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A Knowledge Transfer Perspective on the Purposes for Expatriates' Assignments to Multinational Corporations and the Outcomes

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ABSTRACT

This paper aims to examine the role played by expatriates in multinational corporations and to consider the support role played by the host country nationals (HCNs). Based on our qualitative data, we identify the roles played by the expatriates as knowledge transfer to the headquarters, and managerial control of the subsidiary. In addition, we show that the outcomes of the knowledge transfer are moderated by the level of support received from the HCNs. Our findings show that the role behavior of expatriates in controlling output make cognitive and hierarchical boundaries between expatriates and HCNs arise and remain salient, and the micro-management of behavior by the expatriates fails to elicit support from the HCNs. However, under conditions in which expatriates and HCNs work as a team with a shared goal and the expatriates use the language and cultural skills of the host country, supportive behavior by the HCNs is facilitated.

JEL Classifications: L2, M5

Keywords: multinational corporations, expatriates, knowledge transfer, role, host country nationals

I. INTRODUCTION

Global organizations are inherently complex as subsidiaries are embedded in the context of a local host country and this will differ from that of the parent company. Despite the challenges posed by these different contexts, multinational corporations must control their dispersed subsidiaries and align their activities with the parent company's strategic goals in order to succeed in the competitive international environment. Many studies suggest that there are two opposing pressures on global organizations—for local responsiveness and for global integration (Doz & Prahalad, 1984; Bartlett & Ghoshal, 1989). The subsidiary needs to relay information about the local environment to the headquarters so that they can respond appropriately, but at the same time, the parent company needs to control the subsidiary so it is in alignment with its overall strategy.

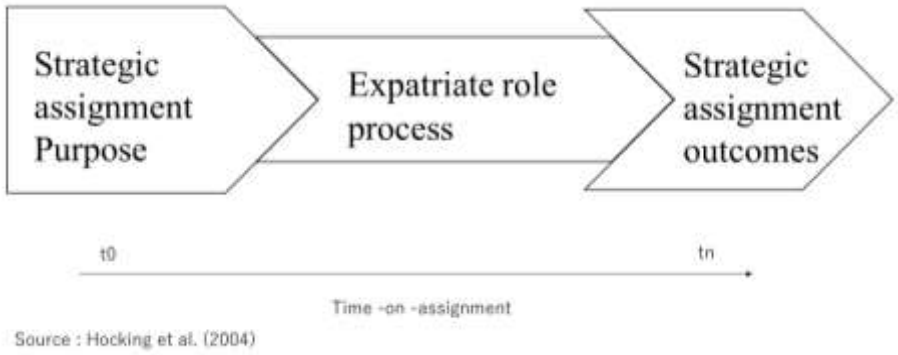
Managers in subsidiaries must collect relevant information about the local environment and then transfer it to the decision-makers in the parent company headquarters because it may affect their strategic decisions. Aldrich and Herker (1977) describe the people performing this role as "boundary spanners". The primary role of these individuals is information processing, which includes the collecting, selecting, translating, and transferring of information. A boundary spanner therefore works across unit boundaries to collaborate with and coordinate the different units within a multinational corporation.

Most previous research into the role of boundary spanners in multinational corporations has focused on their characteristics, motivation, and job roles (Barner-Rasmussen et al., 2014; Levina & Vaast, 2005, 2008; Richter et al., 2006) and the factors that facilitate knowledge transfer in multinational corporations (Gupta & Polonsky, 2014; Janowicz-Panjaitan & Noorderhasen, 2009; Minbaeva & Santangelo, 2017; Tortoriello & McEvily, 2012). However, these studies start their argument from the premise that boundary spanners play a single role. In the real world, the expatriate boundary spanners play multiple roles in the subsidiaries, including that of manager. This study attempts to fill this gap by exploring the other roles they play.

Expatriates are defined as individuals who, irrespective of their national origin, are transferred outside of their native country to another country for employment purposes (Edström & Galbraith, 1977). Edström and Galbraith developed a classification based on the purposes of expatriates' assignments, which Hocking et al. (2004) subsequently redefined. Hocking et al. classify expatriates' role objectives into three categories: the control of subsidiaries and knowledge transfer from headquarters to the subsidiaries. However, the relationship between these two roles was not discussed. Again, this study attempts to fill this gap.

In considering the role of expatriates, Hocking et al. (2004) applied a knowledge flow perspective. They divided knowledge flow into knowledge output from headquarters and knowledge application in subsidiaries. Their findings were based on the assumption that headquarters are active, and subsidiaries are passive. However, as Harzing et al. (2016) argue, the information flow may not be unidirectional from headquarters to subsidiaries.

Figure 1
Strategic Assignment Framework



Hocking et al. (2004) formulated a strategic assignment framework (Figure 1) consisting of a linear sequence that moves from strategic purposes to strategic outcomes via an intervening time-based process that includes the expatriates' role. Our intention is to examine the expatriates' role more deeply and to find how it is impacted by the context in which they are embedded. Specifically, we will examine the impact of the host country nationals (HCNs)' behavior in terms of the support they give to the expatriates. Lacking skills in the local language and culture, the expatriates rely heavily on HCNs when collecting locally embedded information (McNulty & Brewster, 2017). This understanding is consistent with the focus in international management studies on the contribution of HCNs to the successful management of subsidiaries of multinational corporations (Tarique et al., 2006; Toh & DeNisi, 2003, 2005).

To address these unexplored issues, we examine the relationship between the two roles played by expatriates and the impact of those roles on the supportive behavior of HCNs. To do this, we take a role perspective as this will provide a deeper understanding of the boundary spanning activities that take place in the subsidiaries of multinational corporations.

This study will make several important theoretical contributions to the understanding of boundary spanning. First, our study advances an understanding of the interdependent relationship between the expatriates' role behaviors and their control of the subsidiaries of a multinational corporation. Second, we revisit and examine the direction of knowledge flow between the subsidiaries and headquarters. Third, we examine the conditions that facilitate supportive behavior by the HCNs toward the expatriates. These contributions will allow us to deepen our understanding of the role of expatriates in facilitating knowledge transfer to headquarters.

We used interview data from an Indonesian subsidiary of a Japanese multinational corporation for our empirical analysis. The subsidiary investigated is hierarchical in structure, and expatriates control the subsidiary. This allowed us to examine more clearly the effect of their control behaviors.

The rest of the paper proceeds as follows: In the following section, we clarify the need for control in multinational corporations and review the literature on methods of control. Next, we review the purposes of the expatriates' role and the relation between

these purposes and their control. The third section describes our methodology, including the research context. The final two sections describe the findings and present a discussion on the study's relevance in terms of its theoretical contribution and its managerial implications.

II. THEORETICAL REVIEW

Controls in Multinational Corporations

Coordinating and controlling multinational corporations' geographically dispersed subsidiaries has been a central topic in international management research (Doz & Prahalad, 1981; Bartlett & Ghoshal, 1989). Compared to domestic firms, the distinctive feature of multinational corporations is that they need to manage the whole organization while taking into account each subsidiary's local context, including its unique institutions, cultures, norms, and language. In addition, the headquarters must control the subsidiaries' activities to ensure that their behaviors align with the corporate strategy while demonstrating to other units within the wider organization that the headquarters' policy is being enforced (Harzing, 1999). Direct control by headquarters, theoretically, makes it possible to control and manage the behavior of all subsidiaries. However, in practice, it is often difficult for headquarters to apply control directly because of cultural and institutional differences between the home and host countries (Ghoshal & Bartlett, 1987). Instead, headquarters must apply its control through personnel transferred from the headquarters to the subsidiary, namely, the expatriates.

Scholars discuss control in multinational corporations from different perspectives. Ouchi (1977) points to two phenomena that can be monitored and evaluated: behavior and output. Child (1973) asserts that organizations can choose between a personal control system or a bureaucratic system for monitoring behavior and output. The bureaucratic system utilizes extensive sets of rules, regulations, and procedures that clearly limit the role and authority of the subsidiary's management (Baliga & Jaeger, 1984). In contrast, cultural control, as a form of indirect control that includes personal control, utilizes the subsidiary organization's own culture for the control. Through interpersonal interaction and socialization, the organization constructs shared norms and a shared philosophy that brings members under cultural control. This motivates the members to accept that managerial requirements as legitimate and makes them more willing to comply with them (Child, 1984, p. 163). Multinational corporations often apply indirect control by using expatriates for their global staffing. These people are loyal to headquarters while supporting and socializing with local people so as to introduce them to the corporate culture and in this way, achieve satisfactory control of the subsidiary (Colakoglu, 2012). This form of control is exerted by expatriates at all hierarchical levels, as expatriates often occupy the higher positions in a subsidiary. In this way, they seek to align the subsidiary's strategy with the corporate goals and strategies. Edström and Galbraith (1977) identify coordination and control of a subsidiary as one of the primary reasons for multinational corporations to deploy staff globally.

As multinational corporations develop through different phases, research asserts that the traditional hierarchical order of the multinational corporation is becoming outdated and that a more decentralized and decoupled network-type entity is evolving in its place (Bartlett & Ghoshal, 1989; Hedlund, 1986). Conversely, Martinez and Jarillo

(1989) argue that cultural control through networking, informal communication, and socialization does not replace traditional forms of control. The mechanisms of control are cumulative rather than alternative (Ferner, 2000). This means that indirect control may be unable to substitute for direct control. Based on this argument, multinational corporations must develop more complex methods of control to cope with the environmental complexities and diversity they face (Doz & Prahalad, 1991). Ferner suggests that multinational corporations rely on complex combinations of bureaucratic control and other mechanisms, which not only coexist but are also mutually dependent (Ferner, 2000). It can be safely assumed that multinational corporations utilize a combination of direct and indirect control.

Expatriates' Roles and Purposes

McNulty and Brewster (2017) define four conditions for expatriates: being organizationally employed, having an intended length of time abroad, being a non-citizen of the host country, and being legally employed in the host country without having citizenship. Research has explored the various roles of expatriates, but has focused specifically on their mediator role in transferring knowledge from headquarters to subsidiaries (Bjorkeman et al., 2004; Hocking et al., 2004; Minbaeva & Michailova, 2004; Tung, 1982).

The role of expatriates in multinational corporations has been explored through two main areas of research. The first concerns the individual skills or capabilities needed to adapt to the different culture in the host country. As expatriates live and work in a context that is different from that in their home country, they need skills in the host country's culture and language as these will support them in the adaptation required (Gertsen, 1990; Shaffer et al., 2006; Tung, 1982). The acquisition of these skills may reduce the challenges expatriates experience resulting from the incompatibility of their own culture with the host country's context (Caligiuri, 1997).

The second stream of research concerns the expatriates' role. Edström and Galbraith (1977) present a typology of assignment purposes for expatriates that is widely recognized. They list three principal assignment purposes: "fill positions," "develop organization," and "develop managers." "Fill positions" refers to sending expatriates to transfer know-how to subsidiaries when qualified local individuals are unavailable. "Develop organization" refers to training local employees in the system's best practices so that the skill set for best practice is transferred to the subsidiaries. "Develop managers" denotes knowledge acquisition by the expatriates themselves.

Hocking et al. (2004) redefine these categories as business applications, organizational applications, and expatriate learning, respectively, as shown in Table 1. Although the expatriates' activities for business applications and organizational applications are conducted within the organization, their ultimate role objectives relate to the external market.

Table 1
Assignment Purposes Classification

Principal purpose categories	Contributing role objectives
Business applications (= Fill positions)	Managerial know-how application Professional know-how application Professional know-how training Technology innovation transfer Corporate image promotion / external relations
Organization applications (= Develop organization)	Coordination / networking Culture transfer / socialization Policy transfer / control Best practices systems transfer
Expatriate learning (= Develop managers)	International business / professional experience Global company perspective

Sources: Edström and Galbraith (1977); Hocking et al. (2004).

The first role purpose identified by Hocking et al. (2004) is business applications. This includes the transfer of know-how to the subsidiary by the expatriate. Expatriates are considered an important conduit for the strategic transfer of managerial expertise, even though their work in the subsidiary is temporary (Edström & Galbraith, 1977; Tung, 1982). Business applications include the application of managerial know-how and professional know-how, and the transfer of technological innovation. These are handled by expatriates using the knowledge or skills they obtained at headquarters. They are thus applied to the subsidiaries on behalf of the headquarters. Typically, when expatriates are assigned to a new organizational unit, this transfer occurs because the subsidiary is short of skilled resources (Dowling et al., 1999). Another role under business applications is corporate image promotion and external relations. Expatriates play this role as they promote the parent firm in the host country through external business relations and marketing activities. However, this role is not played only by the expatriates as they are limited in the language and cultural skills of the host country and therefore need the support of HCNs to fulfill this purpose.

The second major role assignment of expatriates is organizational applications. As individuals move from one center to another, they facilitate intra-firm knowledge transfer (Argote & Igram, 2000). The organization expects the expatriates to carry the knowledge they gained in the headquarters and then to apply it in the subsidiaries. In addition to this role, because the employees of the parent company and the expatriates communicate in a common language, they are able to bridge the gap between the employees at headquarters and those in the subsidiary's host country (Nohria & Ghoshal, 1997). Expatriates play another important role in applying indirect control to the host country employees through socialization. As expatriates are loyal to the parent company, they transfer the corporate culture, such as the shared norms and philosophy, to the subsidiary, and in this way, they are able to apply control to the subsidiary. This is one of the purposes of multinational corporations in deploying expatriates (Edström & Galbraith, 1977). It is natural to consider expatriates as an extension of headquarters in terms of control because they identify with the headquarters having belonged there before the assignment, and they will be returning to the headquarters after completing their responsibilities in the host country.

Edström and Galbraith include control within the organizational applications of expatriates. This means that local subsidiaries need to be responsive to local customers, governments, and regulatory agencies for their ongoing institutional legitimacy and economic success (Ghoshal & Nohria, 1993). At the same time, they need to integrate all units within the global firm. For this reason, headquarters must be in control of its subsidiaries. A control system will include monitoring, which will ultimately lead to increased output (Ouchi, 1977). Management control has been defined by Child (1984, p. 136) as "a process whereby management and other groups are able to initiate and regulate the conduct of activities so that their results accord with the goals and expectations." This control involves limiting the power of subsidiaries. This is achieved not only through bureaucratic control, but expatriates also control subsidiaries by using soft control measures, such as socializing with HCNs within the framework of the corporate culture to establish unofficial communication between headquarters and the subsidiary. Harzing (2002) argues that expatriates exercise three types of control. First, expatriates are used to effectuate personal/cultural control in both a direct (explicit) and an indirect (implicit) manner. They can serve to replace or complement headquarters' centralization of decision making and the direct surveillance of subsidiaries by headquarters' management. Second, expatriates can also be used to realize control based on socialization and the creation of informal communication networks, which is the kind of control described by Edstrom and Galbraith. Third, expatriates weave an information communication network between the dispersed locations. As such, the control and the specific role objectives of the expatriates are interdependent.

The third principal role assignment involves the expatriates learning. This means that, through their assignment in the host country, the expatriates will acquire knowledge that includes an understanding of the international organization, of the host country's environment and culture, and of potential communication contacts and relationships (Antal, 2000).

Hocking et al. (2004) demonstrate the strategic purposes and differential outcomes of the three principal role objective categories (Figure 1), all of which are positive and significant. They also confirm the path-dependent nature of the expatriate role process that links strategic purposes with outcomes. However, limited research has been done on expatriate role objectives and their outcomes. First, the role objectives of expatriates, as defined in previous research, are narrow in scope and require further examination. Second, the studies do not fully examine the relationships between the control and role objectives, and there may be interactions between them. Third, there is a need to identify the factors that affect the assignment outcomes, as related to the assignment purpose, through the role process. Based on a model by Hocking et al., we assume that the role process to the achievement of outcomes is not linear because the expatriates are embedded in a context, and the outcomes will be affected by the HCNs with whom they relate. In fact, the expatriates are dependent on the HCNs to assist them in collecting locally embedded information. It can therefore be assumed that the expatriates' assignment outcomes will be affected by their own behaviors. However, little attention has, as yet, been paid to these issues. We used a case study to examine these limitations.

III. RESEARCH METHODOLOGY

We used qualitative research to examine our research questions. This approach enables the researcher to discover the importance of neglected factors or the relevance of a particular theoretical perspective on a phenomenon (Doz, 2011). As international businesses have become increasingly global and complex, comprising diverse institutions, cultures, and norms, it is necessary to seek fresh insights from the field to capture more of the complexities by seeing phenomena embedded in their context. Qualitative methods contribute to the development of theoretical findings that can offer a comprehensive understanding of expatriate role objectives and the effectiveness of expatriates' role behavior. We held semi-structured interviews with expatriates and host country nationals in an Indonesian subsidiary of a Japanese multinational corporation. We selected this company as a prototype for a multinational corporation with a hierarchical structure. Based on Edström and Galbraith (1977), the role objectives were categorized on the supposition that expatriates play a role of control and that it is typically applied through a hierarchical structure. Selecting this type of organization enabled us to use the same setting for our research as Edström and Galbraith and to develop their argument further. For the same reason, we selected a subsidiary that was managed by a CEO with the same nationality as the parent company.

The Japanese multinational corporation selected is recognized worldwide as a power plant construction company, and it is anonymized as Intl H. Intl H was established in 1884 and, according to the company website, it owns subsidiaries in 29 countries around the world. The headquarters, based in Japan, manages all administrative activities within the firm, and four factories in Japan oversee all products and power plant construction. The subsidiary in Indonesia employs nine expatriates and 11 full-time and 30 part-time national employees. This subsidiary's main responsibilities are seeking new customers, sourcing the parts for new plants, liaising with construction sites, and the maintenance of power plants in Indonesia.

We held semi-structured, open-ended face-to-face interviews with the nine expatriates and the 11 full-time host country employees (Table 2). The interviews were conducted and recorded in English, Japanese, or Indonesian, and where necessary, these were translated into English and rerecorded. We transcribed and analyzed the data using an established coding technique (Corbin & Strauss,1990). We then identified various role behaviors of the expatriates and the interpretation of the expatriates' behaviors by the national employees.

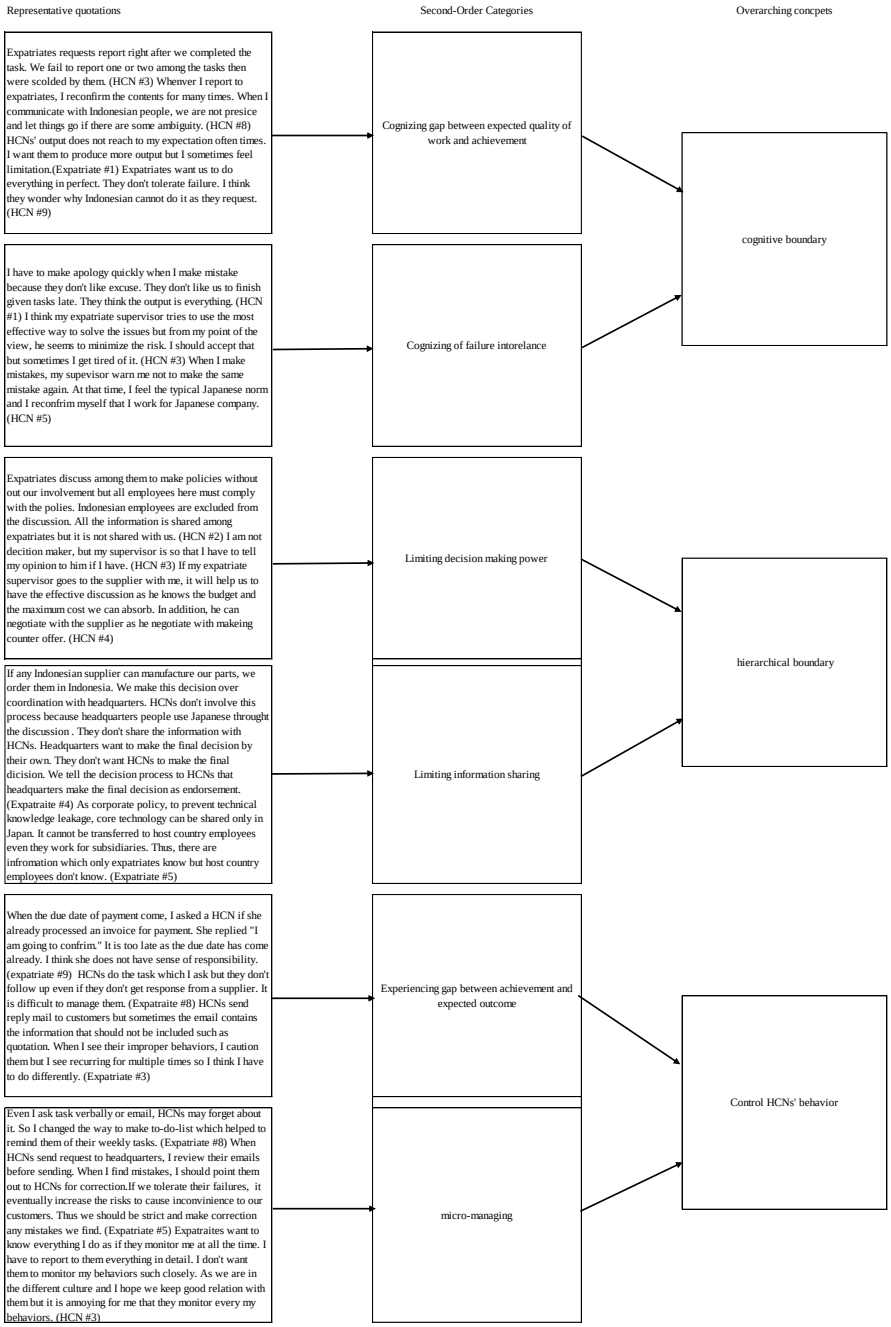
Table 2
Interview Respondents

Code	Organizational role	Gender	Nationality	Tenure(year)	Length of stay in Indonesia (month)
expatriate #1	Subsidiary President	Male	Japan	22	6
expatriate #2	Sales Marketing Manager	Male	Japan	12	12
expatriate #3	Project Engineering Manager	Male	Japan	13	18
expatriate #4	Procurement Manager	Male	Japan	25	48
expatriate #5	Service product Manager	Male	Japan	17	9
expatriate #6	Product Procurement Manager	Male	Japan	10	7
expatriate #7	Managing Director	Male	Japan	10	48
expatriate #8	Quality Assurance Manager	Male	Japan	7	12
expatriate #9	Sales Manager	Female	Indonesia	7	6
HCN#1	President Assistant	Female	Indonesia	8	-
HCN#2	Accounting Manager	Male	Indonesia	6	-
HCN#3	After Sales Clerk	Male	Indonesia	4	-
HCN#4	Procurement Assistant Manager	Female	Indonesia	5	-
HCN#5	Accounting Clerk	Male	Indonesia	1	-
HCN#6	General Manager	Male	Indonesia	10	-
HCN#7	Human Resource Supervisor	Female	Indonesia	8	-
HCN#8	Business Development Assistant Managher	Female	Indonesia	5	-
HCN#9	Business Development Agent	Male	Indonesia	1	-
HCN#10	Procurement Supervisor	Female	Indonesia	11	-
HCN#11	Procurement Manager	Male	Indonesia	4	-

IV. ANALYSIS AND FINDINGS

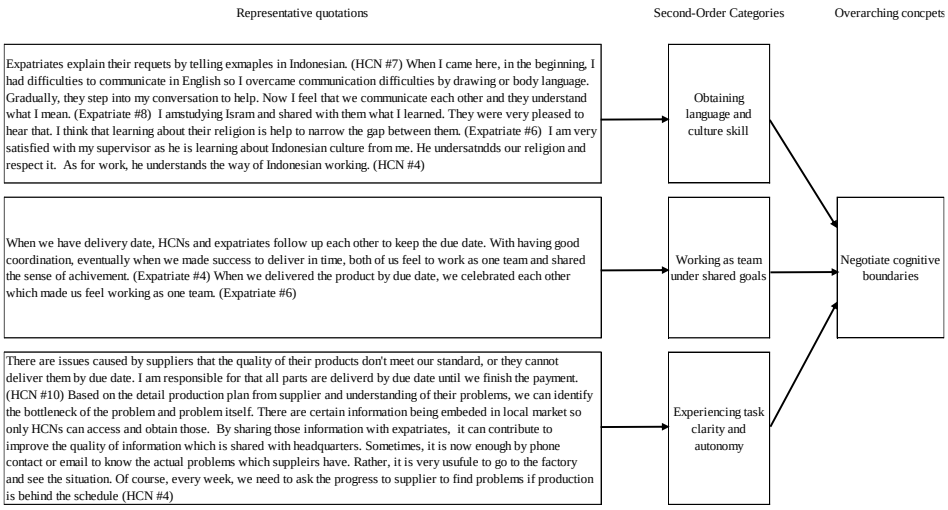
On comparing our findings to the role objectives identified by Edström and Galbraith (1977) and by Hocking et al. (2004), we found both commonalities and differences. In addition, the results show that the expatriates' role behavior affects the support they receive from the HCNs. The findings also show that certain conditions facilitate supportive behaviors by the HCNs.

Figure 2. Data Structure



We present our analysis and findings in three parts. First, we provide the data that explain how expatriates play an additional role that is not discussed in prior research. Second, we provide an explanation for how it is that the supportive behaviors of national employees affect the effectiveness of the expatriates' role. In particular, we present the factors that hinder supportive behaviors by HCNs (Figure 2). Third, we provide insight into conditions that do facilitate supportive behaviors by HCNs (Figure 3).

Figure 3. Data Structure



Additional Role for Expatriates

Previous research started from the premise that headquarters takes the initiative and controls all activities in multinational corporations; these studies viewed the multinational corporation purely from the perspective of headquarters. Thus, all the expatriate role objectives that Edström and Galbraith (1977) and Hocking et al. (2004) discuss are based on the premise of a one-way communication, such that the headquarters orders and the subsidiary responds. However, some research has paid attention to knowledge transfer by expatriates when they transfer knowledge they have gained in the host country back to headquarters after they have been transferred back to their home country (Antal, 2000, 2001; Tsang, 1999). Recent studies show a new type of expatriate: the multinational corporation deploys HCNs as "inpatriates" to headquarters to have them gain skills and knowledge at the headquarters, which they then take back to their home countries to share with fellow HCNs (Harvey et al., 2000). Duvivier et al. (2019) categorize the types of knowledge being transferred by expatriates and inpatriates and show that the difference depends on the length of stay in the host country. However, these studies consider the direction of knowledge transfer as being from headquarters to subsidiary only and not vice versa.

Even under a hierarchical organizational structure, subsidiaries do have some

level of autonomy, and they collect, translate, and transfer information at their discretion. Our data show that an expatriate in the subsidiary seeks and collects embedded information from the local market, expressed as follows:

I am responsible for promoting sales of power plant. In headquarters, there are agents who work to make quotations or strategies for the subsidiary in Indonesia. However, I am in forefront to seek and collect information or liaising with customers. Then I transfer the information to ones in headquarters. (Expatriate #2)

My task is to collect information and keep close communication with customers so that I can transfer information to headquarters in timely fashion and build mutual trust with customers in Indonesia to expand our business. (Expatriate #3)

This is one of the main tasks that organizations give to expatriates, and this is their contribution to support the organization in expanding future business opportunities. Based on the discretion of the expatriates, they select the information, translate it, and then transfer it to headquarters based on their judgment of whether the information contributes to enhancing organizational effectiveness. This shows that the knowledge flows handled by expatriates are bidirectional.

Role of Expatriates and HCN Behavior

Based on our findings that expatriates play an additional role in transferring knowledge from the subsidiary to headquarters, we examine how effectively the information is handled and consider whether any factors impact this effectiveness. As most of the information is embedded in the local market, it is natural to think that not all information is collected by the expatriates because their social capital in the host country, language and cultural skills, will be limited. Instead, they rely on the support of HCNs. Vance et al. (2009) illustrate the components of the HCNs' liaison role as cultural interpreter, communication facilitator, information resource broker, talent developer, and change partner. Due to their lack of work experience in the host country and the relatively short length of their assignment, expatriates lack language and cultural skills in the host country. Our findings confirm that, on many occasions, HCNs provide cultural and language guidance to the expatriates and act as mediators between local clients and expatriates. In addition, they are able to obtain access to local customers or suppliers through having experience-based knowledge that expatriates lack. Thus, we believe that the relationship between HCNs and expatriates greatly influences the effectiveness of knowledge flow in the subsidiary, which ultimately impacts the multinational corporation as a whole.

Even though HCNs are aware of their role in supporting expatriates in terms of information transfer, our data show that their behaviors are hindered for three reasons. The first is demotivation due to the expatriates micro-managing them. Expatriates are dispatched to the host country as managers to control the subsidiary's activities. They are tasked with producing effective output from the subsidiary, and they are expected to contribute to the organization as a corporate citizen. Their future career path may depend on their achieving the stipulated goals as they will be evaluated on the basis of their achievements. As they depend on the HCNs to collect or search for information, the quality and quantity of information given by the HCNs will be reflected in the quality

and quantity of information that the expatriates transfer to headquarters. For this reason, the expatriates micro-manage the HCNs to ensure the level of output they expect.

Second, expatriates' control of the HCNs' behavior creates a cognitive boundary between the expatriates and the HCNs. Often, the quality of the HCNs' work will fall short of the expectations of the expatriate. Once the expatriates experience the gap between their expectation and the achievement, they micro-manage the HCNs even more to obtain the desired outcome. In addition, when the HCNs fail to meet the expatriates' expectations, the HCNs recognize that their failures are not tolerated by the expatriates. The expatriates' intolerance of perceived failure, due to the gap between the expected quality of work and that produced, creates a cognitive boundary between the expatriates and HCNs. Ultimately, this undermines the HCNs' motivation to provide support to the expatriates.

Third, another cognitive boundary is created by the hierarchy in the subsidiary. The HCNs have limited decision-making power in the subsidiary even though some of the HCNs have the same hierarchical position as the expatriates. This different treatment by the parent company arises due to the different levels of corporate language skills and job knowledge held in common. As almost all policies are decided by the expatriates, the HCNs experience being excluded from the decision making, even though the policies decided on will apply to all employees. Furthermore, the HCNs recognize that not all information is shared with them when information is given to the expatriates by headquarters. As the expatriates are the bridge between headquarters and the subsidiary, it is at their discretion whether they will share information with the HCNs and which information they will share with the HCNs. This different treatment by the organization creates an informal hierarchy in the subsidiary and in the HCNs' cognition.

In sum, these findings suggest that one of the expatriates' role objectives, to control the subsidiary as a manager, affects the behavior of HCNs in supporting the expatriates. As this study shows, expatriates play the additional role of transferring knowledge to the headquarters. However, the expatriates' effectiveness in this knowledge transfer is affected by the level of support they receive from the HCNs. Our study shows that HCNs are demotivated in relation to playing this role because of the cognitive boundaries created, which include the hierarchical factors and their being micro-managed by the expatriates. When those boundaries are not negotiated by the expatriates and HCNs, they remain salient in the cognition of the HCNs, and their support for the expatriates is reduced.

Language, Cultural Skills, and Identification

Interestingly, we observed that the supportive behaviors of HCNs is facilitated under certain conditions. In fact, it was facilitated even while the cognitive boundaries remained if the expatriates had both cultural and language skills. Barner-Rasmusen et al. (2014) argue that boundaries in a multinational corporation are negotiated most effectively when the agent is equipped with both cultural and language skills. This is further explained by Bhagat et al. (2002), who observed that when knowledge is transferred from one to another, if the agent understands the culture of the host country, cultural conflict does not occur. Under such conditions, knowledge transfer is unhindered. In addition to the culture, Carlile (2002) argues that a condition for facilitating knowledge transfer is that both agents must share a common code of meaning, that is they must have the same

understanding of the culture and language. If people find a greater amount of homophily in a particular person, they will interact more with that individual (Smith-Lovin & MePherson, 1987).

However, we observe that having language and cultural skills is not a sufficient condition to facilitate knowledge transfer from HCNs to expatriates. Expatriates and HCNs need to have a shared goal. If they have a common goal, they will have similar ideas about how they can interact. This will lead to mutual understanding and will promote the exchange of ideas and resources (Inkepen & Tsang, 2005; Tsai & Ghoshal, 1998). Our findings show that HCNs' supportive behaviors are facilitated even while cognitive boundaries exist, provided expatriates and HCNs have a shared goal and they work together as a team. This helps to moderate the HCNs' cognitive boundaries as being part of a team promotes the identification of HCNs with the expatriates and ultimately facilitates the supportive behavior of the HCNs toward the expatriates.

In addition, our findings show that task clarity and task autonomy by HCNs both help to moderate the HCN's cognitive boundaries. As Russo (1998) argues, task clarity and task autonomy both positively affect professional identification and organizational identification. Ultimately, the identification of HCNs with the organization leads to their supportive behaviors toward the expatriates.

V. DISCUSSION

This research set out to advance our understanding of knowledge transfer by boundary spanners and more specifically by expatriates working for multinational companies. The past research into boundary spanners suggests that they play a single role, which is to transfer knowledge. However, as a well-known type of boundary spanner (Bartlett & Ghoshal 1989; Doz et al. 2001; Johnson & Duxbury, 2010; Nohria & Ghoshal 1997), expatriates play multiple roles, as indicated by Edstrom and Galbraith (1977). Despite extensive arguments about knowledge transfer by boundary spanners, a role perspective on boundary spanners, and in particular, the effect of their playing dual roles, has been largely overlooked. Most of the previous research has focused only on the factors that facilitate knowledge transfer. The objective of this research was to fill this gap.

The types of role carried by expatriates is elaborated on by Edstrom and Galbraith (1977), and this includes the expatriates' role in controlling the subsidiary as an extension of the headquarters' control mechanism . This means that expatriates are expected to act as managers (Edstrom & Galbraith, 1977; Harzing, 2001; Hocking et al., 2004).

Our research findings support the view that expatriates play multiple roles, which include knowledge transfer as a boundary spanner and control as a manager. They recognize these roles and act in response to the role expectations. However, interestingly, our findings also show that the management role hinders the supportive behavior of national employees, which reduces the effectiveness of the knowledge transfer by boundary spanners. Our findings reveal two reasons for this.

First, the boundaries between expatriates and HCNs are not negotiated, and this hinders collaboration by creating discord between them. One of boundaries that remains salient for HCNs is the cognitive boundary. The HCNs perceive the expatriates' awareness of the gaps between the HCNs' achievements and the expatriates' expectations. Furthermore, there is significant gap in tolerance of failure. Because the data is collected

from a Japanese multinational corporation (MNC), the Japanese management style also affects the findings. Yagi and Kleinberg (2011) argue the prominent cultural characteristic of the Japanese MNC is its high-risk orientation. These companies do not tolerate failure and target a nearly 100% success rate. The same cultural characteristic will affect the management style of the Japanese expatriates. When HCNs fail to meet the expatriates' expectations, the HCNs recognize that their failures are not tolerated by the expatriates. This creates a cognitive boundary that is salient to the HCNs. This interrelates with the second cognitive boundary construct, which is that the quality of the HCNs' work falls short of the level the expatriates expect. Once the expatriates experience the gap between their expectations and the achievement, they micro-manage the HCNs still more in order to obtain their desired outcome. A third cognitive boundary is created by the hierarchy in the subsidiary.

The other boundary is a vertical boundary arising from the different treatment of expatriates and HCNs in subsidiaries. Even when the HCNs are employed as management, they are excluded from decision-making as most of the discussion around decisions is conducted in Japanese and decisions are made by the expatriates. Further, due to legal restrictions on exporting core technical knowledge to third-party countries, some core technical knowledge is not shared with HCNs. Not only is technical knowledge withheld but neither is all strategic information shared with them, and this makes it difficult for HCNs to negotiate with suppliers and customers.

In addition, when expatriates micro-manage the HCNs to get their desired outcomes, it demotivates the HCNs. Expatriates assume that their role is managerial, and they are expected to manage the subsidiary effectively to enhance its performance. One of their role expectations is to function as a boundary spanner, which involves exploring and collecting information from the local market to transfer to headquarters. However, due to their lack of local language and cultural skills, the expatriates must rely on HCNs for this part of their task. This means that the quality and quantity of information transferred to headquarters will depend on the cooperation of the HCNs. Thus, while the expatriates assume they must control the outcomes of the HCNs' performance by controlling their behaviors, the expatriates' intervention demotivates the HCNs and limits the effort they are prepared to make in fulfilling their various roles.

This study makes several theoretical contributions. First, the theory of the boundary spanner is built on the premise that a boundary spanner has just one role, typically the transfer of knowledge (Bartlett & Ghoshal, 1989; Doz et al., 2001; Johnson & Duxbury, 2010; Nohria & Ghoshal, 1997). However, as Edstrom and Galbraith (1977) and Hocking et al. (2004) argue, expatriates, who are one type of boundary spanner, have multiple role objectives that include the control of subsidiaries. In this paper, we show that the role objectives of expatriates and their control of multinational corporations are interdependent. In fact, by examining the cognitive effect of expatriates' controlling behaviors on HCNs, our findings show that HCNs' behaviors interact with the expatriates' role. Specifically, HCNs are demotivated in relation to playing a supportive role when cognitive and vertical boundaries are in place, and they have a sense of being micro-managed by the expatriates. In this regard, our findings add to boundary spanner studies by depicting the effect of their multiple roles on their effectiveness, an aspect that has not been discussed before.

Second, in adding to the argument of Hocking et al. (2004), we extend the scope of the expatriates' purposes in their assignment. Hocking et al. argue that, based on

Edstrom and Galbraith's argument, the purpose of the strategic assignment is limited to the perspective of the headquarters. Our findings confirm the point made by Harzing et al. (2016) that expatriates contribute to knowledge transfer both from and to headquarters and not just to a knowledge flow from headquarters to the subsidiary as previously suggested. Our findings confirm that knowledge transfer by expatriates is bidirectional.

Third, although the HCNs are embedded in the same context, our findings also show that the supportive behavior by HCNs. Vance et al. (2009) identify the role of HCNs as being to work in coordination with expatriates as cultural translators and information brokers. However, they do not discuss the possible effect of the expatriates' role on the HCNs' behavior. As our findings show, these are interrelated. Even though expatriates lack language and cultural skills, by discussing the issues with the HCNs, the cognitive boundaries between them can be negotiated. Barner-Rasmussen et al. (2014) argue that the transfer of knowledge by expatriates is facilitated when they have the cultural and language skills of the subsidiary's country. By understanding each other's culture, individuals are able to avoid the cultural conflict that would hinder knowledge transfer (Bhagat et al., 2002). In addition, understanding one another's culture and language helps to promote an awareness of similarities between them, and it facilitates having a closer relationship despite not having a shared background (Mäkelä et al., 2012). When expatriates and HCNs have a common goal and a sense of working together as a team, their sense of belonging is increased, and this promotes the transfer of knowledge (Schotter et al., 2017).

Finally, our findings have important implications for practitioners. If managers are made aware of the boundaries that possibly exist in subsidiaries and that these are likely to hinder the support behavior of the HCNs, they can adjust their business process so that they arrive at a common goal with the subsidiary and can plan to create a sense of belonging and shared goals.

Our study has some limitations. Although we were able to show that expatriates have an additional role to play beyond that illustrated in past research in a hierarchical organization, we were unable to examine the relationship between the expatriates' role objectives and the HCNs' supportive behavior in a networked organization. Additionally, we were unable to control for the impact of cultural factors between the parent country and the host country. We studied a Japanese multinational corporation and its subsidiary in Indonesia, but different cultural factors may arise between different sets of countries. Further research should investigate a wider range of parent and host countries.

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