, the inpatriate can create additional benefits through bidirectional knowledge flows and take over high management positions in the subsidiary. However, Moeller, Harvey and Williams (2010, p. 170) and Novicevic (2001, p. 14), who have contributed to a great extent to the inpatriate research, think differently. They state that the stay of the inpatriate in the HQ is "*semi-permanent to permanent*" (Novicevic, Harvey, Buckley, & Fung, 2005, p. 269). This implies the idea that in general the inpatriate assignment extends over a long time frame and that inpatriates are likely to take over high job positions at the HQ after their assignment. Hence, it is not clearly defined whether inpatriate assignments take place on a temporary or permanent basis.²

² The findings of the survey conducted by S. Reiche (2006, pp. 1572-1590) support both natures of an inpatriate assignment. Among the 286 inpatriates interviewed, the managers state to either seek to return to their subsidiary, return to another foreign location (which supports the idea of inpatriation as a start to an international career) or seek to be employed on a permanent basis.

The findings explained are summarized in the table on the following page, in order to conclude the definition of inpatriation for this thesis.

Table 1: Distinction inpatriation and expatriation

Consideration	Inpatriation (HCNs, TCNs)	Expatriation (PCNs, TCNs)
Direction of assignment	From subsidiary to HQ	From HQ to subsidiary
Main purpose	Bring subsidiary knowledge/ viewpoint into HQ	Control mechanism/ HQ knowledge towards subsidiary
Characteristics of manager	Young manager, operational & management level, often from developing countries	Experienced manager, high/ top level, often from developed countries
Familiar culture/ habits	Host country (of subsidiary)	Parent country (of HQ)
Length of stay	Temporary or semi-permanent to permanent	Temporary
After assignment	Repatriation possible, but also extension to permanent stay at HQ	Repatriation process common

Source: own table adapted from (Reiche, 2010, pp. 40-41; Reiche, Kraimer, & Harzing, 2009a, pp. 154-156; Maley, Moeller, & Harvey, 2015, p. 309) and (Williams, Moeller, & Harvey, 2010b, pp. 72-73)

Consequently, this thesis regards the process of inpatriation as the transfer of HCNs or TCNs from the subsidiary into the headquarters of the organization. The transfer of inpatriate managers back towards the subsidiary is not focused on as repatriation does not necessarily take place in the process of inpatriation. Inpatriate managers are considered managers who are familiar with the business and social routines in the host country, being sent to either important operational or management positions in the HQ.

2.2 Recent development towards inpatriation

Multinationals are constantly increasing their demand for inpatriate managers, which is likely to continue in the nearby future. Here, the three main driving factors are explained, which are supposed to cause increasing numbers of inpatriates: 1) rising expansion into emerging markets, 2) challenging traditional assignments of expatriates and 3) increasing importance of diversity.

Although empirical research in the area of inpatriation is still limited (Reiche, 2006, p. 1577), first studies have started to proof rising numbers of inpatriates. These studies

can be divided into two categories: Firstly, Solomon (1994, pp. 56-60) and Scullion & Starkey (2000, pp. 1068-1072) have developed studies with a focus different than explaining the increase in inpatriation. However, they discovered that companies rise their numbers of inpatriates as a secondary result of their main outcomes. Secondly, the recent studies of Oddou et al. (2001, pp. 107-109) and Henze (2009, pp. 26-30) focus directly on inpatriation. They were able to provide some numerical evidence that numbers are likely to rise. Starting in 1994, Solomon (1994, pp. 51-60) conducted a survey of *Fortune* 100 companies based in the US. Although focusing on the topic of expatriate failure, her survey stated that US MNCs have said to increase their number of inpatriates to respond to upcoming trends. In 2000, Scullion & Starkey (2000, pp. 1068-1072) conducted a more recent qualitative study. They interviewed the corporate HR of thirty British-based MNCs and middle size companies from various industries on the topic of the role of corporate HR. Aligned with previous findings, Scullion & Starkey (2000, p. 1068) discovered that especially global corporations intend to increase their number of HCNs in the HQ. Exact numbers can be found in more recent studies of Oddou et al. (2001, pp. 107-109) and Henze (2009, pp. 26-30). In 2001, Oddou et al. (pp. 107-109) sent a survey to 100 US based MNCs listed in the *Fortune* 500, as well as 100 European MNCs. She specifically questioned the amount of HCNs companies bring into their HQ. Oddou et al. figured out that 70% of European MNCs declared to increase their number of inpatriates. In the US, 49% of US based firms also stated rising numbers and 51% at least considered that their numbers will stay at the same level (Oddou, Gregerson, Black, & Derr, 2001, p. 108). In 2009, Henze (pp. 26-30) provided a survey to the 56 biggest German MNCs. She figured out that 77% of the German MNCs responded that they will increase their use of inpatriation in the nearby future, while only 14% said it might decrease (Henze, 2009, p. 29). Hence, according to Henze it is five times as likely that numbers of inpatriates will rise rather than decline. Consequently, both quantitative and qualitative research proofs the trend of increasing numbers of inpatriates. It is unlikely that trends have changed as latest studies are very recent (2009). However, limitations refer to the geographical area since all researched companies are located either in the US or Europe. Behavior could hence be different in other geographical areas such as Asia³.

³ This is especially true as Oddou et al. (2001, p. 108) also sent their survey to 100 Japanese based MNCs, from which 80% stated that inpatriate numbers are rather likely to decrease than increase. Hence, more research for inpatriation in different geographical areas might lead to interesting and different results.

Hence, empirical evidence has been provided which proves rising numbers of inpatriates. This finding matches well the theoretical argumentation lines, which will be explained from now on in the following paragraphs.

To start with, numbers of inpatriate managers are supposed to rise as they can help MNCs expand into emerging markets (Scullion & Collings, 2006, p. 172; Harvey, Novicevic, & Speier, 1999a, pp. 169-174). This trend of expanding business to developing nations is still ongoing and growing today (Habteab & Oduro, 2014, p. 2). Especially in the period from 2010-2013, thus shortly after the Global Financial Crisis from 2008-2009, emerging markets represented the major growth factor in worldwide economy. The yearly growth was estimated app. +5.3% (A.T. Kearney's Global Business Policy Council, 2014, pp. 3-6). According to AT Kearney's⁴ economic analysis based on Oxford Economics (2014, pp. 3-4), this trend is going to continue from 2014 to 2020. Although growth will be more diversified from 2014 onwards, emerging economies are considered to continue outpacing advanced nations. This is shown by the fact that by 2020, the global GDP share of emerging economies is calculated to rise up to 53% (A.T. Kearney's Global Business Policy Council, 2014, p. 6). Besides, according to the United Nations (2015, pp. 1-2), rapid population growth is also considered especially rapid for developing and least developed countries (LDCs). In its population analysis, in 2015 60% of the world's population is said to live in Asia (4.4 billion). This is followed by 16% in Africa (1.2 billion). Simultaneously, population in Africa and Asia is supposed to triple until 2050, while those in Europe is likely to shrink (United Nations, 2015, pp. 1-2). Hence, growing market opportunities can be found in emerging countries. Special focus will lie on the Asian and African region, forcing companies to adapt their strategies towards those nations (Harvey, Novicevic, & Speier, 1999a, pp. 169-174). This adaptation includes staffing strategies. In its mobility survey in 2014, the global accounting company KPMG found that 71% of the companies have increased their international assignments to emerging markets (KPMG Holding AG/SA, 2014, p. 16). In order to smoothen the expansion to those countries, inpatriate managers are of special importance. As stated in chapter 2.1 on page 7, inpatriates are likely to come from emerging nations and are thus familiar with the routines and culture from those areas. Hence, they possess the necessary local

⁴ A.T. Kearney's is a leading global management consulting company, which established its own Policy Council. This council regularly publishes economic analysis and holds global meetings to help business and government leaders analyze future economic developments (A.T. Kearney's Global Business Policy Council, 2014, pp. 19-20).

knowledge which can help to make business successful in the significant markets of emerging economies (Habteab & Oduro, 2014, p. 2).

Besides, the rising numbers of in-patriate managers can also partly be led back to rising challenges in traditional assignments of expatriates (Habteab & Oduro, 2014, pp. 2-4). This is indicated through declining numbers of expatriates, proven by a variety of empirical studies⁵ (Novicevic, 2001, p. 2). For example, in 2007 the German chamber of foreign trade (Deutsche Industrie- und Handelskammer in Japan, 2007, pp. 1-32) found evidence for declining numbers of expatriates. In their survey of 451 German MNCs in Japan, 32% stated that they are likely to reduce their number of expatriates. While also 32% stated that it will probably stay at the same level, only 15% think that they will increase their use of expatriates (Deutsche Industrie- und Handelskammer in Japan, 2007, p. 13). As explanations for the decline of expatriates two main causes can be mentioned: Firstly, traditional expatriate assignments become more and more complex in developed countries (Novicevic, 2001, pp. 2-5). This arises out of high numbers of dual-career couples (Harvey, 1997b, pp. 627-629) and female expatriates (Ravasi, Salamin, & Davoine, 2013, pp. 1-3). Managers in dual-career couples are often less willing to go abroad for international assignments as the spouse is not likely to give up her job position for the career of her partner (Harvey, 1997b, pp. 627-629). Besides, international assignments are often especially complex for female expatriates in countries where the status of women is not yet equal to men (Ravasi, Salamin, & Davoine, 2013, pp. 1-3). This makes assignments costly and time-intensive to plan. However, in case suitable expatriates are found, another problem is expatriate failure (Ardelan, 2010, pp. 22-26; Scullion & Collings, Global Staffing, 2006, pp. 59-63). Expatriate failure in a broad context is defined as the “underperformance” of expatriates abroad (Ardelan, 2010, p. 22). It often results out of adjustment problems and leads to high direct and indirect costs. Indirect costs are often considered worst as it damages relationships and reputation in the host country on a long-term basis (Scullion & Collings, 2006, p. 60). Hence, it can be said that there is a great probability that the use of traditional expatriates will decrease in the future. However, it is important to understand that still numbers of expatriates will stay generally at a high level. Expatriation is the most used kind of international assignments and possesses various

⁵ For reasons of scope only a recent study from 2007 is explained more in detail. For more information, refer to further studies as Sargent & Matthews (1998, pp. 74-96) or Harzing (2001, pp. 139-158).

benefits as e.g. career progression for PCNs and control possibilities (Ravasi, Salamin, & Davoine, 2013, p. 1). However, partly expatriates are likely to be replaced by inpatriate managers. Inpatriate managers do not face dual-career problems or as this is not yet common in developing nations (Novicevic, 2001, pp. 14-19). Besides, being familiar with the culture and routines of emerging markets, they can be more efficient in assignments related to those areas as mentioned above. Hence, inpatriate managers can replace expatriates where the probability of expatriate failure is high or motivated managers are difficult to find. However, on the long term, the staffing portfolio of MNCs should include both managers to ensure diversity and flexibility of staffing (Harvey, Novicevic, & Speier, 2000, pp. 162-164).

Finally, inpatriate managers are considered a suitable staffing option to foster diversity within increasingly global operations (Harvey & Buckley, 1997, pp. 35-38; Reiche, Kraimer, & Harzing, 2009a, pp. 158-159; Reiche, Moeller, & Harvey, 2011, pp. 152-154). Cox and Blake (1991, p. 45) discovered already in 1991 that cultural diversity can create a competitive distinctive advantage if managed efficiently. Besides, based on the model established by Perlmutter, MNCs are considered to go more and more from ethnocentric towards geocentric staffing structures (Scullion & Collings, 2006, pp. 31-34). This means that they seek to operate more as global networks, employing strategic positions with HCNs, PCNs and TCNs. Hence, multinationals increasingly seek to include diversity into their operations (Martin, 2014, p. 89). Especially within the HQ, diversity through inpatriation can foster important benefits: By integrating inpatriates into top management teams, strategic diversity can help develop innovative ideas for first mover advantages in home and host countries (Harvey & Buckley, 1997, pp. 35-38). Besides, cultural diversity can help increase the ability to deal with potential problems, implement organizational change and react in a more flexible manner to fast changing environments (Cox & Blake, 1991, pp. 45-48). Inpatriate managers are better suited to implement diversity in the HQ than other kind of managers. This comes from the fact that inpatriates have the mindset of the host country but have also acquired HQ-specific knowledge. Hence, they can bring in different ideas and opinions, while having the cognitive ability to understand also how those can benefit a global operation (Harvey, Novicevic, & Speier, 1999b, pp. 54-55).

These three trends impact the current situation inpatriate managers face. Being employed increasingly by MNCs either as substitutes or complements to expatriates,

in-patriates become more and more important. However, it is necessary to mention that MNCs have only started to use in-patriate managers recently (Reiche, 2006, p. 1574). Hence, programs are not yet highly developed and PCNs are not used to work with great numbers of in-patriates. For this reason, there is still a lot of room to enhance in-patriation practices and ensure that it leads to the expected benefits. The purpose and benefits of in-patriation will hence be explained in the following sub-chapter.

2.3 Purpose of in-patriation

In previous chapters it was shown that in-patriation is a significant alternative to expatriation, but still is very new and thus MNCs are not tapping its full potential yet. Because this thesis aims to analyze how arising challenges can be mastered, it is necessary to completely understand the full purpose of in-patriates and which opportunities are at risk through an unsuccessful management. This consists of mainly two areas of benefits. Firstly, as mentioned above in-patriate managers are considered to increase the level of diversity within the HQ. Secondly, in-patriates are anticipated to act as boundary spanners. Hence, they are supposed to generate linking advantages between subsidiaries and headquarters. These two main purposes will be outlined in detail, including the additional on-top benefits which arise with them.

2.3.1 Anticipated benefits arising through diversity development

In today's globalized economy, the development of a multicultural staffing team represents one of the critical success factors for MNCs (Harvey, Novicevic, Speier, & Price, 2007, p. 371). In fact, if managed efficiently diversity through in-patriation can lead to a distinctive competitive advantage as it accelerates innovative thinking and flexibility (Harvey & Buckley, 1997, pp. 36-37). The main advantages of cultural diversity have already been mentioned in the previous chapter on page 12 and 13. Hence, the focus here will lie on how exactly in-patriates can cause benefits out of diversity, both for the managers and for the company.

By transferring in-patriate managers into the HQ, the first step is done to develop a global innovative organization, which continuously develops and learns (Harvey, Novicevic, Speier, & Price, 2007, pp. 371-375; Novicevic, 2001, p. 18; Jensen, 2012, pp. 51-52).

Firstly, the new variety of perspectives helps to question routines which are long considered familiar. Inpatriates as “outsiders” of the corporate organization have the ability to see more room for improvement than people who have worked in the HQ for years (Harvey, Novicevic, Speier, & Price, 2007, pp. 371-375). This is helpful in all levels within the organization, from operational to management. However, Harvey et al. (Harvey & Buckley, 1997, p. 36; Harvey, Novicevic, & Speier, 1999b, p. 55) suggest that most benefits can arise through integration into the top management team. He argues that inpatriates add “*a multicultural perspective or cognitive diversity to global strategy development*” (Harvey, Novicevic, Speier, & Price, 2007, p. 372). According to the theory of multinational group functioning (MNG), cognitive diversity⁶ becomes possible when all members actively process knowledge through their own cultural window. However, at the same time they must be aware of the different opinions of others. This then helps inpatriates and domestic managers to combine different viewpoints to one outcome (Harvey, Novicevic, & Speier, 1999b, p. 56). Hence, cognitive diversity reduces the tendency of group thinking, which occurs under more homogenous top management groups. This allows MNCs to react faster to external changes. Besides, it allows to develop innovative strategies, which are applicable on a global basis (Novicevic, 2001, p. 18). However, it is important to mention that these innovative strategies can only develop if both inpatriate and domestic managers are able to work together on a fruitful basis (Harvey, Novicevic, Speier, & Price, 2007, p. 375).

Secondly, inpatriate managers can foster the increasing globalization of MNCs. Henze (2009, p. 28) found in her survey among the biggest 56 German MNCs that the most often cited motive for inpatriation was the intend to globalize the headquarters. Globalization develops when a high variety of nationals within the headquarters enable the corporation to think global, while adapting global strategies to local market conditions wherever needed (Scullion & Collings, 2006, p. 171). Nevertheless, inpatriate managers still represent a minority. For this reason, a future staffing strategy might be to augment numbers of HCNs and TCNs in the HQ. This would then assure

⁶ According to Mitchell and Nicholas (2006, p. 69) „*cognitive diversity is defined as the extent to which the group reflects differences in knowledge, including beliefs, preferences and perspectives*”. Hence, cognitive difference can occur out of cultural diversity is an important success factor for multicultural group working today.

that domestic managers get used to interacting with people from different cultures on a daily basis (Henze, 2009, p. 28).

Furthermore, inpatriation can help advance staff development within the HQ. Through the integration of inpatriates in all levels of the parent organization, both the domestic and inpatriate manager can be positively impacted (Novicevic, 2001, p. 18) Although the inpatriate is likely to benefit to a greater extent from the stay abroad, also domestic managers can profit from constant learning in multicultural teams. Hence, thanks to inpatriation MNCs are able to train highly skilled personnel in all levels (Harvey, Novicevic, Speier, & Price, 2007, p. 371). Besides, they can develop a wider talent pool to staff from (Collings, 2014, p. 259). This is especially useful as it also reduces costs to hire external specialists and skilled managers from outside (Harvey, Novicevic, & Speier, 1999b, p. 56).

Inpatriation can also be highly beneficial from the manager's perspective. Firstly, the inpatriate manager profits most from the stay abroad. The stay at the HQ represents an important career opportunity for the inpatriate (Scheuring, 2010, pp. 210-211). Having stayed at the HQ enables the inpatriate to combine the local knowledge gained in the subsidiary with the global overview acquired in the HQ. Both local managers in the host country and in the parent country do not possess both of these viewpoints. This makes the inpatriate a rare company resource⁷ (Harvey, Novicevic, & Speier, 2000, pp. 156-159). It allows career progression within the company, but also in the global staffing competition. Within the MNC, the inpatriate can take over high level positions both in the parent and host country (Habteab & Oduro, 2014, p. 8). In the global market competition, MNCs continue to search for globally competent managers, which are very well paid and demanded. Through the stay at the HQ, the inpatriate becomes highly attractive on the global talent market. This is proofed by a qualitative study Scheuring (Scheuring, 2010, p. 202) conducted among 74 inpatriates from German MNCs in the USA and Japan. Here, nearly all top management executives stated that a stay abroad in another country is a prerequisite for career development within MNCs today. An inpatriate from a subsidiary in the US said: *"We tell our employees: You are not going to have a division leader's role unless you have new*

⁷ To regard inpatriates as rare company resources reflects the resource based view, where resources (e.g. human resources or products, business routines etc.) are regarded as valuable, rare, not mobile and difficult to imitate (Harvey, Novicevic, & Speier, 2000, p. 156). Also expatriates are rare resources, however they should be applied in different assignments and with a different purpose than inpatriate managers (see chapter 2.2., page 11ff.).

experiences and one of those experiences is international.” (Scheuring, 2010, p. 202). Finally, inpatriation might also add value for the career of the domestic manager. The inpatriate manager represents an important networking contact for future stays abroad. Besides, the inpatriate might help the domestic manager to learn how to start developing cultural intelligence (CQ)⁸ and cognitive diversity (Novicevic, 2001, p. 18). Taking this into concern, MNCs integrate inpatriate managers into the HQ as they have realized the importance to develop diversity and multicultural management teams. However, as these benefits are long-term oriented and intangible, it is very difficult to track or even measure the diversity outcomes of inpatriation (Scullion & Collings, 2006, p. 171). This is also true for the benefits arising out of boundary spanning activities, which are described in the next part.

2.3.2 Anticipated benefits arising through boundary spanning activities

Inpatriate managers are primarily used as “linking pins” between headquarters and subsidiaries (Jensen, 2012, p. 52; Reiche, Moeller, & Harvey, 2011, p. 161; Moeller, Harvey, & Williams, 2010, p. 170). In order to link those organizational units, they are supposed to act as boundary spanners. In other words, boundary spanners can also be called “cross-unit knowledge agents” as it is their primary task to exchange knowledge in an adequate manner (Borici, Albana, Borici, & Dergjini, 2013, p. 223). The next question to answer is which information the inpatriate is supposed to exchange and how this should be done. According to literature and empirical findings, the exchanged knowledge can be task-related or relational-oriented (Gertsen & Soderberg, 2012, p. 94). Task-related knowledge is considered explicit, while relationship-oriented knowledge is more of a tacit nature. This makes relationship-oriented knowledge more difficult to assess. Hence, it is especially important to share (Borici, Albana, Borici, & Dergjini, 2013, pp. 220-221). This matches the findings of Reiche (2006, p. 1587). He conducted a survey with 13 inpatriates from three German MNCs. One inpatriate from Hong Kong stated: “*The company needed someone with this background in China [...] to be in Germany to push the business*” (Reiche, 2006, p. 1587). Explicit and tacit knowledge of how business is done in China was hence the

⁸ Thomas et al. (2015, p. 1101) define cultural intelligence as “*the ability that individuals have to interact effectively in a cross-cultural context and with culturally different individuals*”. Hence, cultural intelligence can also be acquired through working increasingly in multicultural groups with inpatriates.

main reason for the transfer. Following this, the process of knowledge sharing is anticipated as follows: Through the HQ integration, the inpatriate becomes knowledge sender and receiver (Reiche, Kraimer, & Harzing, 2009a, p. 160). Firstly, the inpatriate provides host-country specific inputs to the HQ. This can be certain procedures, ways of doing business and cultural habits (Griffith, Zhang, & Cavusgil, 2006, p. 364). Secondly, as a knowledge receiver the inpatriate then learns to acquire new HQ-specific information. Examples are the corporate culture in the HQ, technical aspects or networking information. The most important aspect here is that the inpatriate communicates the information in a way appropriate for both countries. This is a special ability only the inpatriate manager possesses. It comes from the fact that the inpatriate has developed the respective social capital for both countries. Reiche et al. (Reiche, Kraimer, & Harzing, 2009b, p. 511) defines social capital as *“the sum of actual or potential resources [...] derived from the network of relationships possessed by an individual or social unit”*. Besides, in an organizational context, Yamao et al. (Yamao, De Cieri, & Hutchings, 2009, p. 538) distinguish between internal and external social capital. Internal social capital refers to the network an inpatriate develops within the company. On the other hand, external social capital refers to contacts with external stakeholders as customers or government representatives. To provide an example, Gertsen and Soderberg (2012, p. 97) recently conducted interviews with Chinese inpatriates in a Danish MNC. At his time in the subsidiary one inpatriate realized employees complained about the slow decision-making process in the HQ. However, during his stay at the parent corporation he said: *“Now I can see the reason behind this fact, so that’s something I really want to bring back to my Chinese colleagues”* (Gertsen & Soderberg, 2012, p. 97). Hence, having learned both perspectives, inpatriates can filter important knowledge and exchange in an efficient manner.

Through exchanging explicit and tacit knowledge, three main benefits are anticipated to develop for both managers and the corporation: 1) efficient local subsidiary management, 2) motivation and retention of HCNs (especially talent oriented) and finally 3) a trustful and strong relationship leading to long-term success. These three areas are described further in the following paragraphs.

Within the first stated area of benefits, inpatriation can be an efficient mean to enhance the successful management of local subsidiaries (Kießling & Harvey, 2006, p. 7; Williams, Moeller, & Harvey, 2010a, p. 72). One can distinguish between two purposes:

In case one, the MNC aims to expand into unfamiliar markets⁹. Here, inpatriate managers are especially useful to bring in local social knowledge into the HQ (Griffith, Zhang, & Cavusgil, 2006, p. 364). Important information can be for example contacts towards external customers, tacit knowledge of business routines or cultural habits. This can lead to first mover advantages other companies are not able to exploit due to a lack of information available (Harvey, Novicevic, & Speier, 1999a, p. 169). In case two, inpatriates can help established subsidiaries to become more autonomous (Scheuring, 2010, p. 207). By exporting knowledge of techniques and structures from the HQ, processes and business effectiveness can be enhanced. Besides, inpatriate managers can help to control the subsidiary in a more acceptable manner than the imposed control by expatriates (Kiessling & Harvey, 2006, p. 7). An example for this is the sensitive exporting of corporate culture: Inpatriates are accepted as insiders in the host country. Hence, they are able to translate the aspects of corporate culture which are appropriate in the subsidiary, different from expatriates (Harvey, Novicevic, Speier, & Price, 2007, p. 375).

Secondly, managers in the host country can also profit from the inpatriation of their colleagues (Reiche, Moeller, & Harvey, 2011, pp. 167-168). Inpatriates can act as mentors for high-potential host country managers, whose next step could be to go into the HQ (Harvey, Novicevic, Speier, & Price, 2007, p. 375). This enables HCNs to acquire important knowledge, finally leading to their career progression. Besides, it allows the MNC to widen its talent pool (Cerdin & Sharma, 2014, p. 83). As well, inpatriation can reduce the turnover rates of personnel in the host countries. Reiche (Reiche, 2009, p. 1381) has discovered that the main reason for turnover of subsidiary staff is the feeling of missing career progression. Mentoring and the positive example of successful inpatriates can hence increase the entire motivation and retention of personnel in the host country.

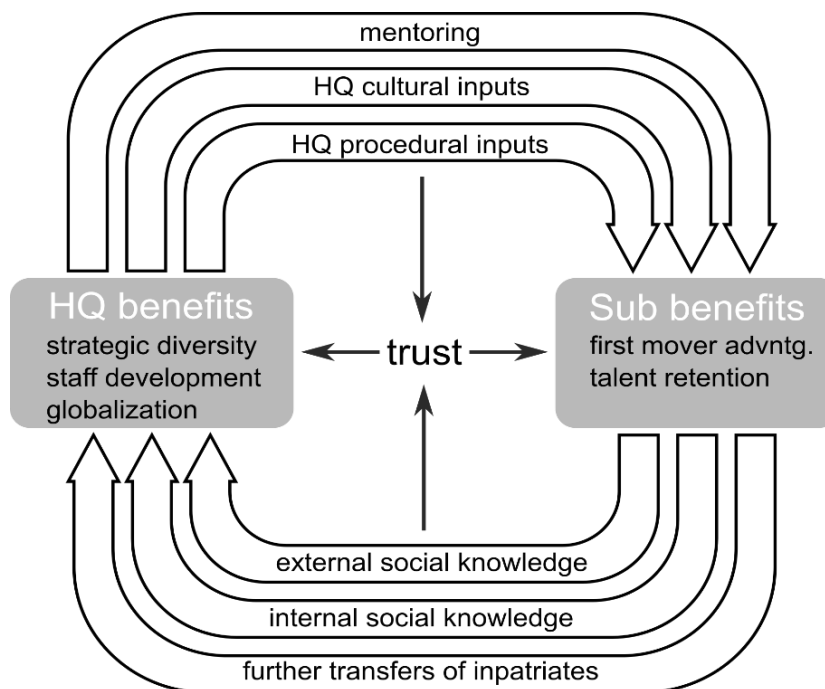
Thirdly, the overall goal of boundary spanning through inpatriation is the development of trust. According to Reiche and Harvey (Reiche, Moeller, & Harvey, 2011, pp. 160-161), a trustful relationship between HQ and subsidiaries can lead to cost reductions and increasing global effectiveness. On the one hand, HCNs are more likely to trust

⁹ It is important to mention that the entry mode chosen impacts the degree to which the use of inpatriation is effective (Harvey, Novicevic, & Speier, 2000, p. 161). For example, in wholly owned subsidiaries the use of inpatriates is more likely to take place than in joint ventures or franchising agreements. This is due to the fact that wholly owned subsidiaries are more likely to be involved in value adding activities.

HQ decisions as they are transmitted via the cultural lenses of the inpatriate (Jensen, 2012, p. 53). On the other hand, through the transfer of subsidiary knowledge into the HQ, top management is more likely to understand the specific problems within the host country and thus, how to efficiently instruct the herein based subsidiaries. Hence, the development of trust can decrease costs in the long-term. For example, expensive controlling by expatriates as PCNs is no longer needed (Kießling & Harvey, 2006, pp. 8-10). Besides, it allows the subsidiary to become more autonomous and enables the assimilation of different units while ensuring local adaptation (Scullion & Collings, 2006, p. 171).

The main findings explained previously are summarized in the figure below. It shows the development of trust as the ultimate outcome of inpatriation through a bidirectional¹⁰ knowledge exchange between the HQ and subsidiary. Besides, it summarizes the benefits arising in the HQ and subsidiary which were explained beforehand.

Figure 1: Benefits of inpatriation



Source: own figure based on (Harvey, Novicevic, Speier, & Price, 2007, pp. 370-375; Reiche, Moeller, & Harvey, 2011, pp. 150-161; Cerdin & Sharma, 2014, pp. 80-83; Borici, Albana, Borici, & Dergjini, 2013, pp. 221-223)

¹⁰ According to Harvey (Harvey, Novicevic, Speier, & Price, 2007, pp. 371-373), knowledge flows can be considered bidirectional as inpatriates make frequent overseas trips during their semi-permanent to permanent stay at the HQ.

Finally, it is important to mention that the benefits of inpatriation can lead to essential advantages in today's high-competitive global market environment. However, only if the inpatriate is able to exploit its full potential, those benefits can be reached. Thus, challenges need to be anticipated and diminished by the SGHRM of MNCs, in order to generate long-term success through inpatriation.

2.4 Challenges of inpatriation

To counteract against potential challenges inpatriate managers might face, MNCs first need to identify what negatively influences the inpatriate's performance. Thus, the logical question to be asked is: What is the challenge the MNC should focus on first? In order to answer this question, this thesis has ranked possible problems of inpatriation according to the frequency they have been encountered in previous studies from the literature. This is shown in table two below. Four challenges were mentioned among the researchers, which have contributed most to the field of inpatriation. Both empirical studies and theoretical illustrations have been considered. The findings will now be explained in detail:

Table 2: Overview challenges of inpatriation

Challenge	Harvey	Reiche	Novicevic	Maley	Scullion	Scheuring	Gertsen	Froese
<i>Networking to sub.</i>						X		
<i>Role problems</i>	X	X		X				
<i>Retention</i>	X						X	X
<i>Cultural adjustment</i>	X	X	X	X	X	X	X	X

Sources: own table based on (Harvey & Buckley, 1997, pp. 43-47; Harvey, Kiessling, & Moeller, 2011, pp. 177-178; Reiche, Kraimer, & Harzing, 2009a, pp. 157-159); (Novicevic, 2001, pp. 14-22); (Scullion & Collings, 2006, pp. 171-173; Scheuring, 2010, pp. 297-305; Gertsen & Soderberg, 2012, pp. 98-102; Froese, Kim, & Eng, 2016, pp. 284-290)

Overall, these four problems were mentioned to negatively influence the inpatriate's success: 1) position-related challenges, 2) networking problems with the subsidiary, 3) retention problems and 4) cultural adjustment challenges. The ranking is as followed: Less frequently mentioned was the challenges to network with the subsidiary, followed

by position-related and retention problems sharing the second rank. Most frequently considered a challenge were cultural adjustment problems.

To start with, Scheuring (Scheuring, 2010, pp. 299-303) focused her research on the topic of networking in the area of inpatriation. She figured out that a challenge might be the loss of networking contacts with the subsidiary during long-term assignments in the HQ. If not managed efficiently, this might lead to severe communication problems. This is proofed by an interview with an US inpatriate from a German MNC, which Scheuring conducted during her survey: *“The problem is, that’s kind of black hole because I don’t get any feedback. Nobody sends me a monthly report to let me know what direction they are going.”* (Scheuring, 2010, p. 300). Hence, knowledge exchange by inpatriates could become ineffective due to missing exchange with the subsidiary. This might then strongly diminish the benefits of inpatriation.

Secondly, inpatriate managers might suffer from a loss of status and position¹¹ in the HQ. According to Maley et al. (Maley, Moeller, & Harvey, 2015, p. 316), inpatriate managers often possess high-level managerial positions in the host country. However, at the HQ they suddenly find themselves among a multitude of high-level experienced managers. Besides, Harvey et al. (Harvey, Kiessling, & Moeller, 2011, pp. 177-179) and Reiche et al. (Reiche, Kraimer, & Harzing, 2009b, pp. 515-516) add that that inpatriate managers are not used to the common behavior in the parent country such as business routines or unspoken rules. This might further worsen the inpatriate’s status appreciation by PCNs. Hence, the inpatriate might suffer a reduction of self-esteem and higher levels of stress (Maley, Moeller, & Harvey, 2015, p. 316).

Furthermore, in 2016 Froese et al. (Froese, Kim, & Eng, 2016, pp. 1-10) especially focused on retention problems of inpatriates. They argue that once inpatriates are transferred into the HQ, their level of early turnover is high and they might see better career options at other corporations. Harvey et al. (Harvey & Buckley, 1997, p. 44) also consider inpatriation retention an important problem. He states that there has to be a career path established so that inpatriates are willing to provide benefits on a long-term basis to the MNC. Gertsen et al. (Gertsen & Soderberg, 2012, p. 94) support this idea by mentioning that the inpatriate has to develop commitment to the corporation to

¹¹ Status and role problems are explained more in detail in chapter 3.2.3 on page 28ff. as well, since they also represent an important influencing factor for the cross-cultural adjustment process of inpatriate managers.

stay within the company. This shows that an unsuccessful inpatriation strategy can lead to negative outcomes for MNCs as the company provides the financial and logistical requirements for the knowledge acquisition of the inpatriate manager, who afterwards decides to leave the company.

Finally, inpatriate managers are considered to face severe cross-cultural adjustment (CCA) issues according to all researches (Harvey & Buckley, 1997, pp. 43-47; Harvey, Kiessling, & Moeller, 2011, pp. 177-178; Reiche, Kraimer, & Harzing, 2009a, pp. 157-159); (Scullion & Collings, 2006, pp. 171-173; Scheuring, 2010, pp. 297-305; Gertsen & Soderberg, 2012, pp. 98-102; Froese, Kim, & Eng, 2016, pp. 284-290). As inpatriate managers are transferred between countries and organizational units, they are likely to encounter new ways of acting and thinking. This is anticipated to hinder to a great extent the inpatriate's integration into the new environment. Hence, this could make it highly difficult to exploit the profits of inpatriation. The importance of cultural adjustment is stressed by an inpatriate, who was interviewed within the qualitative survey of Scheuring (Scheuring, 2010, p. 303): *"It is not acceptable to be completely different. You need to fit in this culture. This is probably the hardest part [..]."*

The ranking shows that CCA problems seem to be the most important challenge MNCs should face. Of course, it has to be mentioned that position, retention or networking issues also represent significant challenges. However, the adjustment of inpatriates into their new environment is anticipated the first prerequisite for inpatriate success and thus the key and first step to solve status, retention and networking problems. For this reason, this thesis focuses its further analysis of challenges on cross-cultural adjustment issues.

3 Cross-cultural adjustment challenges

In order to apply CCA the special case of inpatriation, this thesis will build up the chapter in two steps: Firstly, CCA will be explained from a theoretical view. This is done on a general level as inpatriates follow basically the standard adjustment process as other individuals. However, CCA then needs to be specifically explained in the context of inpatriation: To do so, the factors will be examined which influence especially inpatriate adjustment. Besides, it will be argued why they are considered to be significant in the inpatriate's case and why they require special attention by the MNC.

3.1 Cross-cultural adjustment from a theoretical view

This thesis starts to provide theoretical knowledge about the process of CCA. To do so, firstly chapter 3.1.1 answers the questions what CCA means, which facets and strategies exist to culturally adjust and how CCA takes place. Afterwards, chapter 3.1.2 outlines the influencing factors of the CCA process. It is important to mention that this chapter refers to generally “international managers”, however most research was conducted in the area of expatriation. Nevertheless, inpatriates are considered to follow at least the same standard adjustment process as expatriates because in both types of assignments the manager has to cope with a new culture, regardless of the direction of the assignment. For this reason, in this theoretical chapter this standardization is done.

3.1.1 Definition of cross-cultural adjustment

Firstly, the question will be answered what cross-cultural adjustment actually means. The term CCA implies two aspects: 1) the process of adjustment in 2) a cross-cultural context. Caligiuri and Stahl (2005, pp. 603-604) define adjustment as “*changes in a direction of reduced conflict and increased fit [... into] the new [...] environment*”. Hence, adjustment involves an active change from a current to a different state, which finally improves the situation of the individual. The special case of CCA refers to a change caused by a move between cultures. In one of his more recent publications, Hofstede et al. (2010, p. 6) define culture as “*the collective programming of the mind that distinguishes the members of one group or category of people from others*”. Hence, culture can differ greatly among distinctive groups. Besides, Schein (1984, pp. 3-4) distinguishes between three layers of culture: artifacts, values and underlying assumptions. While artifacts are visible to everybody and explain *how* a group of people behave, values explain *why* they do so (Schein, 1984, p. 3). The most difficult to understand are underlying assumptions. Underlying assumptions are unconscious. However, at the time an “outsider” manages to understand the underlying assumptions of a culture, he or she is able to determine the deep perceptions and feelings which lie behind it (Schein, 1984, pp. 3-4). Consequently, managers go through a complicated change process in CCA, as they need to learn the new behaviors, symbols, and most difficult the values and underlying assumptions of the new culture.

According to Thomas and Lazarova (2006, p. 249) it is important to consider CCA a complex, multidimensional and interlinked process. To explain better this complexity which international assignees have to face, the facets and modes of adjustment will be explained.

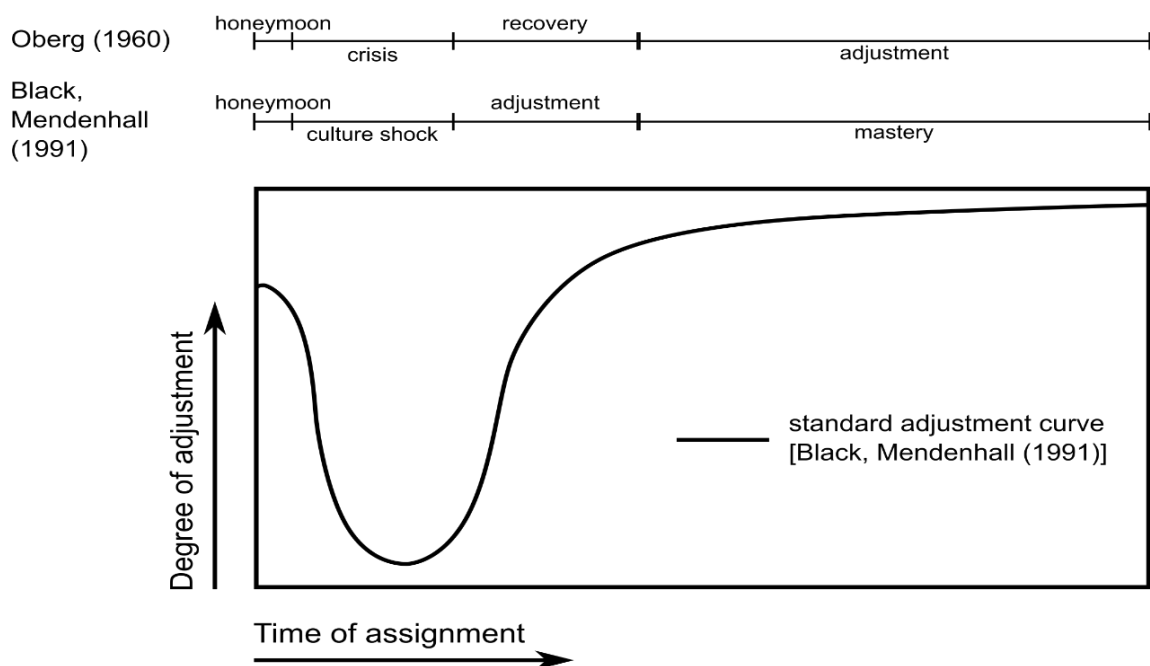
To start with the explanation of the facets of adjustment, Black, Mendenhall and Oddou (1991, p. 304) argue that global managers need to adjust in three different areas: (1) adjustment to work, (2) adjustment to the interaction with people in the foreign country and (3) adjustment to the general environment. All three areas represent separate parts to adjust to. However, they also influence each other to a great extent. To provide an example, problems in the general environment, e.g. with the adjustment of the manager's spouse, often have negative spill-over effects towards the manager's work environment. Nesbeth and Cole analyzed a survey with 64 expatriate families, who expressed their difficulties in adjustment. This was especially stressed by one manager, who stated: "*We just assumed the company would be invested enough in the outcome of the assignment to ensure a smooth entry for our family. In the absence of their support, we floundered*" (Nesbeth & Cole, 2014, p. 76). Hence, family issues highly impact the overall adjustment of international assignees. To view them independently from the overall process could cause significant damage.

Secondly, the international manager can adjust according to four different modes. Zhang (Zhang, 2013, p. 182) and Harvey et al. (Harvey, Novicevic, & Speier, 1999c, p. 466) both define the first three modes as followed: 1) *integration*, 2) *assimilation* and 3) *separation*. In the fourth mode they use different terms, as Zhang (Zhang, 2013, p. 182) refers to it as 4) *marginalization*, while Harvey et al. (Harvey, Novicevic, & Speier, 1999c, p. 466) define the fourth mode as 4) *individualism*. However, the meaning stays the same: During the phase of integration, the international manager is able to accept aspects of the host culture while still keeping values of his home one. Hence, he becomes familiar with both cultures and can compare between them (Zhang, 2013, p. 182). Secondly, the international manager can also adapt according to the mode of assimilation. Here, only the values of the new host culture are adopted, while the home culture is gradually neglected (Harvey, Novicevic, & Speier, 1999c, p. 466). Thirdly, during separation the manager is not willing to accept the new host culture. He continues to act only according to the values he is used to. It is the opposite of assimilation. Finally, in the process of marginalization (Zhang, 2013, p. 182) or also

referred to as individualism (Harvey, Novicevic, & Speier, 1999c, p. 466) the global manager cannot identify anymore with either of both cultures. He sees people as individuals and not as part of a collective. It is important to mention that most successful adjustment is considered to happen in the mode of integration. Here, the acceptance of both cultures enable the manager to develop multicultural leadership skills (Zhang, 2013, p. 182).

The next question to answer is how CCA processes over time. A common finding both empirically and theoretically is the idea of the U-curve theory (UCT). In 1955, Lysgaard (Lysgaard, 1955, pp. 49-51) was the first one to state to state that if the degree of adjustment is regarded over a range of time as shown in figure 2 the curve exhibits the shape of a “U”. This is also supported by Oberg (Oberg, 1960, p. 143) in 1960 and Black and Mendenhall (Black & Mendenhall, 1991, pp. 226-231), who revised the actuality of the U-curve in 1991. It is important to mention that this curve is impacted by all facets of adjustment (work, interactions and general environment). To explain the UCT, the figure two below will be used:

Figure 2: CCA process over time



Source: own graphic based on (Black & Mendenhall, 1991, pp. 226-231; Oberg, 1960, p. 143)

Although there exist differences in wording and the number of phases, Lysgaard, Oberg and Black & Mendenhall all expect individuals to go through a U-shaped adjustment over time. Focus here will be put on Oberg and Black & Mendenhall, as

they researched adjustment for global managers. When the international manager first enters the new environment, he is anticipated to go through a *“honeymoon” phase*. In this phase, the manager is excited about all the new impressions. Everything is evaluated in a very positive but superficial way (Black & Mendenhall, 1991, p. 226). However, soon the manager is supposed to reach *“real life”*: The first impression of the foreign culture develops into a negative and sometimes even hostile attitude. Problems occur for example at work or in the interaction with people, and the manager is forced to engage deeper into the foreign country (Oberg, 1960, p. 143). He now starts to realize differences to his home culture and increasingly discovers aspects he does not understand. This is the phase of the *culture shock* (Black & Mendenhall, 1991, p. 226) or *crisis* (Oberg, 1960, p. 143). Here, the manager has to make the effort to start dealing with the foreign culture more profoundly. In the crisis stage it is decided whether the manager fails or is able to adjust. Also, the mode of adjustment is decided. In case the adjustment is successful, the curve goes up again through the phase of *“recovery”* towards *“adjustment”* (Oberg, 1960, p. 143). Simultaneously, Black & Mendenhall (Black & Mendenhall, 1991, pp. 226-227) state the curve to go up through the *“adjustment”* phase until *“mastery”* is reached. The assignee has now managed the crisis and advanced initial superficial adjustment. He starts to realize how the new culture works on a more in depth level. He is able to understand people from the foreign country better and gets along well within the new environment. Besides, according to the findings of Stahl and Caligiuri (Stahl & Caligiuri, 2005, p. 612) the duration of assignment is important. They analyzed interviews of 116 expatriates sent to the US and figured out that the longer the duration of the assignment, the higher also the overall adjustment stage was at the end (Stahl & Caligiuri, 2005, p. 612).

Besides, it is important to mention that the UCT is still applicable today. To provide an example, in 2003 Bonsiep (Bonsiep, 2003, pp. 81-99) has verified the adjustment of inpatriates in small- & medium sized enterprises to go along a U-curve. As well, in 2006 Pires et al. (Pires, Stanton, & Ostefeld, 2006, p. 163) have discovered a U-curve like adjustment among marketing managers. Of course, other researchers have also found empirical evidence where the UCT theory did not represent reality. Here, adjustment was more in form of a *“J”* or linear¹² (Black & Mendenhall, 1991, pp. 226-231).

¹² For more information on other shaped adjustment forms, refer to the empirical surveys of Davis (1963), Klineberg and Hull (1979), and more recently Bhaskar-Shrinivas et al (2005).

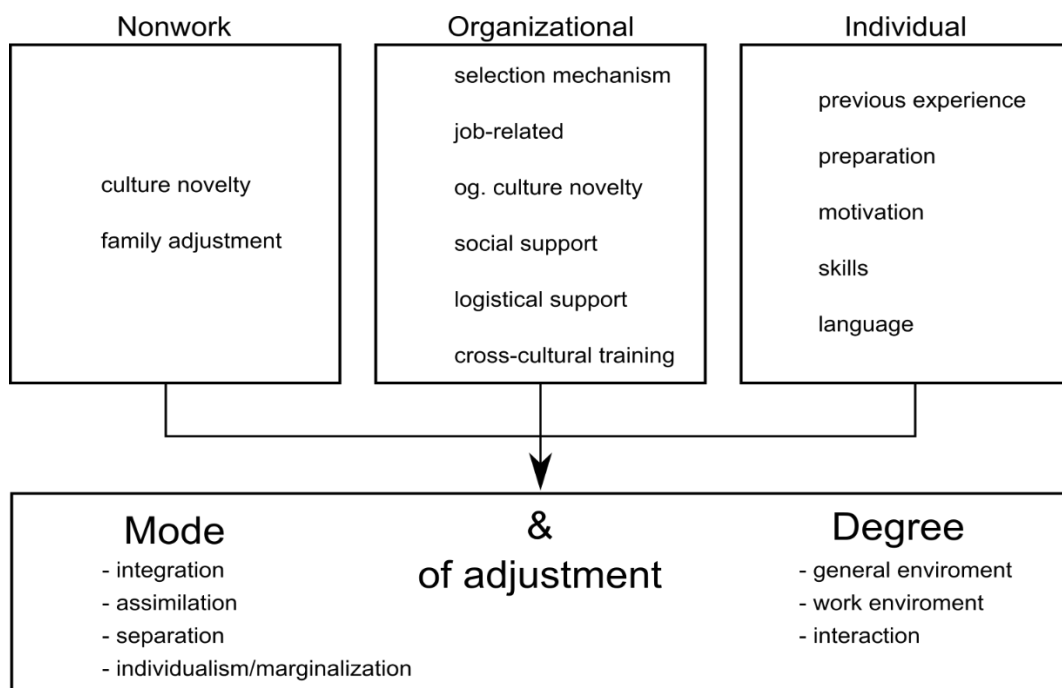
However, on a general basis the U-curve adjustment can be considered a common CCA process for international managers when moving between cultures.

Finally, it is important to state that it is in the interest of the company that the manager adjusts successfully. This is because a failed adjustment has a high negative impact on the manager’s job performance (Malek, Jaguli, & Palil, 2013, pp. 216-217). Besides, high indirect and direct costs can arise. These need to be added on top of the already expensive international assignment. McNulty (2006, p. 18) states: “*The costs associated with long-term assignments [...] are high. Some evidence suggests that the costs exceeds \$1 million per assignee*”. Hence, a successful CCA is highly important to ensure costs will develop into gains and not be wasted.

3.1.2 Factors influencing cultural adjustment

In order to understand reasons for failure or success of adjustment, the next step is to determine the factors which influence the degree and mode of CCA. Here, the chosen factors are based on the theoretical model of Black, Mendenhall and Oddou (1991, pp. 303-312). However, this model has been adapted to integrate more recent influencing elements as well. This is shown in the figure below:

Figure 3: Factors influencing CCA



Source: own figure based on (Black, Mendenhall, & Oddou, 1991, pp. 303-312; Harvey, Novicevic, & Speier, 1999c, p. 466; Chen, Kirkman, Kim, Farh, & Tangirala, 2010, p. 1113; Froese, Kim, & Eng, 2016, pp. 296-298)

To start describing the factors, on the left of the graphic side nonwork influencing factors are presented. The most researched influencing factor of CCA is cultural novelty, or also referred to as “*cultural distance*” by Hofstede (Minkov & Hofstede, 2011, p. 10). Culture novelty explains to what extent two cultures differ between each other. According to Hofstede and Minkov (Minkov & Hofstede, 2011, p. 12) this distance can be measured by referring to four dimensions: 1) *power distance*, to what extent people accept hierarchy or strive for equality, 2) *individualism – collectivism*, whether an individual believes and acts more towards oneself or the group, 3) *masculinity – femininity*, to what extent society strives for achievements or cooperation and 4) *uncertainty avoidance*, the extent to what society is able to accept uncertainty and ambiguity¹³. In the context of CCA of international managers, a high cultural novelty is considered to make adjustment much more difficult. It is supposed to enlarge and worsen the cultural shock phase. The second influencing factor in the nonwork category is family adjustment. As mentioned in the previous chapter 3.1.1, page 24, problems with the adjustment of the spouse or children can have severe negative spillover effects on the manager’s work life as well. Actually, spouse adjustment has even been discovered to be the main reason for expatriate failure in the past (Tung, 2009, pp. 149-151).

The second box in the middle refers to organizational influencing factors. It can directly be seen that here the largest number of influencing factors can be found (six). Hence, companies are able to influence the CCA of their international managers to a great extent. In order to ensure a successful CCA, the company can firstly pay attention to the selection criteria. Ensuring that the right kind of manager is selected is the first prerequisite for a successful integration (Harvey, Noviceciv, & Kiessling, 2002, pp. 496-500). Here, it is important that not only technical aspects are taken into account. In addition, companies can try to include as well the CQ (see chapter 2.3.1, page 16) or cultural sensitivity¹⁴ of the manager, and further personality aspects (Bhatti, Battour, & Ismail, 2013, pp. 699-700; Froese, Kim, & Eng, 2016, p. 284). Secondly, job-related

¹³ Besides, Hofstede has enlarged the four dimensions which help to analyze cultural distance. However, the additional two dimensions are not of special importance when describing the CCA of in-patriate managers in chapter 3.1.2 and are therefore neglected here.

¹⁴ Bhatti et al. (2013, p. 699) define cultural sensitivity as the „*ability to develop a positive emotion towards understanding and appreciating cultural differences*”. Hence, while CQ refers also to the cognitive ability, sensitivity addresses how cross-cultural issues are managed on an emotional level.

factors are also important in the field of CCA. Often, as CCA is a very complex process, factors which are considered in domestic job transfers are neglected (Black, Mendenhall, & Oddou, 1991, pp. 291-293). However, the extent to which roles differ in both organizational units might cause an important additional stress factor. This is referred to as “role novelty” by Black and Mendenhall (1991, p. 299). Thirdly, organizational culture novelty should be considered. When moving jobs across countries, the manager has to adapt both to a new national and organizational culture. Here the same rules can be applied as before: The more distant the two organizational cultures are, the more difficult adjustment will be (Black & Mendenhall, 1991, p. 310). In order to explain in what aspects an organizational culture can differ, the four dimensions by Hall are referred to. In order to facilitate the manager’s adjustment towards both culture, cross-cultural training (CCT) can be provided. This can take place both before the manager leaves the country or during his assignment abroad (Black, Mendenhall, & Oddou, 1991, p. 303). Besides, a company investment into logistical and social support is also considered to make CCA easier.

Thirdly, the individual himself is the “main player” in the CCA process. This is important to mention as CCA is described on theoretical basis. However, among each individual there can be high varieties in the actual ways, length and efficiency to adjust (Black, Mendenhall, & Oddou, 1991, pp. 305-306). Firstly, the manager’s previous experience and the preparation for the assignment abroad can reduce potential conflicts right from the beginning. If the manager is already experienced with moving abroad and/or prepared well, expectations towards the new environment are considered to be more realistic. This can then flatten the cultural shock phase (Black, Mendenhall, & Oddou, 1991, pp. 305-306). Besides, a more recent factor considered is the motivation of the manager (Chen, Kirkman, Kim, Farh, & Tangirala, 2010, pp. 1110-1112). Black & Mendenhall did not regard motivation as an influence in 1991, however Chen (2010, pp. 1110-1112) has figured out that a higher motivation enables the manager to adjust more effectively. Being motivated, the manager is more willing to go through conflicts and engages more often with people from the foreign country. This again matches well the skills Black & Mendenhall (1991, pp. 294-295) consider important for a global manager: 1) *self-efficacy*, 2) *relationship skills* and 3) *perceptual skills*. Self-efficacy is supposed to increase adjustment as the manager is said to better manage conflict situations. When engaging in relationships with people from the foreign country,

learning is considered to be accelerated. Besides, good perceptions help to realize what is considered right or wrong within a culture. Finally, Froese, Kim and Eng (2016, pp. 296-298) mention that also language skills and CQ are important. This is because both factors are said to improve the relation with people from the foreign country, as also informal exchanges are understood and generally interpreted in an appropriate manner.

To conclude, nonwork, organizational and individual factors can influence positively or negatively the CCA process of an international manager. However, which influencing factors becomes crucial for the success in the end varies by the assignment type regarded. Hence, the crucial factors for inpatriate managers will be explored in the following chapter.

3.2 Cross- cultural adjustment challenges for inpatriate managers

This thesis argues that although inpatriates might follow a standard CCA process on a theoretical basis, from a practical viewpoint the inpatriate adjustment differs greatly from that of other international managers. In fact, if MNCs do the mistake to take over the same support programs for inpatriates as for other global managers, inpatriate adjustment is likely to fail. In order to verify this statement, inpatriate CCA challenges will be systematically explored in this chapter: Firstly, the specific challenges of inpatriate CCA will be explained. This includes a comparison to expatriate managers to show that previous support programs are not valid for inpatriate managers anymore. Besides, empirical evidence is given. Finally, the negative impact on the inpatriate's job performance is outlined. The structure of the following sub-chapters is based on the theoretical factors explained in chapter 3.1.2 (figure three, page 27): To start with, chapter 3.2.1 focuses on organizational influencing factors as these represent the most significant challenge. Then, chapter 3.2.2 focuses on nonwork influencing factors and chapter 3.2.3 on individual influencing factors for inpatriate managers. The headline shows which factors in each category are of special importance. In the last chapter 3.2.4, a short summary is provided. Besides, the collective negative impact of the presented challenges is stressed. This is done to explain why MNCs should do the effort and adapt their adjustment programs to the special needs of inpatriate managers.

3.2.1 Great difference in organizational culture & large role novelty

To start with, organizational factors are considered to be most important in inpatriation literature (Harvey, Novicevic, & Speier, 1999b, pp. 57-59; Harvey, Novicevic, & Kiessling, 2002, pp. 500-503; Williams, Moeller, & Harvey, 2010a, pp. 83-87). For this reason, the focus of the analysis of the inpatriate's CCA challenges lies in this sub-chapter. Mainly, the two following influencing factors are considered to have the biggest negative impact on inpatriation adjustment:

Statement 1: On the one hand, Williams et al. (2010a, p. 87) and Scullion and Collings (2006, p. 173) argue that inpatriates are likely to experience a high cultural distance between the organizational culture in their subsidiary and in the HQ. This distance is considered more challenging than in the case of expatriation. It is supposed to worsen and enlarge the cultural shock phase of inpatriates.

Statement 2: On the other hand, Reiche et al. (2006, pp. 1592-1594) and Harvey et al. (1999b, pp. 57-59) argue that inpatriates are highly challenged by role and status problems within the HQ¹⁵. These problems only occur in the field of inpatriation and were not relevant for expatriate managers. It can even be argued that if these status barriers cannot be overcome, the inpatriate's adjustment curve might never reach its top.

Each statement will be explained theoretically by comparing the inpatriate's situation to those of expatriate managers. This is done as MNCs are likely to have already tailored support programs for expatriates. This is because expatriation is the most common type of international assignments and widely used by global players. Afterwards, empirical evidence through recent qualitative surveys will be provided. Finally, the impact of the factors will be outlined to stress their importance.

To start with, inpatriates are likely to discover a highly different organizational culture at the HQ compared to their culture in the subsidiary. This can be led back to mainly two reasons: Firstly, Harvey et al. (1999b, pp. 57-59) argue that inpatriates are likely to come from developing countries, such as India, South Africa, or China. On the contrary, the headquarters of MNCs are often located in developed countries such as

¹⁵ The problematic situation of potential status loss was already referred to in chapter 2.4 on page 21. However, it will be explained here in detail again as it is also considered one of the most important influencing factor for the inpatriate's CCA.

the United States or Europe. This causes organizational cultures to be very different due to the distinctive cultural input given on the country level. Besides, in far distant subsidiaries the organizational culture is often not very present. On the other hand, in the HQ the organizational culture is generally most advanced as this is where global core values are developed and first shared (Harvey, Novicevic, Speier, & Price, 2007, pp. 375-377). This can also lead to the fact that inpatriates can be highly confused about areas of the organizational culture they are not yet familiar with.

Now, critics argue that this is the same case for expatriates when they are transferred from the HQ into a far distant subsidiary (Harvey, Novicevic, Speier, & Price, 2007, pp. 370-371). They believe that MNCs are already likely to have developed appropriate support programs to deal with organizational cultural differences. However, this is a false assumption. Expatriates are not considered to face the same challenge due to their assignment purpose: Expatriates are assigned to the subsidiary in order to transfer the values of the HQ corporate culture abroad. Hence, they are supposed to diffuse their well-known HQ culture, and do not need to adapt to the subsidiary corporate culture to a great extent (Reiche, 2010, pp. 40-41). This makes support programs of MNCs often neglect the fact of high differences within organizational cultures. However, this can cause a great damage for inpatriate managers: Inpatriate managers are assigned into the HQ to learn the values of the corporate culture. This is necessary to understand the knowledge which should be shared with the subsidiary (Williams, Moeller, & Harvey, 2010a, p. 87). Besides, learning the HQ culture is important to bring in the inpatriate's distinctive mindset in an appropriate manner (Scullion & Collings, 2006, p. 173). This makes the corporate culture highly important for inpatriate managers. Without being adjusted to the corporate culture, inpatriates are unable to fulfill their assignment purposes. This is different in the case of expatriate managers.

The in theory expected high cultural novelty between organizational values can be verified by recent studies¹⁶. Henze (2009, pp. 160-171) and Gertsen and Soderberg (2012, pp. 98-102) have conducted qualitative interviews with inpatriates of different nationalities, who are sent into the HQ in developed countries. These inpatriates have

¹⁶ In order to evaluate the quality of the studies provided, it has to be mentioned that all empirical evidence in the area of inpatriation is of qualitative nature. This restricts the possibility to generalize their findings. However, in a new research field as it is in inpatriation, qualitative surveys can be very helpful as they provide a more profound insight. Thus, they can help explain yet not well discovered phenomena (Reiche, 2006, p. 1581).

stated in various cases that their main difficulty was to get used to the new corporate culture. To start with, one inpatriate in Henze's study considered the different notion of space between German and South Africa to be highly challenging: "*What was a big difference to me and I still find it difficult to get used to it: In South Africa I [...] had an office of my own anyway. Here I spend a lot of time in my office and I share an office. It is quite normal to share an office here. That was strange. For me it is more important to have a little bit of privacy*" (Henze, 2009, p. 167). Hence, according to the dimension of space, the high difference between South Africa and German made it very difficult for this inpatriate to work efficiently. A second example can be found in an interview Henze conducted with an US inpatriate: "*So I prepared a Power Point Presentation as an overview. For me it was not every detail how this works but what is the system supposed to be and [...] what we can do to fix it. The purpose was to generate a discussion. I started the presentation and immediately got protest: I hadn't included ... I had forgotten that... This was missing.... and that protest went on and on*" (Henze, 2009, p. 165). The different uncertainty avoidance between the United States and Germany¹⁷ caused this inpatriate to have severe problems during his presentation. Due to his lack of knowledge of the German business culture, he was considered to not have performed as well as expected. This had a negative impact on his self-efficacy and made him question his work. In the second empirical study to be mentioned, Gertsen and Soderberg (2012, p. 101) have conducted qualitative interviews with Chinese inpatriates being sent to a Danish MNC. One inpatriate stated difficulties with the low Danish power distance. Gertsen and Soderberg described his experience as followed: "*Peng explains that in China, employees expect the manager to make all the decisions. It is his duty to assign specific tasks to everyone reporting to him and follow up on they accomplished. It was a big surprise to Peng that he as a manager in the Danish R&D department, was not only expected to communicate [...] with the scientists, but also with the technicians*" (Gertsen & Soderberg, 2012, p. 101). The high difference in power distance among Denmark and China¹⁸ leads to very different management styles. This caused high initial confusion among the Chinese inpatriates. Also on the

¹⁷ With 65, Germany scores high on the uncertainty avoidance index developed by Hofstede, different from the USA (46). Hence, Germans tend to include all information possible into the PPT, to avoid unforeseen happening to occur. Reference: <https://geert-hofstede.com/germany.html> (retrieved 20th August 2016)

¹⁸ With 80, China ranks very high in Hofstede's power distance index. Denmark however, ranks very low with 18. This impacts management styles, ways of communicating and general business routines to a great extent. See: <https://geert-hofstede.com/denmark.html> (retrieved 20th August 2016)

Danish side, employees were not content with Peng's work as a manager. This worsened the working relationship on both sides. Hence, these three examples stress that also from a practical view, adjustment difficulties in corporate culture are very present among inpatriates today. In fact, many further examples could be mentioned here, which indicate inpatriate CCA adjustment difficulties due to a different corporate culture.

As can be seen by the given examples the large cultural distance is a greatly influencing factor and thus impacts the CCA process of the inpatriate as described in the following paragraphs. Black and Mendenhall (Black, Mendenhall, & Oddou, 1991, pp. 310-311) have already argued in 1991 that the larger the cultural distance in both national and organizational cultures, the more severe and longer the cultural shock phase is supposed to be. This has been confirmed by Harvey et al. (1999b, p. 57), who applied this idea to the specific case of inpatriation. They state that when being confronted with a higher cultural distance, inpatriates are more likely to encounter misunderstandings and conflict situations. They are more likely to misjudge the behavior of their domestic colleagues. From an opposite viewpoint, inpatriates are also likely to behave in ways which are not considered normal or appropriate by domestic managers. This is then likely to lead to acceptance problems within the HQ and a reduced self-esteem of the inpatriate (Maley, Moeller, & Harvey, 2015, pp. 312-314). Depending on the number of difficult situations, the inpatriate might even start questioning whether he can manage at all to adjust. Finally, from the perspective of the MNC, this is problematic as low acceptance and self-esteem can lead to worse job performance. Besides, when the manager is not able to overcome his self-doubt, it might hinder the MNC to exploit the planned advantages of diversity and knowledge exchange at all.

In order to reduce adjustment problems in cases of high organizational cultural distance, it is often argued that cross-cultural training (CCT) can help to a great extent. CCT can either take place before the manager goes abroad (anticipatory) or within the first weeks in the new country (in-country training) (Henze, 2009, pp. 116-117). However, also this aspect is considered more challenging in the process of inpatriation than expatriation: Firstly, expatriate CCT is easier to plan and execute as it only needs to be tailored to one specific country of origin. This is because expatriates all come from the parent country (Peterson, 2003, p. 57). However, in the case of inpatriation

this is more complex. Inpatriates come from a variety of different nations. This causes problems for the planning of CCTs as different countries are used to different business routines and ways of thinking, feeling and learning. Hence to make CCT effective for every group of inpatriates, it is argued that the CCT has to be adapted to the specific country needs of each group (Henze, 2009, pp. 200-204). In fact, the relation between the country of origin and its respective training need is empirically verified by Harvey and Miceli (1999, pp. 361-363). They conducted a quantitative cluster analysis¹⁹ in 1999 and figured out that there exists statistical evidence that different countries of origin lead to different learning and attributional styles, which require distinctive training needs. Furthermore, Henze (2009, p. 30) found out that in CCTs of German MNCs corporate culture is often not included at all or at least not well enough to overcome the high adjustment problems inpatriate face. She states that every second CCT conducted was of external nature (Henze, 2009, p. 30). In an external training, corporate culture can be addressed. However, often the external trainers can only convey outside information out of brochures or the company website. This is not efficient enough in the case for inpatriates to really receive a deep insight into the corporate culture. Hence, it can be concluded that CCT, if it should really help inpatriates to adjust, has to be altered to their special needs. In the interview of Henze, one inpatriate stressed this as well: *“Corporate culture in headquarters is focused on the bigger picture, too far away from the regions. It is a more global culture, that is pretty overwhelming and it would have helped to be prepared for it”* (Henze, 2009, p. 188).

Additional to the fact that the corporate culture is complex to learn, inpatriates also face the challenge that it is highly difficult for them to bring in their own cultural habits. The corporate culture of a company is often most present within its headquarters. Hence, employees who are transferred into the HQ, are expected to adapt the corporate values and share them. This high pressure is especially challenging for inpatriate managers: One of their main goals is to foster diversity within the HQ. However, in order to do so, values and behaviors of their own culture need to be kept to be able to bring in a different mindset. This is why Maley et al. (2015, pp. 318-319) argue that the necessary

¹⁹ In their study Harvey and Miceli refer to 778 students being sent on study assignments to the US (Harvey & Miceli, 1999, p. 229ff). Although they do not refer directly to inpatriates, it can be concluded that this can be applied to the case of inpatriation. This is because the main idea is that both groups possess heterogeneous backgrounds, leading to different training needs.

adjustment mode for inpatriates is considered to be the form of *integration*. Here, both values of the home and host culture are adopted and compared to achieve higher goals. However, in the HQ this can be highly challenging. This is stressed as well by Scheuring (2010, p. 304), where an US inpatriate evaluated his situation as followed: *“What I have learned in my year in Germany is that integration is very important. It is not about diversity; it is about melting in. [...] The underlying impression I got in Germany was “You need to fit in.” [...] I met a lady who had the same cultural roots as me, she said “One thing you will have to learn about Germany is that even though you know you stand out, you don’t want to stand out.”* Thus, inpatriates feel the strong pressure to follow the approach of assimilation rather than integration. This seems to be especially the case in companies which do not follow a geocentric staffing approach. This is because in those companies also domestic managers are not familiar with people from various different cultural backgrounds (Scullion & Collings, 2006, pp. 18-23). This is also referred to in the second part of this sub-chapter now.

The second statement to explain and verify is that inpatriates face status and role inconsistency problems when being transferred into the HQ. In fact, status inconsistency is only considered a great challenge for the CCA of inpatriate managers (Maley, Moeller, & Harvey, 2015, pp. 318-319; Harvey, Novicevic, Speier, & Price, 2007, pp. 375-377). For expatriates the contrary is the case. Their status can be considered more an advantage, which actually enhances expatriate adjustment: As expatriates are transferred from the HQ into the subsidiary, they automatically have the respect associated with coming from a “more important” organizational unit. This enables the expatriate to gain high levels of respect and is likely to raise his self-esteem to a great extent (Harvey & Buckley, 1997, p. 35ff). However, in the case of inpatriation this is very different: Inpatriate managers are likely to face a loss of status, as they are transferred from a peripheral subsidiary into the most significant organizational unit of the MNC. Hence, one could say that they become “one manager of many”. This is especially a problem as within their subsidiary, inpatriates were likely to have a high-level managerial position, associated with high levels of respect and responsibility (Reiche, Kraimer, & Harzing, 2009b, pp. 515-516). Hence, their role is supposed to change to a great extent when coming into the HQ. Besides, inpatriates are likely to face great acceptance problems by domestic managers. As inpatriate managers come from a peripheral, “less important”, organizational unit, domestic managers are likely

to ignore the special value inpatriates can give. Often, domestic managers expect inpatriates to behave like locals, or even regard them as inferior (Maley, Moeller, & Harvey, 2015, pp. 310-312). This comes due to the fact that inpatriates are not familiar with the corporate culture, and might have gained less business experience in general. Besides, Maley et al. (2015, pp. 316-318) argue that PCNs could also regard inpatriates as potential competitors. This could be especially the case for domestic managers who have not been on assignments abroad yet. They might regard inpatriates as especially challenging competitors, as inpatriates possess the advantage of having developed a global mindset. To conclude, for inpatriates it is said to be highly difficult to gain respect by PCNs in general, and even more challenging to gain a similar status as they were used to in their subsidiary. This can complicate CCA of inpatriates to a great extent.

Empirical studies by Reiche (2006) and Scheuring (2010) proof the importance of this theory. An Indian inpatriate interviewed by Reiche and transferred to a German MNC stated: *“It is not that easy to accept an inpatriate because somehow the feeling is: »Why do we need an inpatriate, why don’t we have a local here? « [...] And they don’t expect you to be an inpatriate but they expect you to be a local”* (Reiche, 2006, p. 21). This statement shows that in the thinking of domestic managers, diversity is not yet widely spread. It stresses that in that case domestic managers did not value or were not aware of the important diversity input inpatriates can provide. Besides, Scheuring (2010) found evidence for a more competitive attitude among German domestic managers towards inpatriates. This is stressed by the statement of an US inpatriate: *“The people that I work with [...] are so intense and competitive. They would push you to the ground to get to the next position. I don’t see teamwork for them as a top priority”* (Scheuring, 2010, p. 292). This competitive attitude towards inpatriate managers and generally colleagues makes it very difficult to foster team-work between inpatriates and locals.

Now, the link has to be drawn how these status and acceptance problems impact the CCA of the inpatriate and his job performance. Black and Mendenhall (Black, Mendenhall, & Oddou, 1991, pp. 310-311) argue that a high degree of role novelty can cause additional stress for international managers. In the special case of inpatriation, this high degree of role novelty is additionally linked to acceptance problems, which both are sources of stress and discontent. This is likely to worsen and enlarge the

cultural shock phase in the inpatriation CCA. From the viewpoint of the MNC, discontent, frustration and stress are likely to reduce the inpatriate's job performance and cause high levels of problems also for domestic managers, who are said to feel endangered through more intense competition. Besides, when domestic managers are not willing to value the diversity inputs of inpatriates, the adjustment mode of integration becomes highly difficult (Maley, Moeller, & Harvey, 2015, pp. 310-312). This might then cause inpatriates to never reach the full potential of their CCA. In this case, from a company perspective, it makes it impossible to gain full benefits from diversity management out of inpatriation.

Finally, the organizational factors of social and logistical support and selection mechanism, which are further mentioned in figure three, page 27, are also applied and adapted to the case of inpatriation. However, these factors are not yet much researched in the area of inpatriation. For this reason, they will more shortly be referred to. Social and logistical support is also regarded important for inpatriates to facilitate their CCA as for other international managers as well. Besides, Harvey et al. (Harvey, Noviceciv, & Kiessling, 2002, pp. 493-495) argue that selection criteria should also be adapted to the specific requirements of inpatriation. He states that inpatriate managers should be assessed on different aspects than expatriates. This is verified by the fact that inpatriates also possess different assignment purposes. To provide an example, Harvey et al. (2002, pp. 493-495) and Froese et al. (2016, pp. 283-287) argue that when the inpatriate possesses a higher level of CQ, adjustment into the HQ is facilitated. Froese et al. (2016, pp. 297-298) also empirically proof this idea. They conducted a survey among 148 inpatriates who are integrated into Korean MNCs. Here, it is statistically analyzed that inpatriates with a high personal CQ adjust better, and can even cope better with missing diversity thinking in the HQ.

To summarize this chapter, organizational influencing factors are considered the most challenging factors for the CCA of inpatriate managers and are most researched in theory and practice. Most important are the two challenges of 1) a high cultural distance between organizational units and 2) status inconsistency and acceptance problems. Hence, MNCs should invest especially into reducing these factors, as they are likely to both enlarge and worsen the cultural shock phase of inpatriates as well as have negative impacts on the inpatriate work performance.

3.2.2 Great difference in national culture & difficult family adjustment

Additional to the highly challenging organizational factors, also nonwork related elements represent a further challenge for the inpatriate's CCA. Here, the following two proposals can be made:

Statement 3: Generally, Harvey et al. (2007, pp. 375-378) argue that national cultural distance is considered high as inpatriates move from developing into developed country environments. This is likely to enlarge and worsen the phase of cultural shock of inpatriates.

Statement 4: Also in the case of inpatriation, problematic family adjustment is considered to have negative spill-over effects towards the manager's general and work adjustment (Harvey, 1997a, p. 411). This is then likely to lead to less efficient work performance.

For both cases, a short theoretical explanation will be provided. Afterwards, empirical evidence will be given. However, for these nonwork related challenges MNCs are more likely to be prepared than in the cases mentioned within the organizational factors before. This comes due the fact that MNCs can use the experiences they gained in the area of expatriation. The factors of high national distance and difficult family adjustment were already considered especially challenging for expatriate managers. This explains why this thesis puts less focus on the area of nonwork related factors. Nevertheless, as they are also challenging for inpatriate managers, they are mentioned.

To start with, for the national culture similar conclusions can be drawn as for the organizational culture. As inpatriates are likely to come from developing countries such as China or India and sent into developed nations as Germany, the United States or United Kingdom, national culture is supposed to vary greatly. This causes high adjustment issues for the inpatriate manager as social life in the new environment can be very different. This can make it difficult to find friends and build up a personal environment, where the inpatriate feels comfortable in (Harvey, Novicevic, Speier, & Price, 2007, pp. 375-378).

To provide empirical evidence for a national high cultural distance, this thesis refers to the empirical study conducted by Scheuring (2010, pp. 298-299). Scheuring interviewed an US inpatriate, who finds it difficult to develop as close friendships as in

his home country: *“My German friend Thomas, for example, is a really good friend of mine- it’s just hard because he is so German. And I am so American. We can be friends, but there are certain things that we just can’t connect on”* (Scheuring, 2010, p. 298). Hence, the country cultural differences between the United States and Germany lead to the fact that there exists a certain barrier to develop close relationships. In some extreme cases, high cultural distance in personal life can even lead to loneliness and depression. This is stated by a Japanese in-patriate Scheuring interviewed: *“Ein japanischer Kollege hat seinen Auslandsaufenthalt abgebrochen. Er ist nicht nach Deutschland zurückgekehrt, aber er war im Krankenhaus in Deutschland [..]. Er war so depressiv, dass er nicht mehr arbeiten konnte. [..] Mir hätte das nicht passieren können, denn ich hatte viele Freunde in Deutschland²⁰“* (Scheuring, 2010, pp. 302-303). Hence, national cultural differences can have severe implications if not managed successfully.

In terms of effect on the job performance and benefits created for the MNC, a high cultural distance in the national environment can have negative spill-over effects towards the work environment. As shown above, a high cultural distance in social life can lead to depressions, loneliness and unhappiness. This can cause high stress levels and impacts the working life (Reiche, Kraimer, & Harzing, 2009a, p. 158) An employee who is stressed and depressed is likely to be less effective in his job, causing problems and securing less gains.

The second statement made refers to the negative spill-over effect of family adjustment on the manager’s general integration and his working life. This topic was greatly researched within the area of expatriation and already mentioned in this thesis (see chapter 3.1.2, page 28). Hence, here it is only shortly mentioned that of course the adjustment of children and especially the spouse also influence in-patriate CCA to a great extent. In fact, in the case of in-patriation these spill-over effects are especially likely to happen as also for family members national cultural distance is considered high. To provide an example, Gertsen and Soderberg (2012, p. 102) state that *“one challenge mentioned by Ji [the in-patriate interviewed] concerns his accompanying spouse, who quit her job in China to come with him. [..] His wife, who stayed at home*

²⁰ Due to quoting reasons, this statement is shown in German and then translated: The Japanese in-patriate was talking about an in-patriate friend of him, who got lonely and depressed. This made him end his assignment early and even caused a transfer into a German hospital. The in-patriate who talks does not think this will happen to him as he has many German friends (Scheuring, 2010, pp. 302-303).

all day, felt bored and lonely.” This caused additional stress and problems for the inpatriate and made it more difficult for him to concentrate on his working tasks. Hence, to conclude family and especially spouse adjustment can impact the manager’s work integration to a great extent, reducing his overall performance and making the exploitation of benefits very difficult for the MNC (Harvey, 1997a, p. 411).

3.2.3 Unrealistic expectations and language barriers

Finally, the last box refers to individual factors, which are also considered to impact the CCA of an international manager to a great extent. In the case of inpatriation, the proposals can be made:

Statement 5: Due to a generally low level of previous business experiences and missing anticipatory preparation opportunities, inpatriates often have unrealistic expectations before being sent into the HQ. This is considered very dangerous as unfulfilled expectations can lead to disappointment and demotivation, enlarging the cultural shock phase and reducing overall job performance (Harvey, Novicevic, Speier, & Price, 2007, pp. 375-377).

Statement 6: A lack of English skills and informal language barriers are likely lead to additional adjustment difficulties for inpatriates. This complicates communication for inpatriates in the HQ, making it difficult to effectively exchange knowledge and provide as much input as expected (Froese, Kim, & Eng, 2016, pp. 296-298).

Both statements will be theoretically explained and then verified by qualitative empirical examples before their effects on the inpatriates work are described.

To start with, inpatriate managers are likely to possess unrealistic expectations when being sent into the HQ. This is important as in the case of expatriation, this is not that much of a problem: When being transferred from the HQ into the subsidiary, expatriates are likely to receive anticipatory trainings before being sent abroad. This comes due to the fact that in the parent country several training possibilities are available. Besides, expatriates, as managers from developed countries such as the US or UK, often possess previous intercultural and business experience. This is because in developed countries today it is common to live abroad for several years, and usually in the HQ an advanced level of conducting business takes place (Henze, 2009). However, this is not the case for inpatriate managers: Being transferred from

developing countries into the HQ, often the inpatriate lacks the possibilities for anticipatory CCTs. Besides, it is not yet very common for managers from developing countries to travel across borders. Hence, previous cross-cultural experience is generally considered to be less frequently found (Scheuring, 2010, p. 230).

This can be empirically verified by the qualitative studies of Henze (2009) and Scheuring (2010). Firstly, Henze (2009, p. 160) found in her interviews that only 30% of inpatriates who were questioned also received anticipatory CCT. This made it very difficult for them to develop any realistic anticipatory expectations. Besides, Scheuring (2010, p. 230) has found evidence for less advanced business processes in Japan: *“Sometimes we had auditors from Germany here to check the business processes. I explained to them what we do [...and] I knew that something didn’t meet the German or international requirements. [..]”* This verifies the idea that in the subsidiaries, it is common to have less standardized processes. This can represent an important challenge for inpatriates as they cannot imagine how complicated process and decision-taking is like in the HQ.

These unrealistic expectations are likely to raise adjustment difficulties according to Black and Mendenhall (1991, pp. 306-307). For inpatriates their wrong expectations are likely to cause confusion and disappointment when things turn out different than expected. This is considered to both worsen the cultural shock phase and make an adequate job performance more difficult.

The second statement refers to language barriers within the HQ. Language barriers are considered an important adjustment challenge both for expatriate and inpatriate managers. This is the case even though critics argue that for inpatriates language barriers might be diminished when they are transferred into-English speaking countries. However, this is not necessarily true. This is because especially in many developing nations the acquirement of the English language is still difficult (Harvey, 1997a, pp. 400-401). Besides, inpatriates are also transferred into developed countries with local languages other than English (Gertsen & Soderberg, 2012, p. 93). Here, language barriers are considered especially difficult, as for example in Germany or France. This is because in these countries informal language barriers are likely to arise: Although in those countries meetings are commonly conducted in English, especially informal conversation often takes place in the native language spoken. This makes it very difficult to gain all information necessary for inpatriate managers.

To refer to empirical studies, Reiche (2006, p. 21) and Gertsen and Soderberg (2012, p. 98) have found evidence for the existence of language barriers for inpatriates. To start with, Reiche (2006, p. 21) conducted an interview with a Thai inpatriate transferred into a German MNC, who stated: *“During the meetings when [my colleagues] talk to each other it is all in German and I don’t know anything what they are talking but it concerns my work as well.”* Besides, Gertsen and Soderberg (2012, p. 98) have found out that the Chinese inpatriates transferred into a Danish HQ *“report that their Danish colleagues speak English, when they are present during discussions of work-related topics. But most informal social interaction is in Danish, and in this sense, there is a language barrier.”* Hence, it can be concluded, that especially informal non-official information is often shared in languages not understood by inpatriates.

This impacts the adjustment and especially the work effectiveness of inpatriates to a great extent. This is because informal statements are the most important information to be shared within organizational units, such as tacit knowledge how business is done or value-related inputs. Hence, by only sharing formal information, the benefits of knowledge exchange cannot be exploited fully- which is one of the main advantages arising out of inpatriation.

Finally, it can be concluded that both language barriers and unrealistic expectations make it very difficult for the inpatriate to adjust. Although these two challenges are not expected to cause as much adjustment difficulties as a totally different organizational culture or the highly difficult role to fulfill, they can still worsen the cultural shock and be a reason for a lower level of overall adjustment in the end.

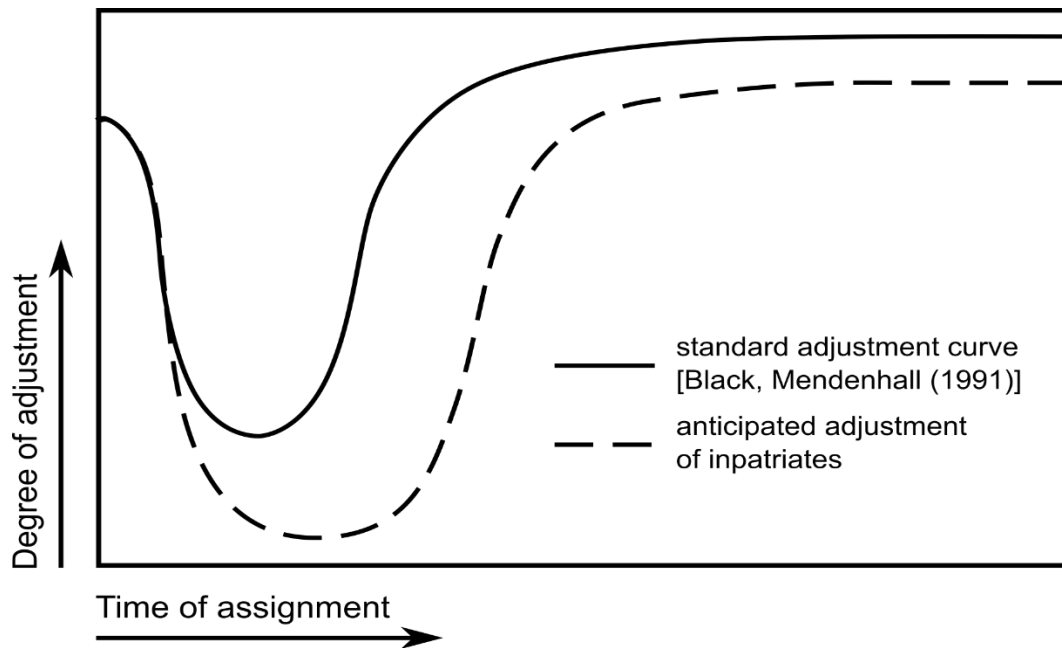
3.2.4 Need to meet challenges

To summarize the previous explanations, most challenging factors were identified as: 1) high cultural distance towards the organizational culture, 2) problems of fulfilling the new role in the HQ, 3) high cultural distance towards the national culture, 4) negative spill-over effects of family adjustment problems, 5) unrealistic expectations upfront and 6) informal language barriers. Especially severe and important are considered the first two organizational factors. This is because organizational cultural adjustment and problems with the inpatriate’s role fulfillment can cause the inpatriate to encounter many conflict situations and high levels of stress and frustration (Maley, Moeller, & Harvey, 2015, pp. 312-313; Harvey, Novicevic, Speier, & Price, 2007, pp. 375-377). If

not managed efficiently, this can cause the inpatriate to never reach his full adjustment potential or even to interrupt his assignment and return home early.

In order to stress the collective negative impact of all six factors, the graphic in chapter 3.1.1, on page 25, is adapted based on the above presented literature analysis to the case of inpatriation below:

Figure 4: Anticipated CCA of inpatriates



Source: own figure based on (Black & Mendenhall, 1991, p. 227; Maley, Moeller, & Harvey, 2015, p. 308ff; Harvey, Novicevic, & Speier, 1999b, pp. 58-60)

This graphic is based on the standard adjustment process which international managers go through, which is stated by Black and Mendenhall (1991, p. 227). This thesis has developed an anticipated curve to show how inpatriate adjustment would look like if the MNC does not manage the challenges presented successfully. Firstly, the graphic stresses that the challenges mentioned can lead to a more severe cultural shock phase. This could come due to a high cultural novelty both on country and company level and missing preparation upfront (Harvey, Novicevic, & Speier, 1999b, pp. 58-60). Secondly, the cultural shock phase is also considered to take longer, extending the period until final adjustment is reached. This might arise out of additional role-related issues, language problems and negative spill-over effects from the personal life (Black & Mendenhall, 1991, pp. 311-312). Finally, it can be seen that in the anticipated curve also the final adjustment level reached is lower. This stresses the

fact that when MNCs does not manage these challenges efficiently and does not provide sufficient support, the overall final adjustment level is likely to be reduced in the case of inpatriation.

Besides, the sub-chapters before have stressed the negative effects these adjustment challenges cause for the MNCs: All factors are anticipated to diminish job-related performance of inpatriates, making them much more ineffective in achieving their tasks. This is because a diminished adjustment makes it more difficult to develop diversity advantages and to share knowledge successfully across boundaries. Hence, this graphic shows well that the need is there for MNCs to employ appropriate measures to ensure a successful CCA of inpatriate managers. By doing so, the MNC also raises the probability of inpatriate success in job-related terms. However, it is important to mention that current SGHRM programs in MNCs are often adapted to expatriate managers. This is because expatriates represent the traditional and most used mode of international assignments. Nevertheless, it was also stressed that inpatriates face challenges, which were not important in the area of expatriation. Hence, it is argued that MNCs have to invest into designing appropriate tailor-made measures, which facilitate especially inpatriate adjustment. Otherwise, benefits of inpatriation cannot be exploited.

4 Meeting the cross- cultural adjustment challenges for inpatriates

The previous chapter has explored the specific challenges inpatriate managers face in their CCA process and has shown that there exists a great need that MNCs develop tailor-made support programs to face them. For this reason, this chapter proposes approaches which provide solutions for all six challenges mentioned in chapter three. Basically, two different approaches, which can be implied simultaneously, will be explored: 1) Firstly, a tailor-made cross-cultural training will be proposed and explained in detail. 2) Secondly, focus will lie on the role and acceptance problem presented, for which the integration of a diversity culture will be proposed as a possible solution. Both approaches will be explained and then analyzed. This means that advantages but also possible difficulties will be mentioned, to be able to evaluate in chapter 4.3 when these approaches are useful to face the inpatriate's CCA challenges in an effective manner.

4.1 Tailor-made cross-cultural training approach

To start with, Harvey et al. (Harvey, Novicevic, & Speier, 1999b, pp. 61-63), Maley et al. (Maley, Moeller, & Harvey, 2015, p. 318), Froese et al. (Froese, Kim, & Eng, 2016, p. 297) and Henze (2009, pp. 200-203) propose a tailor-made cross-cultural training in order to diminish the challenges mentioned in the previous chapter. By combining their CCT proposals, this approach is considered to meet four of the six challenges presented: Firstly, Henze (2009, p. 30) proposes an internal training, which is able to integrate detailed learning about the corporate culture of the MNC. This meets the first challenge of a high difference between organizational cultures. Secondly, Harvey et al. (Harvey, Novicevic, & Speier, 1999b, pp. 61-63) suggest that the CCT should be adapted to the various backgrounds of the inpatriates. This meets potential high differences in national culture. Thirdly, also family members are supposed to be integrated into the training. This meets the challenge of family adjustment difficulties. And finally, language courses should be offered additionally to reduce informal language barriers (Froese, Kim, & Eng, 2016, p. 297). Each aspect will be explained now in more detail:

Firstly, an internal training including detailed preparation for the organizational culture within the HQ is suggested to face cultural differences between organizational units. Henze (2009, pp. 200-203) argues that internal training can prepare inpatriate managers better for the different business culture as only employees of the company are really familiar with the values and assumptions which lie behind in the corporate culture. On the contrary, external trainers can only get a basic outside view of the company, which refers more to the level of artifacts and symbols. This is because external training providers receive information about a business culture through company websites, interviews or brochures of the company. This leads to the fact that external training is only very superficially applicable to learn about corporate culture specific details of a MNC. However, internal trainings focusing on corporate culture are not yet widely spread within MNCs: Henze (2009, p. 30) found out that in her quantitative survey sent to Germany's biggest 56 MNCs, every second company provided external trainings. This included information about corporate culture, yet only on a rather superficial level. Hence, in order to enable the MNC to develop an effective international training for inpatriates about corporate culture, internal trainings are more suitable. To do so effectively, however, a few prerequisites must be given: 1) Firstly,

sufficient internal employees need to be available to train also large numbers of inpatriates. 2) Secondly, the corporate culture must be presented in a way that values and assumptions can be understood, however the presentation should not lead to stereotyping the behavior of PCNs. 3) Thirdly, the CCT should be provided within the first weeks of the international manager's stay abroad, hence before he enters deeply into the new host culture to avoid a severe cultural shock phase to begin. 4) Additionally, the CCT should be regularly evaluated and its effectiveness measured in order to ensure that the CCT meets the needs of inpatriates and does reduce their CCA difficulties. 5) Finally, for different inpatriate managers, different aspects of the corporate culture might be more confusing and hence it is recommended to provide a different focus for inpatriates from different countries (Maley, Moeller, & Harvey, 2015, p. 318).

This is also argued in detail by Harvey et al (Harvey, Novicevic, & Speier, 1999b, pp. 61-63). Harvey considers CCT for inpatriate managers to be much more complex to plan and execute. This is due to the fact that inpatriate managers are transferred into the HQ from a variety of different countries. As mentioned in chapter 3.2.1 on pages 34-35, different nationalities possess different training needs due to their respective learning and attributional styles and cultural values in general. To provide an example, Harvey argues that in the United States and most of Europe learning is of *inductive* nature. This means that learning is task and or problem-centered and goes from specific to generalization (Harvey, Novicevic, & Speier, 1999b, p. 59). On the contrary, much of the remaining countries in the world, including many developing countries, follow a *deductive* learning style. This means that their learning is more topic-centered and goes from the general aspect towards specification. However, according to Joy & Kolb (Joy & Kolb, 2010, p. 11) also between those countries there exist differences in learning: While Japanese students, for example, are considered to be more concrete and reflective in learning, Chinese students were found to be abstract and reflective in their learning styles. Hence, inpatriates are also likely to possess different learning styles due to their different cultural backgrounds, which have to be taken into account in the CCT. If the specific training style and its materials are not adapted to the background of the manager, the training might become useless as information conveyed is not understood or does not reflect the potential conflicts inpatriates will face in the HQ.

However, adjusting the training to every single country would cause a lot of effort for the MNC, besides it would become very costly as many separate trainings would have to be conducted for only a few managers. This is why Harvey proposes a clustered CCT approach (Harvey, Novicevic, & Speier, 1999b, pp. 69-71): He states that due to the necessity to adjust trainings to the variety of different backgrounds of inpatriates, inpatriate managers coming from similar countries can be “clustered together”. For example, Chinese and Malaysian inpatriates can be put into one cluster, while Japan should be assigned to another cluster. Besides, Harvey also states that training should be more intense the more distant the national and organizational culture is and the higher the level of the manager is considered. Clustering inpatriates into groups for their CCT can hence reduce costs and time needed for the CCT. This is especially important as generally the trend in international assignments constantly goes towards cost reductions, according to the 2016 analysis of the Brookfield Global Relocation Trends²¹ (Brookfield Global Relocation Services, 2016, p. 12). In this analysis, 96% of the companies stated that cost pressure has either stayed the same or increased in 2016. Hence, a clustered CCT would fit well into the current trend of limiting overall costs. Nevertheless, finally it is important to mention that still a clustered CCT is of course more expensive than general training for expatriates, who all have the same learning, attributional and behavioral styles. Nonetheless, not adapting the CCT at all is considered highly dangerous as then CCT still presents a cost factor, but might not lead to any benefits at all.

Finally, it is important to also include family members and language courses into the CCT. However, this is considered less a challenge for MNCs as it is already common among MNCs to include the spouse and children into the cross-cultural training. This is done to reduce family adjustment difficulties and negative spill-over effects. Additionally, language trainings are already offered on a wide range within MNCs to reduce language barriers and facilitate adjustment. Both has been proved in the quantitative survey Henze (2009, pp. 29-30) sent to the 56 German MNCs in 2009: Henze found out that 91% of all companies provide language trainings for their inpatriates. Besides, in more detailed qualitative interviews she conducted with training

²¹ Brookfield Global Relocation Services belongs to Brookfield Asset Management, a leading global alternative asset manager. It specifically focuses on developing mobility programs, which attract and retain talents worldwide and conducts its analysis on a yearly basis with 163 companies in 2016, representing 11 million employees (Brookfield Global Relocation Services, 2016, p. 72)

providers and inpatriates, family members were stated to be always included into the CCT.

Consequently, to conclude, the adaptation of the CCT towards the needs of inpatriates can diminish their CCA challenges to a great extent. As it is argued that the training has to be adapted to the individual backgrounds of the inpatriates, a clustered CCT approach was introduced. Clustering inpatriates with similar country backgrounds into groups allows efficient adaptation, but still with adequate cost and time efforts. Besides, if possible internal training should be provided to allow a deep insight into the corporate culture, which is considered the main challenge for inpatriates. However, if this is not possible due to internal resource problems or as long contracts with external providers already exist, domestic employees should take part in the external training to provide at least some deeper insight.

4.2 Creation of an overall HR inpatriation strategy including a diversity culture

Secondly, Harvey and Novicevic (2006, p. 98ff) and Maley et al. (Maley, Moeller, & Harvey, 2015, pp. 318-319) stress the importance to include the CCT approach mentioned in the previous chapter into an overall adapted HR architecture within the MNC. Much more efficient than isolated and costly adjustment measures is a coherent HR strategy, which aims at integrating international managers and especially inpatriates into the HQ. The development of a coherent strategy might be time-consuming and initiate change at the very beginning, but in a long-term can become very effective and much less expensive as a mean to diminish the mentioned CCA challenges of inpatriates.

Harvey and Novicevic (2006, p. 104) have developed a systematic HR approach, which is adapted to the needs of inpatriate managers: This approach contains four steps: 1) inpatriate candidate selection, 2) inpatriate CCT, 3) inpatriate integration into the HQ, 4) the development of diversity inputs in multinational management teams.

To start with, the inpatriate selection is the first prerequisite for an efficient integration into the HQ. Here, Harvey and Novicevic (2006, p. 104) and also Froese et al. (Froese, Kim, & Eng, 2016, p. 296) mention that the selection process which is already present at the MNC has to be adapted to the special needs which are required to fulfill

successfully inpatriate assignments. Next to technical aspects, here also the CQ²² of the inpatriate manager represents an important factor. This is because inpatriate managers need to have the ability to both keep values of their own culture and still integrate themselves into the host culture to ensure diversity benefits for the MNC. Besides, the proficiency in the host country language (Froese, Kim, & Eng, 2016, p. 289) and the cognitive ability to deal with new roles and tasks (Harvey, Noviceciv, & Kiessling, 2002, pp. 501-502) should also be taken into account. Both were mentioned before as abilities to reduce adjustment difficulties, and should hence be integrated into an adequate selection process. In the beginning, integrating the additional aspects as CQ, language skills and cognitive IQ into the traditional selection process are related with time issues and planning effort. However, it is not a very costly aspect when the selection is done through personal interviews or video assessments. Hence, an adequate selection process can become an efficient prerequisite to lower CCA difficulties of inpatriates in the HQ.

While the topic of inpatriate CCT was explained in a detailed manner in the previous chapter 4.1 on pages 46-49, the inpatriate's integration, which is supposed to lead to diversity outputs, is a more significant topic here. The very special aspect of the inpatriate assignment is that inpatriates are integrated into the HQ to generate diversity advantages. However, in order to do so, Maley et al. (Maley, Moeller, & Harvey, 2015, pp. 318-319) argue that the required adjustment mode has to be the mode of integration. However, the problem is here that currently existing HR strategies often focus on the strategy of assimilation. This is because for expatriate managers this is an appropriate adjustment mode in the subsidiary, as they are less likely to abandon the highly important HQ values. For the inpatriates, however, a strategy of assimilation would lead to the fact that it becomes impossible for them to generate the very important diversity inputs. Hence, the next question to answer is how the adjustment mode of integration can be fostered within the SGHRM of MNCs.

Harvey (2006, p. 104) argues that to generate a full integration of inpatriate managers, the corporate culture should integrate the value of diversity. This is of varying difficulty at different stages of globalization: For a MNC, which still follows a very ethnocentric approach, the integration of diversity as a value of corporate culture can become highly

²² For the definition of CQ refer to chapter 2.3.1 on page 16.

challenging. In these cases, PCNs are not used to working and dealing with people from various cultures and are not very familiar with the benefits it can bring to them. Hence, here a systematic change and project management would be needed, which continuously communicates the advantages of diversity management. Besides, training should be offered how to work in multicultural teams. In this case, it can be very time consuming and also expensive when external consultants are involved as well to foster the value of diversity. However, as mentioned in chapter 2.2 on page 12, the current trend in MNCs goes increasingly to a more geocentric staffing approach, where PCNs, HCNs and TCNs are integrated into the HQ to allow the company to become increasingly global. For global companies, the value of diversity is a commonly shared value and widely spread within the HQ and subsidiaries. Here, it should be much easier to integrate diversity as a corporate core value. Domestic managers tend to have been abroad themselves as expatriates or on business travels and are used to working with people from different cultures. This makes it much less difficult for inpatriates to bring in their own mindset. However, the SGHRM should still foster the value of inpatriates and communicate it wherever appropriate and possible. When inpatriates are transferred into new areas within the organization, the HR department should stress the importance inpatriates bring to their team members before their arrival. This might seem a little step only, but fostering the value of inpatriates and diversity can on the long-term facilitate CCA of inpatriates to a great extent.

This is also empirically proofed by Froese et al. (Froese, Kim, & Eng, 2016, p. 297), who have conducted a statistical analysis with 148 inpatriates being sent into a Korean HQ. They have figured out that there exists a significant statistical proof that the higher the motivational cultural intelligence²³ (MCQ) of the organization itself, the easier and better adjustment took place for the inpatriate manager. Motivational cultural intelligence measures how good employees in the HQ and the organization in general are able to deal with and are motivated to engage in cross-cultural situations. Hence, in an HQ where employees value diversity and its benefits, MCQ tends to be high and thus inpatriate adjustment to be facilitated to a great extent.

²³ Motivational intelligence is defined by Froese et al. (2016, p. 288) as “an individual’s self-efficacy and interests in adapting to cultural differences and interacting with people from different cultural backgrounds”. Hence, it describes specifically the motivation and not the ability to interact in cross-cultural contexts.

Concluding, to generate a successful inpatriate adjustment on the long-term, not only CCT should be provided but the overall HR strategy should be adapted and prepared for the special challenges of inpatriates. This strategy includes an effective CCT, but also argues that the selection process has to be adapted to inpatriates. Besides, it stresses the importance that diversity should become a corporate core value. In ethnocentric oriented MNCs this, however, can take a long effort and preparation including change and communication management. Nevertheless, as the trend today goes towards global corporations anyway and on the long-term sharing the value of diversity should gradually become easier, this should be worth the effort.

4.3 Final evaluation of success factors to facilitate inpatriate adjustment

In order to finally evaluate the two main proposals mentioned in chapter 4.1 and 4.2, table three below was conducted.

Table 3: Proposed approaches for CCA challenges of inpatriates

Approach	Facet	Challenge	Difficulty
Tailor-made intercultural training	Internal cultural training including corporate culture	High organizational culture difference	<i>Often very difficult due to availability of internal resources</i>
	Clustered cultural training to groups of inpatriates	High national culture difference	<i>Much more expensive & time-consuming as different training approaches need to be developed & executed</i>
	Cultural training including family	Family adjustment issues	/
	Language courses	Informal language barriers	/
Diversity & HR strategy approach	Diversity approach, including preparation of domestic managers and a mentoring of inpatriates	Role and status problems	<i>Difficult & time-consuming to implement at first stage (changing of corporate culture), however supposed to become gradually easier</i>
	Selection process including CQ and personal aspects	Unrealistic expectations	<i>Effort to develop advanced selection process once</i>

Source: own graphic based on (Froese, Kim, & Eng, 2016; Harvey, Noviceciv, & Kiessling, 2002; Henze, 2009; Maley, Moeller, & Harvey, 2015; Harvey, 1997a; Williams, Moeller, & Harvey, Inpatriates' adjustment to home country headquarters: A social/cultural conundrum, 2010a)

It shows the approach which was described, its respective facet and the challenge this facet aims to diminish. Besides, to be able to evaluate its advantage and problems, the last column shows potential difficulties in its integration for the MNC.

Here, it can be easily seen that a tailor-made CCT is very effective as it can be used to diminish four of the six challenges presented in chapter three (high organizational and national culture distance, family adjustment issues and language barriers). However, it can also be seen that a tailor-made training also possesses disadvantages: An internal training can be difficult to execute and plan due to resource limitations within the HQ. Besides, to adapt the training to different group of inpatriates raises its complexity, and makes it more expensive and time-consuming. For language courses and the integration of family members into the training no additional difficulties are mentioned here. This can be understood in the way that language courses and family integration into CCTs is already a common practice among MNCs and hence has no additional negative implications. Nevertheless, in general CCT represents a cost issue, especially when increasing numbers of inpatriates are transferred into the HQ, as it is expected for the future.

The second approach to integrate the overall HR strategy towards inpatriation and integrate diversity at a corporate core value can be evaluated very differently. This approach is much more long-term oriented, as changing strategies and the corporate culture is a highly complex issue, which needs to be planned in detail. It contains a lot of change and communication management. However, it is also considered to have long-term positive effects on the inpatriate adjustment: When domestic managers are more likely to value the input of inpatriates, it is much easier for the inpatriate to bring in his distinctive mindset and adapt in an integrative manner. Besides, many companies today tend to become increasingly global anyway. Hence, the integration of diversity as a corporate value would fit well into the overall company strategy. To conclude, this strategic change creates a lot of effort once, but generates a long-term benefit as once domestic managers have started to value diversity, also for all following inpatriates integration becomes much easier.

Hence, it can be concluded that on the long-term especially the fostering of diversity as an important corporate value is important. On the short-term, it is necessary to adapt CCTs to the needs of inpatriates. However, tailor-made CCTs should also be part of the overall long-term integration strategy of the HR department. By doing so, overall

CCA adjustment difficulties for inpatriates can be diminished and the benefits of knowledge exchange and diversity management can be fully exploited on the long-term.

5 Conclusion

This chapter is aimed to provide a concluding overview of the findings of this thesis. Therefore, firstly a summary of the findings is provided. Afterwards, a critical review will explain the limitations of this thesis. Finally, an outlook will state propositions on how further research should proceed.

5.1 Summary

The context of inpatriation differs greatly to that of expatriate managers. Inpatriates represent managers, who are transferred on a long-term basis from the subsidiary into the HQ, either on management or operational level. Hence, inpatriates are likely to come from developing nations. Besides, they are supposed to be increasingly employed in the future as the purpose of their assignment matches well current trends of the worldwide economy: Firstly, the importance of emerging markets is constantly increasing due to growth and population reasons. Besides, companies strike to become increasingly global, which makes traditional assignment types as that of expatriation less applicable today. These trends lead to an increasing employment of inpatriates, as they serve two main purposes: 1) Firstly, inpatriates are employed to bring in local knowledge from emerging markets into the HQ. This is done to help the MNC expand into emerging markets. 2) Secondly, inpatriates are supposed to generate diversity advantages and thus help companies to become increasingly global. However, the inpatriate assignment also possesses challenges. The most frequently managed challenge, which is considered to have most negative impacts on the inpatriate's success, is that of cross-cultural adjustment issues.

From a theoretical viewpoint, cross-cultural adjustment is a highly complex process, which is impacted by a variety of factors and which is supposed to follow a clear adjustment process over time. In this process, the most difficult phase represents the culture shock phase, where adjustment difficulties are considered to be at their highest level. Hence, this phase should be as short as possible in successful adjustment

processes. Generally, inpatriate managers are considered to follow the same standard adjustment process as other global managers. However, from a practical viewpoint, inpatriates are considered to encounter specific cross-cultural challenges, which are not relevant for expatriate managers. In this thesis, six factors were identified, which are considered especially challenging for inpatriates: 1) a great cultural distance in organizational cultures, 2) role problems and acceptance issues by domestic managers, 3) a great cultural distance in national culture, 4) family adjustment difficulties, 5) unrealistic upfront expectations and 6) informal language barriers. Here, the adjustment towards the organizational culture and acceptance problems are considered most challenging. This is due to the fact that these problems are most inpatriate-specific. They are not faced by expatriate managers, as expatriates usually export their HQ-specific culture to various subsidiaries abroad and are normally associated with high levels of respect as “HQ representatives”. However, for inpatriates adjustment to the HQ culture is highly important to fulfill their assignment purposes. It is important for them to understand the HQ culture and processes to enable knowledge sharing with the subsidiaries abroad. Besides, in order to bring in a distinctive mindset as diversity input, inpatriates need to follow the adjustment mode of integration. Here, the inpatriate adjusts to both cultures, mixing values of his home culture with the newly acquired beliefs from the host culture. However, as support programs are usually tailored to the needs of expatriates, inpatriates are often not well supported with especially these adjustment challenges. This is then likely to make inpatriate adjustment highly difficult, leading to high rates of failure and also low performance levels and rising costs for MNCs.

Hence, it is important for MNCs to meet these challenges. For this reason, this thesis proposes two approaches, which face exactly the presented challenges from the previous chapter. Here, it is distinguished between one long- and one short-term proposal: On the short-term, focus lies on the adaptation of cross-cultural trainings to the needs of inpatriates. Firstly, it is argued that trainings should be conducted internally. This is because internal trainings are more suitable to integrate and explain well the corporate culture of the HQ. Besides, the training should be adapted to the various backgrounds of the inpatriates. To do so, a cluster approach is proposed where trainings are adapted to clusters of inpatriates who come from similar cultures. Although a negative point of this approach is that adjusted cross-cultural trainings are

very costly and much more time-consuming in their planning and execution, they are still highly necessary. Without an adjusted cross-cultural training, the inpatriate's adjustment is likely to fail. This would make costs rise even to greater extents. On the long-term, it is argued that the company should develop an overall inpatriation strategy and integrate the value of diversity as a corporate core value. This is because it is much easier for inpatriates to bring in their distinctive mindset when domestic managers value the inputs of diversity. Here, the negative point to mention is that the integration of diversity into the corporate culture can be very challenging and time-consuming for companies, which are not yet very global. However, as MNCs today strike to become increasingly global year by year, the integration of diversity into the HQ should become gradually easier. Hence, both approaches are considered to be well suitable for MNCs to reduce the challenges of cross-cultural adjustment for inpatriates and ensure the exploitation of the inpatriate's long-term benefits.

5.2 Critical Review

Although the explained approaches face perfectly the challenges identified, it is important to mention that in practice companies should adapt the proposals of this thesis according to their individual environment and needs. For example, for smaller companies a clustered training approach or the changing of their corporate culture might cause a higher effort than benefits, when numbers of inpatriates are not significant. Besides, the inpatriation strategy in the SGHRM of MNCs should be adapted to various further factors, e.g. the mode of entry chosen in the subsidiaries abroad or future strategic plans. This is because these elements can impact as well to what extent and why inpatriates should be employed. Finally, as the area of inpatriation is not yet well researched, the mentioned empirical evidence can rather be seen as a first exploratory proof that the presented challenges exist. However, further statistical and quantitative proof would be necessary to reinforce the significance of the described challenges of CCA for inpatriate managers.

5.3 Outlook

Consequently, further research in the area of inpatriation should and is likely to concentrate on more quantitative and statistical analysis of the CCA challenges of inpatriates. This is interesting as it can proof in a more profound manner whether

inpatriates are likely to experience the challenges, which are considered difficult on a theoretical basis. Besides, both theoretical and empirical research has focused on MNCs from European and US countries. Hence, it would be interesting to see whether the same conclusions can be drawn for huge MNCs from Asian nations. This is especially interesting as the future economic growth is likely to happen in the Asian geographical area.

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VI. Declaration of originality

This paper was written by the author only, with only the aid of disclosed sources, which have been explicitly marked throughout the text. Complete references are depicted in the list of references. This paper has not, either in part or as a whole been used in any other context before.

Hamburg, 30th August 2016

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