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Determinants of the success of international assignees as knowledge transferors: a theoretical framework

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Abstract

Drawing on previous work in the knowledge management literature, this article develops a conceptual framework to analyse the cause and effects of international assignments as a knowledge transfer mechanism. In examining the characteristics of knowledge transferred within multinational companies (MNCs) the use of international assignees is explained and justified. The article also identifies the factors influencing the success of international assignees as knowledge transferors. It is argued that, in addition to the specific characteristics of the knowledge involved, transfer success will be affected by three sets of human-related factors: abilities and motivation of international staff; abilities and motivation of local employees; and the relationship between local and international staff. The article concludes by discussing some management initiatives helping to trigger the human-related factors.

Keywords: international assignments; knowledge transfer; expatriation; multinational corporation

Introduction

International assignees (IAs) in multinational companies (MNCs) have been traditionally depicted as senior managers, representing headquarters as general managers, marketing or accounting executives, assigned abroad for relatively long periods of time (Boyacigiller 1990). At least in the context of subsidiaries in developed countries, this picture belongs to the past. There is evidence that the number of these traditional expatriates is being progressively substituted by other shorter, less costly and more project oriented forms of international staffing (Grainger and Nankervis 2001; Beavestock 2004). These alternative forms of international assignments include short-term assignments, self-initiated expatriation, and team assignments (Inkson, Arthur, Pringle and Barry 1997; Suutari and Brewster 2000; Bonache, Brewster and Suutari 2007). They have always been there, but they are being used increasingly. This approach is better suited to a global environment of highly efficient transport systems, growing availability of skilled local staff, and internet based communication.

Despite the substantial reduction in the number of traditional expatriates, these alternative forms of working internationally suggest that international assignments remain an important organizational strategy for MNCs. Their function, however, has changed. Instead of covering managerial positions, that are now held by an increasingly qualified set of local managers, their role is becoming more strategically oriented towards knowledge transfer and project work (Welch 2003; Beavestock 2004).

In contrast to this knowledge-oriented use of international assignees, most of the literature on international assignments has not departed significantly from the type of issues (i.e. concerns and expectations of dual-career expatriates, cross-cultural adjustment, problems in repatriation) that dominated the field when assignments had a predominantly managerial orientation. With certain notable exceptions (Welch 2003; Holtbrugge and Berg 2004; Riusala and Smale 2007), very little attention has been paid to the specific issues addressing international assignments in their knowledge transfer function. Conceptual work on this issue is at a very early stage.

The purpose of this article is to overcome this limitation and to explore international assignments from a knowledge management perspective. Adopting this perspective is justified by three main reasons. First, it is consistent with the emerging view of the multinational firm as an institution for integrating knowledge (Gupta and Govindarajan 1991, 2000; Argote and Ingram 2000). Indeed, the collection, development and exploitation of organizational knowledge are often characterized as the main characteristics responsible for the success of

MNCs (Bartlett and Ghoshal 1995). Second, knowledge is an asset closely related to human resources: it is people who have the knowledge that is applied and transferred in the activities developed by the company (Itami 1987). Finally, and as mentioned earlier, international assignments are increasingly used as a knowledge transfer mechanism.

Drawing on the resource-based view (Barney 1991; Wernerfelt 1984; Grant 1996; Peteraf 1993; Argote and Ingram 2000), this article develops a conceptual framework to analyse the cause and effects of international assignments as a knowledge transfer mechanism. The first part focuses on the causal side. Following Szulanski (1996), knowledge transfer is conceived as a replication of an internal practice that is performed in a superior way in some part of the organization (the source unit) and is to be implemented in another unit (the recipient unit). In this context, we argue that depending on the characteristics of the knowledge to be transferred, the organization will make use of different types of international assignments. Then, on the effect side, we include the factors affecting the success of international assignees as knowledge transferors. In addition to the characteristics of the knowledge transferred, three human-related factors are identified: abilities and motivation of international staff; abilities and motivation of local staff; and the relationship between these two groups of employees. Finally, we argue that certain management initiatives trigger the human-related factors. A summary of the conceptual model is presented in Figure 1.

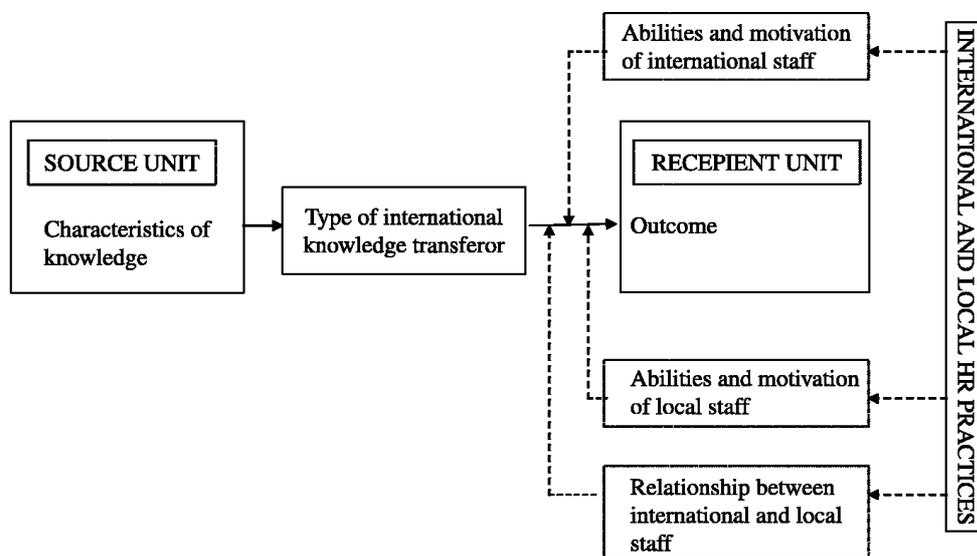


Figure 1. Theoretical framework

By relating international assignments to knowledge management issues, this study aims to design a theoretical basis for international assignments that may guide future research in this area.

Knowledge characteristics and international assignments

The term knowledge, although widely used by practitioners and academics, is usually relatively loosely defined in the literature. Kogut and Zander (1993) define it as a recipe that specifies how to carry out activities. It may refer to input processes (e.g. purchasing skills), throughput processes (e.g. product designs), or output processes (e.g. marketing know-how). Kostova (1999) offers a more complete definition of knowledge as 'particular ways of conducting organizational functions that have evolved over time under the influence of an organization's history, people, interests and actions, and that have become institutionalized in the organization' (p. 309). Thus understood, knowledge differs from information, which is simply a statement of facts (i.e. external market data about key customers, competitors or suppliers).

According to the resource-based view of the firm (Wernerfelt 1984; Barney 1991; Grant 1996; Peteraf 1993; Argote and Ingram 2000), some knowledge provides the firm with a competitive advantage that differentiates the firm from its competitors. Examples of such knowledge will vary, depending on what a particular firm considers its sources of competitive advantage to be (Kostova 1999). For Microsoft, this knowledge might be the practices related to the company's innovativeness, whereas, for the clothing company Zara, this might be the knowledge supporting its strategic goal of offering new and fashionable products every ten days.

The resource-based view also argues that the international strategy is dictated less by market opportunities than by the organization's own knowledge (Tallman and Fladmoe-Linquish 1994; Teece, Pisano and Shuen 1997). The argument is that when firms have knowledge that is valuable, rare, inimitable and non-substitutable in their own market, they may also attempt to compete in other international markets where they can advantageously deploy their existing knowledge.

MNCs can thus develop knowledge in one location and exploit it in other locations, implying the internal transfer of knowledge from the source to the recipient unit. Yet, transfers are not confined to those from headquarters to foreign subsidiaries, but can occur in various directions within the MNC (Gupta and Govindarajan 1991, 2000). Internationalization provides learning opportunities through exposure of the company to new cultures, ideas, experiences, etc. (Teece et al. 1997). Some of this knowledge will be confined to its place of origin (i.e. it will be context-specific, Taylor, Beechler and Napier 1996), but other knowledge might be effective across countries. The issue is how to transfer this strategic knowledge.

Some knowledge to be transferred can be codified (expressed in words and numbers), and easily communicated and shared in the form of hard data, manuals, codified procedures, or universal principles (Polanyi 1962). In such a case, it can be transferred through a wide range of mechanisms. The widespread use of email and telephone, company reports and visits is now increasingly supplemented by real-time information technology (Suutari and Brewster 2000). Given that international assignees are often very costly and difficult to manage; and that it is difficult to measure their contribution or value, there will be pressure to use these much cheaper mechanisms wherever possible.

Yet, a lot of knowledge transferred between units is not explicit but tacit (i.e. the capacities of employees from a particular unit to launch new products). This knowledge is embedded in the experience and skills of the organization's members and is only revealed through its application (Polanyi 1962). Given that tacit knowledge cannot be codified or contained in manuals and can only be observed through its application, when a company decides to transfer tacit knowledge between different units, it must assign employees to the foreign operations (Bonache and Brewster 2001). Hence, we propose that

Hypothesis 1a If knowledge to be transferred among units of a MNC has a tacit nature, the company will make use of international assignments. If knowledge has an explicit character, it will be transferred by other means (manuals, information technology, annual meetings, etc.)

As mentioned earlier, several alternatives of international assignments have been identified, including team vs. individual assignments, short-term vs. long-term assignments, and company vs. external market assignments. These alternative forms of international assignments can be easily explained by taking into consideration additional characteristics of knowledge (see Figure 2).

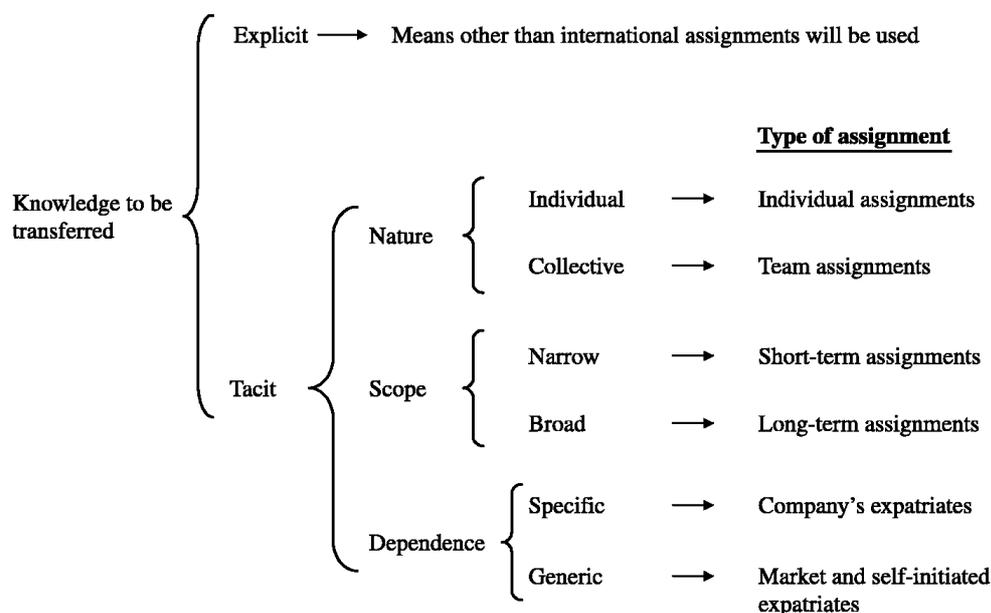


Figure 2. Knowledge characteristics and type of international assignees.

Beginning with the first alternative, team versus individual assignments, it is well documented that, despite the high emphasis on individuals rather than groups in the international HR literature, the transfer of knowledge often requires transferring teams, rather than individuals (Bonache and Brewster 2001). This is, however, logical. Knowledge can be held collectively or individually (Spender 1996). Collective knowledge is associated with capabilities: what a group of people working together is capable of doing. According to Grant (1996), collective knowledge is the outcome of knowledge integration: it is the product of the coordinated efforts of many individual specialists who possess different, but complementary, skills. Of course, both collective and individual knowledge can be of a tacit nature. An example of tacit individual knowledge is the knowledge of a brilliant intuitive stock-picker. On the contrary, the skills of creative teams to launch new products are an example of tacit collective knowledge. Hence, we propose:

Hypothesis 1b If the knowledge to be transferred is tacit individual knowledge, the transfer will only involve that individual. Yet, if the knowledge to be transferred among units of the MNC is tacit collective knowledge, then that transfer will involve the expatriation of a team.

Another distinction of knowledge refers to its scope. Some are very narrow in scope and involves performing a certain task within a broader functional area (i.e. a firm's practices for encouraging team work). Others are broader and require the integration of different types of expertise of a more narrow or specialized nature (Grant 1995). For example, a bank's knowledge that allows it to offer better service quality to its customers depends on the integration of different kinds of lower-level expertise such as management of investment funds and insurance, personal and mortgage credits, consumer financing, credit card operations, customer service, personnel motivation, etc. In terms of scope, it is subsidiary managers who possess the broadest type of knowledge and expertise. The type of knowledge they possess is usually more complex, less codeable and harder to teach than technical capabilities. As this knowledge is harder to transfer, the transfer process requires more time (Zander and Kogut 1995). Other international assignees (i.e. functional specialists; technical experts dealing with operational process and product technologies) will often need shorter assignments.

Hypothesis 1c The duration of the assignment (e.g. short-term vs. long-term) will differ depending on the scope of the knowledge to be transferred. In general, IA transferring broad knowledge will have longer assignments than those transferring narrow knowledge.

A final useful distinction of knowledge refers to a company's dependence, with some being generic and others specific (Milgrom and Roberts 1992). In contrast to generic knowledge, which is shared by all companies within the industry and can be easily acquired on the labour market, specific knowledge is of an idiosyncratic nature; and refers to the way that things are done in a particular company and can only be acquired through observation and experience inside the company. As a result, if a company aims at transferring specific knowledge (i.e. advanced technological expertise or specific marketing knowledge), and this can only be acquired within the company, then the basic recruitment source of international assignees will be the company itself. Yet, if the knowledge to be transferred is of a generic nature, the basic source of recruitment can be the external labour market. Self-initiated expatriates, a type of international assignee receiving increasing attention from the literature (Inkson et al. 1997; Suutari and Brewster 2000), can thus be justified.

Hypothesis 1d If the knowledge to be transferred among units of the MNC is specific, the recruitment source of expatriates will be the company itself. If it is generic, the source of recruitment can also be the external labour market.

Factors favouring the success of international knowledge transferors

In the previous section we have recognized the importance of transfer of knowledge within MNCs as well as the role that international assignees play in this process. Yet, researchers have shown that transferring knowledge within a firm is far from easy, as several barriers usually appear in this process. Along these lines, two main theoretical models specifying the barriers to the success of the transnational transfer of knowledge within MNCs have been provided, one developed by Szulanski (1996) and another by Kostova (1999). Szulanski (1996) developed the notion of internal stickiness to refer to the difficulty of transferring knowledge within organizations. He identifies four sets of factors influencing the difficulty of knowledge transfer: characteristics of the knowledge transferred (i.e. causal ambiguity, unprovenness), of the source (i.e. lack of motivation, not perceived as reliable), of the recipient (i.e. lack of motivation and absorptive capacity), and of the context in

which the transfer takes place (i.e. barren organizational context, arduous relationship). The findings of his empirical study showed that the major barriers to internal knowledge transfer are the recipient's lack of absorptive capacity, causal ambiguity, and an arduous relationship between the source and the recipient.

The second notable theoretical contribution to the analysis of knowledge transfer is due to Kostova (1999). Drawing on a variety of theoretical perspectives (organizational behaviour, resource dependence, and institutional theory), she proposes an alternative set of factors affecting the success of transfers. Some are social, referring to the degree to which the regulatory, cognitive, and normative profiles of the home country and the recipient country are similar or different. Others are organizational, referring to compatibility between the values implied by the knowledge transferred and the values underlying the unit's firm culture, or to the degree to which the unit's organizational culture is supportive of learning, change and innovation. Finally, others are individual, referring to attitudes of transfer coalition members (i.e. their commitment to, identity with, and trust in the parent company).

These two theoretical approaches have been combined and tested by Riusala and Smale (2007) in a notable empirical study on the factors presenting particular challenges for 112 Finish expatriates in the transfers of knowledge. In addition to the characteristics of knowledge, they adopt the social, organizational, and individual factors from Kostova (1999) to explain how expatriates perceive the challenging nature of knowledge transfer. Curiously enough, only three of the ten factors tested were statistically significant: one measuring the absorptive capacity of the recipient unit, and two referring to knowledge characteristics (teachability and complexity; Kogut and Zander 1993). Social and organizational factors of the kind included in Kostova's model were, however, nonsignificant.

In this article, we propose a different (although consistent with previous models) classification of factors affecting the success of international assignees as knowledge transferors. Instead of considering the social and organizational level variables included in the models of both Kostova and Szulanski, we focus on the factors having direct task-related implications for the international assignee. That is, instead of adopting an organizational level of analysis, as assumed in those two models, we adopt the perspective of individual international assignees dealing with specific local employees from a recipient unit.

By adopting this perspective, it can be argued that, in addition to knowledge characteristics (e.g. the degree of teachability and complexity), four sets of factors affect the success of international assignees (see Figure 1). They have been divided into three main categories: abilities and motivation of international staff, abilities and motivation of local staff, and relationship between these two groups of employees. We will continue by explaining each of these categories.

Abilities and motivation of international staff

Underperformance during the assignment has been shown to be a problem for many companies (Mendenhall and Oddou 1988; Harzing and Christensen 2002). For example, according to Black and Gregersen (1999), around 30% of international assignees have a performance level lower than expected. Similarly, Harvey and Wiese (1998) state that of those that do complete their assignments, 30 to 50% are ineffective or marginally effective. The main reason given for underperformance was the inability of expatriates to adjust to a new cross-cultural environment.

Many different models on factors facilitating cross-cultural adjustment have been provided (e.g. Caligiuri, Joshi and Lazarova 1999; Gilley, Harrison and Shaffer 1999). Factors such as family support, personality characteristics, organizational support and host nationals' attitudes have been included in many of these models. They thus assume that not everyone is capable of working internationally, but only those exhibiting a particular profile. The key issue is to avoid assuming that those who successfully perform their job locally can equally perform internationally. Additional qualities are required.

It is well known that to achieve a high performance at any level, not only the ability but also the motivation to perform effectively is needed (Baldwin 1959). This is especially relevant in the current discussion as it is well documented that individuals often display some reluctance to share knowledge (Nonaka and Takeuchi 1995; Zárrega and Bonache 2005). If so, international assignees may not fail to efficiently transfer knowledge because they are incapable of doing it but rather because they are unwilling to do it. Thus, we propose the following hypothesis:

Hypothesis 2a The interaction between international assignees' ability and motivation will increase the level of knowledge transfer to the recipient unit.

Abilities and motivation of local staff

The absorptive capacity of the receiving unit is also a very significant determinant of internal knowledge transfer in MNCs (Szulanski 1996; Gupta and Govindarajan 2000). Cohen and Levinthal (1990) defined absorptive capacity as the 'ability to recognize the value of new external information, assimilate it, and apply it to commercial ends' (p. 128). This absorptive capacity of a local unit resides with its employees. If their preexisting stock of knowledge prevents them from acquiring, assimilating and using the knowledge transferred by international assignees, a poor knowledge transfer will take place.

As in the case of international assignees, local employee's performance will depend on their abilities and motivation. They may have a high absorptive capacity, but it will not be realized unless they are also motivated to absorb new knowledge. A lack of motivation may result in hidden sabotage, passivity, or outright rejection in the implementation of the knowledge from the IA (Szulanski 1996). Accordingly, it can be argued that the effectiveness of international staff as a knowledge transfer mechanism will depend on local employees' abilities and motivation to acquire, assimilate and use this new knowledge. Thus, we propose:

Hypothesis 2b The interaction between local employees' ability and motivation will increase the level of knowledge transfer to the recipient unit.

Relationship among local and international staff

Another factor affecting the success of an international knowledge transfer is a fertile or positive relationship between international and local staff. Several elements may create such a fertile relationship. One of these elements is ease of communication (Arrow 1974). It is through the vehicle of language that practices, meanings, values and ideologies are taught and learned. Therefore, proficiency in the local language by international assignees facilitates the transfer process. Yet, as Brannen (2004) has shown, transnational transfers involve much more than the transfer of linguistic signals. Transferring the linguistic signals alone does not ensure that the meanings attached to them are transferred. Sense making occurs in context, and when context is not shared, meanings are often lost. Examples of these semantic shifts abound. For example, the word 'bonus' in the US is seen as a reward for exceptional performance. This word also exists in Japan, but it refers to an expected portion of an employee's annual compensation. Accordingly, it is expected that the more the communicators' cultural worlds overlap, the more effective the communication between local and international staff will be.

Hypothesis 2c Facility of communication between international and local staff will tend to create a fertile relationship for knowledge transfer.

Another element that creates a fertile relationship is the interpersonal sensitivity on the part of international staff. Interpersonal sensitivity refers to the concern and sensitivity shown by individuals in their exchanges with subordinates or coworkers. Research has shown that, when individuals show sensitivity, the employees working with them show greater acceptance of their actions, proposals and decisions (Chen, Choi and Chi 2002). The classic studies of exchange relationships refer to two types of interpersonal sensitivity (Blau 1964). First, there is the social type, which has an eminently informal character and includes two socio-emotional types of exchange. Second, the transactional type, which is, to a large extent, formal and refers to exchanges of economic resources. While in the social area, more importance is attached to the informal exchanges, in the work area, attention is also paid to the sensitivity shown in economic transactions, and so both types must be taken into account. In the context of this work, it can be assumed that international assignees with greater interpersonal sensitivity in their dealings with local employees generate a positive attitude from those locals towards them. Clearly, such an attitude will facilitate the transfer.

Hypothesis 2d A high degree of interpersonal sensitivity on the part of international assignees will tend to create a fertile relationship for knowledge transfer.

A third element creating a fertile relationship between locals and international employees is perceived reliability. When international assignees are perceived as reliable by local staff, a transfer of knowledge will be

easier and their advice and example are likely to be easily accepted (Szulanski 1996). In this respect, nationality issues may play a vital role. International assignees are foreigners in the local unit, and foreignness is usually understood to be a liability. Nationalist feelings of host country employees are very common worldwide. Yet, there may be some circumstances in which foreignness might be an asset in the international transfer process, because of their national background and origin, some international employees may have an initial level of legitimacy, rather than illegitimacy (a 'German' engineer, or an 'Italian' designer). If this is indeed the case, the nationality of international staff will affect how their initiatives and proposals will be perceived and received by local employees. In general, because of their respective country images in a given host country, some nationalities will have more credibility and legitimacy than others when attempting to transfer and implement certain types to knowledge.

Hypothesis 2e A perception in the host country that international assignees are reliable will tend to create a fertile relationship for knowledge transfer.

Finally, a favourable atmosphere or team spirit between international and local staff, based on common goals and objectives, must exist within the group. Only in such an atmosphere, individuals will be encouraged to share and create knowledge (Zárraga and Bonache 2005). This climate has been defined in various ways: Lawler (1992) called it 'high involvement'; Von Krogh (1998) speaks of 'high care'. If this atmosphere does not exist, then interpersonal cooperation, essential for the transfer and generation of true group knowledge, will not take place. Thus, we propose:

Hypothesis 2f A team spirit between international and local staff will tend to create a fertile relationship for knowledge transfer.

Management initiatives to favour knowledge transfer

International management literature has tended to focus on the determinants of knowledge transfer. However, less is known on the mechanisms favouring these determinants. That is, what specific initiatives can a multinational company adopt to trigger motivation and abilities of both local and international staff, as well as to elicit a fertile relationship between them.

In this respect, HRM practices can play a key role. According to the resource-based view, their goal is to attract, retain and motivate the sorts of skills and behaviours required by the organization to achieve its objectives (Wright, Dunford, and Snell 2001). The objective here is knowledge transfer. To this end, HR practices have to work in three different directions: international employees, local staff, and the relationship between them. In what follows, we include a series of HRM practices aiming in each of these three directions.

Initiatives to promote the abilities and motivation of international staff

Based on previous research, several initiatives are discussed (see Figure 3). Before mentioning each of these initiatives, it is important to note that there are other initiatives (e.g. socialization activities) that may affect international assignees' motivation which are not discussed here. The initiatives included here are ones deemed most likely to affect international assignees' abilities and motivation, given what is currently known about the subject.

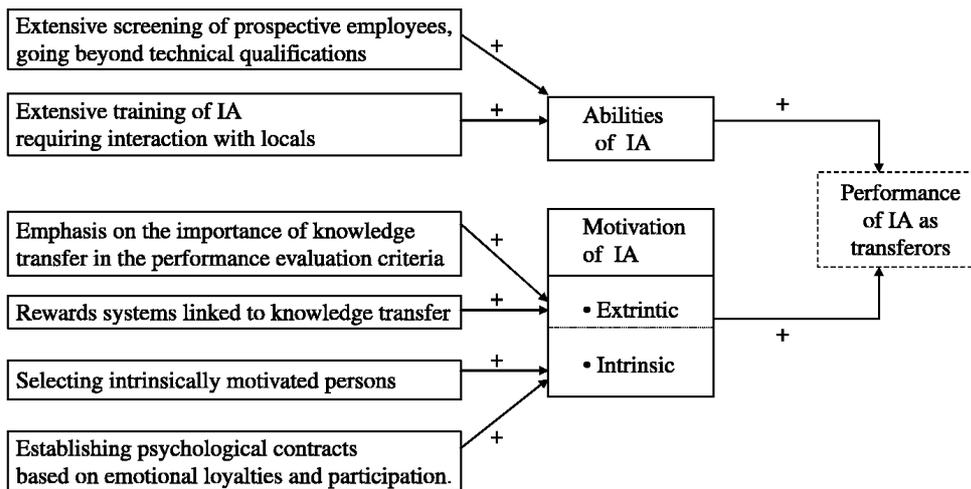


Figure 3. HR practices toward international assignees to promote the success of knowledge transfer

Recruitment of IAs

There has been much research into the selection and preparation of expatriates. The research into selection has found out that technical expertise and domestic track record are by far the most dominant criteria (Brewster 1991). The nature of knowledge explains this finding. If the fundamental reason for using expatriates is to transfer the capabilities that provide the company with a strategic advantage over its competitors, the basic recruiting criterion will have to be possession of these capabilities. The importance of this criterion is such that it imposes limits on company expansion. As Penrose (1959) identified, the capabilities of the company's management personnel necessarily establish a limit on company expansion in any given period of time, since this knowledge cannot be acquired on the market.

Though strategically justified, the heavy emphasis on technical qualifications seems to assume that performance in any one context can be translated to performance in any other. Yet, this assumption conflicts with our previous argument regarding the need to evaluate additional qualities (e.g. personality characteristics), when analysing the potential success of an international assignee. Accordingly, it may be argued that international staff selected on the basis not only of technical competencies but also of other additional abilities, will be more effective as knowledge transferors than those whose selection criteria limit to their performance at home.

Hypothesis 3a The extensive screening of prospective candidates will have a positive impact on international assignees' abilities to transfer knowledge.

Training of IA

Preparation of those selected has also to be taken into consideration. Various attempts have been made to develop models of training and development for expatriates (Tung 1981; Harris and Brewster 1999). Yet, managers in MNCs often seem to doubt the wisdom or perhaps the effectiveness, of either general cultural awareness or specific country briefing activities (Tung 1981), based, perhaps, on the home-equals-abroad assumption. By contrast, expatriates themselves tend to be very positive about this kind of training. The need for such preparation is likely to be determined in part by the type of knowledge to be transferred. At one extreme, assignments can involve the transfer of organizational culture. The international staff will have a key representational role, requiring extensive interaction with locals; at the other, there are transfers which may be almost entirely technology or equipment related, with the expatriate living in a tight expatriate community in a capital city or even a specific compound reserved for their compatriots. Most, of course, will fall between these extremes, but the different requirements for preparation are clear (Pickard and Brewster 1995).

Hypothesis 3b The extensive training of international assignees requiring interaction with locals will have a positive impact on international assignees' abilities to transfer knowledge.

In addition to the initiatives promoting the abilities of international assignees, motivation has also to be analysed. This is usually described in terms of the basic goals or objectives that drive behaviour (Baron and Kreps 2000). Motivation is not a goal in itself but should support a firm's goals. In our context, this means employees must be motivated to efficiently perform their knowledge transfer function. A review of the international HRM literature reveals a number of initiatives that are likely to affect international assignees' motivation. These initiatives may be categorized as either fostering intrinsic or extrinsic motivation.

Performance evaluation criteria of IA

International assignees may have a myriad of job responsibilities in addition to knowledge transfer, including the control of the local operation, image or representation, or coordination with other units (Brewster 1991). Individuals consider the importance of competing goals and outcomes in determining which activities to engage in. Having this myriad of activities in mind, while an international assignee may wish to engage in knowledge transfer activities, other work-related tasks may take priority. If the way the organization evaluates the international assignee considers other activities as more 'relevant', time spent on knowledge transfer may be viewed by the organization and the international assignee as detracting from other, more important, tasks. This would be particularly true when the international staff have limited time availability, a very common problem in international work (Guzzo, Noonan and Elron 1993). In other words, international assignees' perception of the importance attached by the company to knowledge transfer as a performance evaluation criterion is likely to increase their efforts to transfer (Bjorkman, Barner-Rasmussen and Li 2004).

Hypothesis 3d Emphasis on the importance of knowledge transfer in the performance evaluation criteria will have a positive impact on international assignees' extrinsic motivation to transfer knowledge.

Extrinsic rewards

An important determinant of almost any behaviour is the attainment of valued rewards. In an international assignments context, international assignees are likely to consider the possibility of receiving extrinsic rewards, such as raises, incentives and promotions. That is, it is possible that engaging in careful knowledge transferring will be directly rewarded by the organization. Likewise, the international assignee may consider whether engaging in knowledge transfer activities will indirectly result in achievement of rewards. For instance, changing the organizational culture of the recipient unit may result in improved unit performance. In turn, this could lead to higher pay increases or a promotion for the international assignee. In general, the greater the direct and indirect perceived rewards derived from knowledge transfer, the more motivated the employee will be.

If so, it will be necessary for companies to depart from the prevailing view on international compensation (for a review, see Bonache 2006). This views incentives merely as a tool to encourage employees to live and work abroad. In addition to this, compensation packages must be put in place to impel international assignees to minimize potential opportunism and promote their alignment with HQ's interest (i.e. knowledge transfer).

Hypothesis 3e Reward systems linked to knowledge transfer will have a positive impact on international assignees' extrinsic motivation to transfer knowledge.

The specification of performance evaluation criteria and the use of extrinsic rewards may be insufficient to ensure the sort of efforts required for knowledge transfer. In this regard, it is vital to distinguish between the motivations to participate versus the motivation to produce (March and Simon 1958). An international assignee may be motivated by the extrinsic monetary rewards to take up an international assignment. This would be a typical motivation to participate. In contrast, to contribute one's tacit knowledge hinges on intrinsic motivation. International assignees will be intrinsically motivated if they value their activity for its own sake and appear to be self-sustained.

Intrinsic motivation cannot be compelled but only enabled under suitable conditions. By its nature, it is always voluntary. As discussed below, several HR initiatives can be implemented to foster intrinsic motivation; some of them are related to the recruitment of potential candidates and others with the establishing of the conditions of the assignment.

Selection of prospective candidates

In a study about the nature of international work, Guzzo, Noonan and Elron (1993) found that for the majority of international assignees the best part of their assignment was related to their work. For example, they generally reported greater autonomy, variety and responsibility, elements that traditionally have been assumed to increase intrinsic motivation (Miller and Monge 1986). Similarly, a recent survey of a large population of German expatriates (Stahl, Miller and Tung 2002), showed that the majority of expatriates view their international assignment as an opportunity for personal and professional development, despite perceived deficits in corporate career management systems and a widespread scepticism that the assignment will help advance within their companies. Yet, it is also well known that some employees are not so focused on professional development and do not want much autonomy and responsibility; they want to be told what to do, how, when, and then be left alone.

This means that not every potential employee has the appropriate temperament and motivational profile to be an effective international assignee. It is important to recruit intrinsically motivated persons for the task at hand, either because it results in personal development and increased esteem or because it involves recognition from local employees or headquarters.

Hypothesis 3f Selecting candidates who find engaging in knowledge transfer activities to be inherently satisfying will have a positive impact on international assignees' intrinsic motivation to transfer knowledge.

Conditions of the assignment

An international assignee may also be intrinsically motivated to efficiently perform tasks because of personal loyalties. An international assignee who is considering making a relatively low effort in transferring knowledge may feel that such behaviour will be disappointing for HQs or for local employees. Alternatively, he or she may feel that his or her competence as an efficient employee will be questioned by either of these two groups. Although these types of personal concerns and considerations may be a complex construct, they appear to be potentially important factors here. If personal relationship strongly raises the intrinsic motivation to cooperate, establishing a psychological contract based on emotional loyalties seems a reasonable HR initiative.

In the establishing of the psychological contract, participation of international assignees is vital. Participation signifies an agreement on common goals. It is well documented that such an agreement raises the perceived self-determination and therewith strengthens intrinsic motivation (Baron and Kreps 2000). Curiously enough, a common complaint of international assignees is not to be aware of the specific goals of the assignment and not to have participated in their setting (Guzzo et al. 1993). If so, many companies are far from doing a good job in promoting the intrinsic motivation for the international knowledge transfer.

Hypothesis 3g Establishing psychological contracts based on emotional loyalties and participation will have a positive impact on international assignees' intrinsic motivation to transfer knowledge.

Initiatives to promote the abilities and motivation of local staff

The initiatives in this area refer to the way local employees are treated and managed in the recipient unit. Accordingly, approaches and evidences from domestic HR literature are highly relevant in this area. In this respect, we will limit ourselves to reflect very well known arguments and evidences regarding an efficient management of local employees.

Within the domestic HRM field, there is increasing evidence that effective management of an organization's employees leads to positive results and could be a possible source of sustainable competitive advantage (Wright et al. 2001). Several authors argue for the existence of a synergistic effect of certain combinations of HR practices (e.g. Gerhart 1999; Wright and McMahan 1992). Such configurations are sometimes labelled 'high performance work systems' or 'high commitment work systems' (Pfeffer 1994). Such configurations have been related to a range of outcomes and measures of firm performance, including profits, margins, and returns on investment. Overall, results of empirical work suggest substantial benefits from managing human resources effectively (Gerhart 1999).

The goal of high performance work systems is a dedicated and flexible workforce, working in the best interest of the organization. In these systems, employees help the organization to improve, by contributing and incorporating ideas and information needed to achieve improvement (Pfeffer 1994). To achieve this general goal consisting in getting more from the employees, they also have to be given more. Baron and Kreps (2000) summarize this differential treatment toward workforce by saying that employees who are recruited should be: (1) capable of and inclined to provide the sort of consummate and dedicated effort sought; (2) trained to fill in general gaps in their capabilities; (3) enabled to be self-managing and to contribute ideas; and (4) motivated to provide consummate effort.

Despite this initial consensus in the way employees should be treated, many different sets of practices are included in high performance work systems. Previous research has bundled different HRM practices into two main categories: those determining employees' ability (i.e. competence selection, training and performance appraisal) and those determining employees' motivation (i.e. performance-based compensation and internal communication).

Minbaeva et al. (2003) extended this research to the area of knowledge transfer within MNCs. They identify employees' ability and motivation as the key aspects of the firm's absorptive capacity that in turn facilitates knowledge transfer, and found overall support for the argument that absorptive capacity is improved when HR practices oriented towards employees' ability and employees' motivation are applied. In particular, they found that when local employees have been hired, trained and developed on the basis of competences, and have reward systems linked to knowledge acquisition (i.e. performance-based compensation and merit-based promotion), they exhibit a higher capacity and motivation to absorb new knowledge.

Drawing on this research, it is reasonable to expect that, compared to those units with a more traditional and adversarial management approach, in the recipient units in which a high performance work system is implemented, local employees will be more capable and motivated and, as a result, international assignees will be more successful in their attempt to transferring knowledge.

Hypothesis 3h High performance work systems implemented in the recipient unit will have a positive impact on local employees' abilities and motivation to acquire and absorb new knowledge.

Initiatives to promote a fertile relationship between local and international staff

Knowledge transfer is carried out within the context of interpersonal relationships between IAs and local staff. Several initiatives can also be carried out in this respect. Among them, three deserve special attention (see Figure 4):

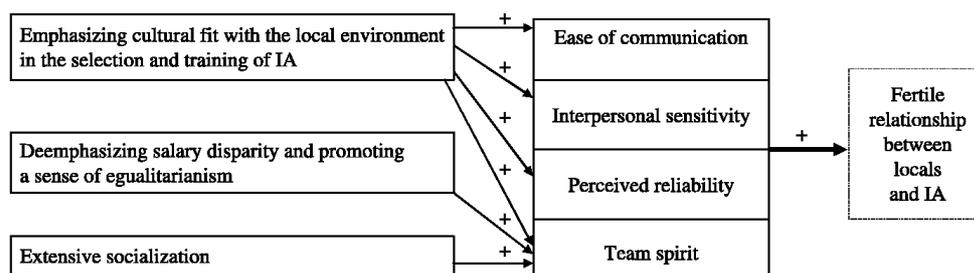


Figure 4. HR practices to promote a fertile relationship for knowledge transfer

Selection and training of IAs

Although rarely implemented (recall the above-mentioned emphasis on qualifications in the actual selection and training of international assignees), emphasizing cultural fit with the local environment in the selection and training of international assignees seems intuitive and commonsense. As discussed earlier, ease of communication, teamwork spirit, interpersonal sensitivity, and reliability of international assignees are all basic conditions for a fertile relationship between locals and international assignees. Accordingly, selecting and enabling international staff with the proper skills and personal background on these elements are initiatives to be implemented.

Hypothesis 3i Emphasizing cultural fit with the local environment in the selection and training of international assignees will facilitate communication, perceived reliability, interpersonal sensitivity and team spirit.

Working conditions

Compensation and rewards are vital to elicit adequate team spirit, one of the four elements fostering a fertile relationship to share knowledge. It is argued that team spirit will be barely created if the nature of the work brings together employees from different subgroups, who receive different treatment (Baron and Kreps 2000). MNCs that combine international staff and local employees in the same setting, exemplify this phenomenon well. The working conditions of these two groups are often very different, especially when it comes to salaries. On average, an expatriate's salary is three times that of an equivalent local employee, especially in developing countries (Reynolds 1986, 1997, 2000). In some countries, such as China, expatriates' salaries represent 20 or 30 times those of local employees (Leung, Smith, Wang and Sun 1996).

Given these differences in treatment, it is logical that some of the recent work in international management literature has highlighted the conflict between the goals of efficiency and justice in MNCs (Toh and DeNisi 2003; Chen et al. 2002). On the one hand, strategic and efficiency considerations might render international staff an efficient recruitment option for knowledge transfer purposes. On the other hand, the use of international staff, as it usually involves a favourable salary treatment (Harvey 1993a,b; O'Really 1996; Bonache 2006), might have its disadvantages in terms of perceived fairness and team spirit. It is arguable that locals may resent being treated as second-class employees and respond with 'second-class' efforts. If so, local employees will probably perform poorly, cause disruptions to normal operations, and eventually jeopardize the full transfer of knowledge to the local operation.

Hypothesis 3j Deemphasizing salary distinctions and promoting a sense of egalitarianism will facilitate communication, perceived reliability, interpersonal sensitivity and team spirit.

Socialization

Research in the knowledge management field suggests that informal communication and close interpersonal networks favour both explicit and implicit knowledge sharing (Hedlund 1994). From this perspective, social events, both informal (e.g. having coffee together during breaks or a drink after work) and formal (e.g. parties and dinners organized by the company) can be utilized as an effective initiative in the creation of a team atmosphere. Ideally, these social events should establish a shared set of values, objectives, and beliefs between locals and international employees, providing them with a shared mission and a unitary work spirit.

Hypothesis 3k Extensive socialization between local and international employees will facilitate communication, perceived reliability, interpersonal sensitivity and team spirit.

Conclusion

In this article we have presented a model of the determinants of effective knowledge through the use of international assignees. In contrast to previous models on knowledge transfer in multinational Companies that have been developed from a multilevel approach, we have used a microlevel approach in this article. We think this is an appropriate way to conduct a specific inquiry into the examination of the phenomenon under study. The success of knowledge transfer through international assignees depends primarily on the individual employees taking part in the process. Accordingly, factors related to the abilities, motivation and quality of relationship between the individual employees involved are the primary variables that need to be taken into consideration. Of course, such a transfer will be embedded in a broader context including variables of multiple levels of analysis (e.g. the institutional profile of a country and the strategic role of the recipient organization). In this sense, our model is explicitly a partial explanation of the success of knowledge transfers through international assignees, complementary to other models that include other more general variables.

The model has both research and practical implications. Beginning with the research implications, it can serve as a basis for subsequent empirical research. Most of the constructs included in the model are established constructs with valid and reliable measurement instruments - for example, abilities and motivation of local staff,

high commitment work practices, and knowledge characteristics. Others (i.e. perceived reliability of international staff and motivation to transfer knowledge), however, have not been previously been reported. Therefore, some additional work will be required to develop valid measures.

In addition to providing a good foundation for future empirical testing, the model can be used for theory development as well. For example, drawing on a variety of HR research and theoretical perspectives, additional variables favouring any of the three specified success factors for knowledge transfer could be detected and added. As mentioned, the variables included in our model are the ones deemed most likely to affect the key success factors, given what is currently known about the subject. Nothing precludes including additional variables. Indeed, additional in-depth qualitative work is needed to explore the potential methods companies might have developed to trigger the ability to effectively transfer knowledge via international employees.

As to the practical implications, the model can be used as a source of recommendations for companies to enable them to overcome some of the potential difficulties and problems when knowledge is transferred to certain countries through international assignees. These difficulties are very well documented. Knowing what factors might impede or facilitate such transfers is of strategic importance for multinational companies. We hope our model helps to throw some light on this issue.

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