A strategic contingency approach to expatriate assignment management

Paula M. Caligiuri, Human Resource Management Department, Rutgers, The State University of New Jersey
Saba Colakoglu, Human Resource Management Department, Rutgers, The State University of New Jersey


This exploratory study examines how expatriate management practices differ with respect to three international management strategies (local, centralised or global) in 27 mature multinational corporations. In particular, this study examines the categories of expatriate assignments, the strategic integration of expatriate assignments into leadership development and the types of human resource practices that firms utilise to manage expatriates. Results indicate that organisations differentially assign expatriates based on the firm’s respective international management strategy. Firms with a global management strategy made greater use of developmental expatriates, had a greater number of senior managers with expatriate experience and had a stronger focus on leadership development through expatriation. Firms did not differ with respect to their use of expatriate management practices based on their international management strategy.

Contact: Paula M. Caligiuri, Human Resource Management Department, Rutgers, The State University of New Jersey, Piscataway, NJ 08854, USA. Email: caligiuri@smlr.rutgers.edu

The future of multinational corporations’ (MNCs) competitiveness in the global market is contingent on those corporations’ ability to change and adapt their resources strategically to the nuances of the broadening global playing field (Bartlett and Ghoshal, 1987, 1988; Caligiuri and Stroh, 1995; Ling and Jaw, 2006). Within this international context, human resource (HR) managers have a challenging task: they need to develop practices to manage human talent which will maintain congruence with the overall strategic plan of their respective firms – while at the same time balancing the economic, social, political and legal constraints of the various host countries (Milliman et al., 1991). This balancing act requires a specific focus on the congruence between the strategic orientation of the firm and the HR management practices employed (Poole, 1990; Schuler et al., 1993; Taylor et al., 1996).

In the international arena, expatriation is an important HR practice, which should be aligned with the strategy of the MNC (Edstrom and Lorange, 1984; Stroh and Caligiuri, 1998; Novicevic and Harvey, 2004). While various models have been proposed to explain the contingencies between the stage of a firm’s internationalisation and corresponding expatriate management practices (Adler and Ghadar, 1990; Milliman et al., 1991), few empirical studies have examined the contingencies between international management strategy and expatriate
management practices. In their review of the literature on expatriation, Bonache et al. (2001) noted the dearth of literature analysing the relationship between the management strategy of the MNCs and their expatriation policies. To begin addressing this gap, this article examines the congruence between MNCs’ strategies, categories of expatriate assignments used and expatriate management practices (selection, performance management and repatriation).

INTERNATIONAL MANAGEMENT STRATEGY AND CATEGORIES OF EXPATRIATE ASSIGNMENTS

Three distinct strategies that MNCs take to managing their worldwide organisations can be identified in the international management and strategy literature – local, centralised and global. These strategy types can further be differentiated along four dimensions: configuration of assets and capabilities within the MNC (Bartlett and Ghoshal, 1987, 1988); roles played by individual subsidiaries (Bartlett and Ghoshal, 1987, 1988); development, diffusion and flows of knowledge (Kostova and Roth, 2003); and utilisation of different types of international employees (e.g. parent country nationals, local nationals and third country nationals) within the MNC operations (Perlmutter, 1969). Table 1 presents the characteristics of local, centralised and global strategies based on these dimensions.

Expatriate assignments can also be categorised based on two underlying continua: (1) the extent to which the assignment will require intercultural competence, and (2) the extent to which the assignment is intended to be developmental for the employee (Caligiuri, 2006). Using Caligiuri’s (2006) typology, four major categories of expatriate assignments will be examined: technical, functional, developmental and strategic. Table 2 summarises the main differences among these categories of expatriate assignments.

Given that various categories of expatriate assignments will produce different long-term and short-term firm-level results, they can be differentiated strategically depending on an MNC’s overarching goals. The differential use of these various

<table>
<thead>
<tr>
<th>Strategic dimensions</th>
<th>Local</th>
<th>Centralised</th>
<th>Global</th>
</tr>
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<tbody>
<tr>
<td>Configuration of capabilities</td>
<td>Decentralised and nationally self-sufficient</td>
<td>Centralised and globally scaled</td>
<td>Dispersed and interdependent</td>
</tr>
<tr>
<td>Role of foreign subsidiaries</td>
<td>Sense and exploit local opportunities</td>
<td>Implement parent company strategy</td>
<td>Differentiated roles and contributions</td>
</tr>
<tr>
<td>Knowledge flows</td>
<td>Knowledge created and retained in subsidiaries</td>
<td>Knowledge created and retained at the centre</td>
<td>Knowledge created jointly and shared worldwide</td>
</tr>
<tr>
<td>Global staffing</td>
<td>Polycentric</td>
<td>Ethnocentric</td>
<td>Geocentric</td>
</tr>
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</table>

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<thead>
<tr>
<th>Developmental component</th>
<th>Technical assignments</th>
<th>Functional assignments</th>
<th>Developmental assignments</th>
<th>Strategic assignments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>None</td>
<td>Not a stated goal</td>
<td>The primary goal is to gain a stated set of competencies</td>
<td>Gaining new skills can be a secondary goal</td>
</tr>
<tr>
<td>Required intercultural competence</td>
<td>Few, if any required</td>
<td>Required since interaction with host nationals is necessary</td>
<td>Not a prerequisite, but develops while on assignment</td>
<td>Strongly required to be successful on the job</td>
</tr>
<tr>
<td>Main responsibilities</td>
<td>To complete a job and return home</td>
<td>To complete a job and return home</td>
<td>Sent to other countries, diverse markets, across functions to perform various jobs on a rotational basis</td>
<td>Fill very senior and critical international positions</td>
</tr>
<tr>
<td>Typical positions</td>
<td>Individual contributors (e.g. engineers, information technology professionals)</td>
<td>Mid-level functional managers (e.g. sales, training and marketing managers)</td>
<td>Mid-level or junior-level managers</td>
<td>County managers</td>
</tr>
</tbody>
</table>
categories of expatriate assignments is instrumental for the degree of global integration and local responsiveness the MNC will achieve and the amount and type of knowledge that will be mobilised across borders. For example, the predominant use of developmental and strategic assignments would likely produce a firm-level cross-cultural competence in the senior leadership of global organisations. While past studies have identified that the country of origin of an MNC, as well as the host country in question, has an impact on the number of expatriates used (Tung, 1982; Kopp, 1994; Harzing, 1999), the utilisation of different categories of expatriate assignments, particularly around the issue of development for the long-term strategic capability of the firm, has not yet been explored. In this section, hypotheses are developed based on the anticipated congruence between international management strategies and different categories of expatriate assignments.

**Local strategy**

It follows that firms with a local strategy, trying to make host subsidiaries as locally responsive as possible, will still need to use expatriates to transfer technical and functional knowledge that is not available in the host subsidiaries. Expatriates within these categories go to a host location solely to do a given job and return to their home country. These individuals may be from any level within the organisation and developing global competence is not a stated goal of this type of assignment (Caligiuri, 2006). Although originally it is stated that these types of assignments are available in less-developed countries (Edstrom and Galbraith, 1977), some argue that host countries are now more advanced economically and socially, and their workforce is becoming more qualified to hold positions that would have required the expertise of the parent country nationals in the past (Hailey, 1996; Toh and DeNisi, 2003). However, even though the host country can be advanced economically and has qualified labour, there are always firm-specific technical and functional know-how that they will lack which needs to be transferred from the parent company (Bonache and Brewster, 2001). Therefore, even though the MNC employs a local strategy, it will still make use of technical and functional types of assignments. The developmental assignment category is less likely to be used by local strategy MNCs because global integration, and therefore, developing global talent will not be the major concern of these organisations. Similarly, strategic assignments are less likely to be used by local strategy MNCs because subsidiaries in such a strategy are not extensively controlled by headquarters (Bartlett and Ghoshal, 1987, 1988). Therefore, the need for top-level strategic expatriates who will fulfil such a control and coordination role will be low.

**Centralised strategy**

Organisations with a centralised strategy attempt to implement the values, policies and culture of the parent company, despite environmental or cultural differences (Caligiuri and Stroh, 1995). Controlling the subsidiaries is important and there is not much room for autonomy for the host locations (Bartlett and Ghoshal, 1987, 1988). Similar to organisations with a local strategy, these companies still need to make use of technical and functional assignments to transfer firm-specific knowledge. Unlike the local strategy firms, however, they might be using more strategic assignments in which the expatriates act as mini-headquarters in the subsidiary, thereby achieving direct control over the worldwide operations (Harzing, 2001). As these companies
are not much concerned about developing global talent or developing, sharing and mobilising knowledge across borders, developmental assignments would be less likely than those organisations with a global strategy, which is explained in the following section.

Global strategy

MNCs that employ a global strategy are concerned about recognising differences and not assuming control at home or in the host locations. These organisations try to integrate the best from all countries into one corporate culture and one global business strategy (Caligiuri and Stroh, 1995). In strategic assignments, the expatriates help the creation of a common organisational culture through the formation of an informal communication network throughout the MNC (Harzing, 2001), and by realising global integration through indirect control mechanisms (Balgia and Jaeger, 1984). As the development of global competence may be another instrument through which this strategy is implemented, these organisations would also make use of developmental assignments in which the organisation desires to develop promising talent for future important assignments. Therefore, we would expect that the greatest use of developmental and strategic assignments would be for organisations with a global strategy. Also, we argue that the international experience gained through expatriate assignments will be highly valued by these firms. They will specifically focus on development through expatriation and will deliberately make use of the international experience of its managers by placing them in senior positions.

Based on this, the following hypotheses are proposed.

Hypothesis 1a: The utilisation of different categories of expatriate assignments will be consistent with MNCs’ international management strategies. The use of strategic assignments will be highest for global strategy firms, followed by organisations with a centralised strategy. Companies with a local strategy will make the least use of these types of assignments.

Hypothesis 1b: The use of developmental assignments will be higher for companies using a global strategy compared to companies using central or local strategies.

Hypothesis 2: The strategic integration of expatriation into leadership development will be consistent with MNCs’ international management strategies. Global strategy firms will have a higher proportion of senior managers with international experience and a greater focus on development through expatriation compared to firms with a local or centralised strategy.

INTERNATIONAL MANAGEMENT STRATEGY AND EXPATRIATE MANAGEMENT PRACTICES

Firms use a variety of HR practices to manage their expatriates (Mendenhall et al., 1987; Brewster and Scullion, 1997). These practices include the selection of expatriates, their preparation for the expatriate assignment, managing their performance during the assignment and managing the repatriation process after the assignment. As successful expatriate assignments are indispensable to MNCs for
strategy implementation (Stroh and Caligiuri, 1998; Dowling and Welch, 2004; Scullion and Collings, 2006), researchers and practitioners alike are interested in determining how to facilitate the success of expatriates’ assignments. However, MNCs differ on the extent to which these practices are used (Tung, 1982; Kopp, 1994; Peterson et al., 1996; Scullion and Starkey, 2000) and how effectively they are designed (Mendenhall et al., 1987).

According to Adler and Ghadar (1990), expatriate management practices, namely who the firm considers as possible expatriates, how the firm selects and trains them, what criteria the firm uses to assess their performance, and what impact the international experience has on the careers of expatriates, should all fit the external environment in which the MNC operates and its strategic intent. Adler and Ghadar have stated that ‘the central issue for MNCs is not to identify the best international policy per se, but rather to find the best fit between the firm’s external environment, its overall strategy, and its HR policy and implementation’ (p. 190). The next section will discuss the way in which expatriate management practices relate to diverse international management strategies implemented by firms.

**Expatriate selection practices**

Expatriate selection is one of the first important steps in the expatriate management cycle that leads to successful assignments. Criteria that are predictive of adjustment and performance have been suggested by a number of authors (Mendenhall and Oddou, 1985; Zeira and Banai, 1985; Arthur and Bennett, 1995; Caligiuri, 2000a, 2000b). Although the importance of psychosocial factors (i.e. personality characteristics, family situation and language skills) and best practices in the selection of expatriates (i.e. self-selection and family involvement) in determining the success of expatriates has been delineated by these authors, many MNCs are not at an advanced stage of managing expatriate assignments.

For organisations that have a global strategy, expatriates have a central role in the implementation of that strategy (Bonache and Brewster, 2001). In such a case, the costs related to expatriate’s failure will not only include direct costs such as air flights, relocation expenses and so on, but also include ruined relations with the host customers and the government (Zeira and Banai, 1985; Dowling and Welch, 2004) which can all be detrimental to the effective implementation of the international management strategy which is about creating synergy across worldwide operations. Given the strategic importance of international mobility for global strategy firms, their selection of candidates will be a more scrutinised process compared to their local or centralised strategy counterparts. The expatriate selection process for these firms can be more comprehensive in terms of covering the best practices identified in this area such as self-selection, involving the entire family in the selection process, or practices that are able to create multiple candidates to choose from.

*Hypothesis 3: Global strategy firms will have more comprehensive expatriate selection practices than the firms using other strategies.*

**Expatriate performance management practices**

Clarification of performance goals is an important element linking MNC strategies and goals with the performance management practices of expatriates (Tahvanainen,
Being able to articulate clearly the objectives and expectations for the expatriate is essential in terms of reducing ambiguity surrounding the expatriate assignment, and making sure that the goals of the expatriate and the goals of the MNC are aligned (Dowling and Welch, 2004). Another issue that relates to managing the performance of expatriates is not to make them feel ‘out of sight, out of mind’ from the headquarters’ perspective, and to make them feel welcome by the host subsidiary. Mentoring relationships with executives from the host and home organisations can help expatriates gain success by providing career development and psychosocial support functions (Feldman et al., 1999; Ragins and Cotton, 1999).

Global strategy firms try to make the best out of expatriate assignments, and therefore, we expect them to have better designed and more comprehensive performance management systems for their expatriates.

**Hypothesis 4a:** Global strategy firms will have more comprehensive performance management practices than the firms using other strategies.

**Hypothesis 4b:** Global strategy firms will have a higher percentage of expatriates who have performance goals attached prior to their assignments.

**Repatriation practices**

Although the strategic and financial importance of repatriates is recognised by most of the MNCs, managing the repatriation process remains a great challenge for these organisations (Gregersen and Black, 1995; Pickard and Brewster, 1995; Caligiuri and Lazarova, 2001). Repatriates can support organisational learning by accelerating the knowledge transfer from host countries to headquarters and vice versa (Lazarova and Caligiuri, 2001). Providing opportunities for repatriates to use the knowledge and skills they gained during their assignment or assessment of the success of the assignment are among the strategic processes that the MNCs can utilise to support their repatriates. However, research indicates that because such practices are not widely used by most MNCs, companies have a hard time retaining their repatriates, and thus, may lose this valuable source of global competence to their competitors (Handler and Lane, 1997; Stroh et al., 1998). Global strategy firms have a more important stake in utilising the knowledge and skills gained by expatriates. Utilising the best of practices, knowledge and skills from the worldwide operations is an integral part of their strategy. Therefore, we expect them to be ahead of their local and central strategy counterparts regarding the repatriation process.

**Hypothesis 5a:** Global strategy firms will assess the outcome of the assignment upon repatriation, compared to firms using other strategies.

**Hypothesis 5b:** Global strategy firms will have the lowest unwanted turnover among repatriates, compared to firms following other strategies.

**METHODS**

**Sample and procedures**

Members of an industry network organisation were contacted by phone to enlist participation. The network has 35 members representing the global HR functions for
their respective firms. These 35 firms are headquartered in both the USA and Europe and meet twice annually to discuss best practices in international HR and participate in benchmarking and other research studies. All firms are classified as very large MNCs in the mature stage of internalisation. After phone calls were made to enlist cursory interest in the study, members were sent via email a link to the web-based survey instrument. Out of 35, 27 members of the network (all senior HR managers with international HR or expatriate management responsibilities) responded to the survey. The mean size of the workforces of the participating companies is 192,120 employees (standard deviation (SD) = 348,418) and the median is 67,750 employees. Across firms, the mean number of expatriates is 916 (SD = 1,556), while the median of the number of expatriates is 300.

Measures
The electronic survey contained items to assess all of the following constructs (see Appendix 1 for actual items).

Categorisation of international management strategy  Respondents were asked to check the category that best described the organisation’s international management strategy. Definitions were provided for each of the three strategies (centralised, localised and global; adapted from Caligiuri and Stroh, 1995). From the sample, 16 MNCs were identified as having a global strategy, six MNCs were identified as having a centralised strategy, and five MNCs were identified as having a local strategy.

Categories of expatriate assignments Respondents were provided with definitions of technical, functional, developmental and strategic assignments. They were then asked to estimate the percent of total expatriate assignments that each category represents. While the original categorisation of the types of assignments had four categories, pilot participants recommended collapsing technical and functional categories for ease of interpretation.

Strategic integration of expatriation into leadership development This variable was measured in two ways: First, respondents were asked to assess the number of senior managers with expatriate assignment experience relative to their total number of senior managers within the organisation. Second, an additive index was created using four items with a 5-point scale (1 = strongly disagree or never, 5 = strongly agree or always) to assess the importance of expatriate assignments in the career development process. Sample items include: ‘Our organisation structures global assignments to create formal development opportunities’ and ‘Our organisation encourages international experience’. The alpha coefficient of this measure was 0.76.

Expatriate selection practices An additive index was created using six items that were developed to measure the expatriate selection practices. The items were measured on a 5-point scale (1 = strongly disagree or never, 5 = strongly agree or always). Sample items include: ‘Our method for selecting global assignees involves the entire family’ and ‘Our method for selecting global assignees allows for self-selection.’ The alpha coefficient of this measure was 0.67.
Expatriate performance management practices This set of practices was assessed in two ways. First, the respondents were asked to identify the percentage of expatriates who had performance goals attached prior to their assignment. Second, an additive index was created using seven items that were measured on a 5-point scale (1 = strongly disagree or never, 5 = strongly agree or always). Sample items include: ‘Our organisation has a clearly articulated leadership and work strategy for global assignments’ and ‘The performance goals of our global assignments are clearly understood by the global assignees’. The alpha coefficient of this measure was 0.77.

Repatriation practices Repatriation practices were assessed in two ways. First, a single item was asked in order to determine whether expatriates were assessed upon repatriation. The item was measured on a 5-point scale (1 = strongly disagree or never, 5 = strongly agree or always), and specifically asked: ‘After repatriation, there is an assessment of the success of the assignment (such as value added and performance improvement)’. Second, participants gave the percentage of unwanted turnover of repatriates within two years of repatriation.

Tactical expatriate management practices The respondents were asked whether their organisation offers cross-cultural training, language training and international employee assistance programmes to their expatriates. For each tactical practice offered, the company was given a point. A composite index was created ranging from 0 (none offered) to 3 (all three offered).

RESULTS

Table 3 reports the means, SDs and the intercorrelations of all variables included in this study. To test the hypotheses presented in this article, we conducted a series of ANOVA procedures.

The first hypothesis proposed that the utilisation of different categories of expatriate assignments (technical, strategic and developmental) would be consistent with an MNC’s international management strategy (centralised, local and global). In Hypothesis 1a, it was proposed that the strategic assignments would be highest for global strategy MNCs, followed by centralised and local strategy firms. Although the use of strategic assignments did not differ significantly among the three strategies, the trend of the data was consistent with Hypothesis 1a (means = 29.7, 25.0, 15.4 for global, local, centralised strategy firms, respectively). Hypothesis 1b that proposed the use of developmental assignments would be higher in global strategy firms compared to both local and centralised strategy firms was partially supported ($F_{(2,24)} = 3.86, p < 0.05$). A Tukey post hoc test supported that global strategy companies (mean = 24.1) were significantly more likely to use developmental assignments than centralised strategy companies (mean = 8.0). However, there was no significant difference in the use of developmental assignments between global and local companies.

Hypothesis 2 proposed that the strategic integration of expatriation into leadership development would be higher for global strategy firms compared to both local and centralised strategy firms. This hypothesis was partially supported ($F_{(2,23)} = 5.14, p < 0.05$). The Tukey post hoc test showed that global strategy companies (mean = 0.56) had a significantly higher proportion of senior managers
<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean 1</th>
<th>SD 1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Percentage of technical/functional assignments</td>
<td>54.29</td>
<td>23.47</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>2. Percentage of developmental assignments</td>
<td>19.79</td>
<td>14.55</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3. Percentage of strategic assignments</td>
<td>25.92</td>
<td>14.55</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>4. Percentage of senior managers with international experience</td>
<td>42.30</td>
<td>30.30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>5. Leadership development scale</td>
<td>12.68</td>
<td>3.21</td>
<td>-0.80**</td>
<td>0.39</td>
<td>0.80**</td>
<td>0.30</td>
<td>0.27</td>
<td>0.07</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Expatriate selection scale</td>
<td>19.70</td>
<td>3.47</td>
<td>-0.23</td>
<td>-0.10</td>
<td>0.25</td>
<td>0.42*</td>
<td>0.25</td>
<td>0.42*</td>
<td>0.12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Percentage of expatriates with performance goals</td>
<td>57.17</td>
<td>38.34</td>
<td>-0.17</td>
<td>-0.07</td>
<td>0.34</td>
<td>0.41</td>
<td>0.12</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Performance management scale</td>
<td>23.28</td>
<td>4.47</td>
<td>-0.38</td>
<td>0.18</td>
<td>0.44*</td>
<td>0.24</td>
<td>0.43*</td>
<td>0.06</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Percentage of unwanted turnover among repatriates</td>
<td>21.38</td>
<td>27.05</td>
<td>0.36</td>
<td>-0.10</td>
<td>-0.47</td>
<td>-0.37</td>
<td>-0.36</td>
<td>-0.02</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Assessment of assignment</td>
<td>2.28</td>
<td>0.89</td>
<td>-0.08</td>
<td>-0.05</td>
<td>0.17</td>
<td>0.16</td>
<td>-0.09</td>
<td>0.06</td>
<td>-0.21</td>
<td></td>
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</tr>
</tbody>
</table>

* \( p < 0.05 \) (2-tailed test); ** \( p < 0.01 \) (2-tailed test).
with international experience than local strategy companies (mean = 0.16). Also, focus on development through expatriate assignments was significantly higher (mean = 14.4) for global strategy companies than local strategy companies (mean = 10.0; \( F_{(2,24)} = 3.86, p < 0.05 \)). There was no significant difference between global and centralised strategy firms for the strategic integration of expatriation into leadership development. Differences in the use of technical and functional assignments were not hypothesised; however, post hoc analyses found that centralised strategy companies (mean = 76.6) used technical assignments significantly more than global strategy companies (mean = 46.2).

With respect to the differences in expatriate practices among companies adopting different global strategies, no significant differences were found, suggesting a lack of support for Hypotheses 3–5. Companies did not differ significantly in terms of the practices related to expatriate management based on strategy.

**DISCUSSION**

The results of this study extend our understanding of expatriate assignments as they relate to MNC international management strategy. The results also raise some important questions that need to be answered and offer direction for future research. Partially supporting the contingency approach, the results suggest that MNCs differentially assign their expatriates to host locations based on their firm-level international management strategies. While the number of expatriates did not differ across firms representing different strategies, the use of developmental and technical assignments differed based on strategy.

The hypothesis that strategic assignments aimed at executing strategy and filling critical management positions would vary depending on international management strategies, was not supported in this study. Under all strategies, firms had a similar proportion of expatriates executing those strategies in host countries. This finding may be attributed to the fact that the number of employees that need to be deployed to host locations in order to implement strategy can be limited, regardless of what the international management strategy is.

This study found that centralised strategy MNCs use technical expatriate assignments to a greater extent. Such firms try to ensure that firm-specific or headquarter-specific skills are present in host locations to ensure consistency around the world. Therefore, these centralised strategy firms may send more technical expatriates than the global strategy firms that believe in the global integration of diverse skills and knowledge (Perlmutter, 1969; Edstrom and Galbraith, 1977).

Examining the developmental aspect of expatriate assignments, this study further suggests that global leadership development is integrated for firms operating under a global strategy – where collective global competence is critical for firm success (Caligiuri and DiSanto, 2001). This finding is consistent with the general trend towards expatriate assignments as a developmental tool in organisational learning (Mendenhall *et al.*, 2001), especially within global strategy firms. Our research has demonstrated that global strategy firms recognise the importance of developmental assignments and use expatriate assignments to increase global competence, while MNCs that implement the other types of international management strategies did not leverage expatriate assignments for developmental purposes.
Equally interesting to what was found in this study is what was not found. Despite the many theoretical arguments proposing that management strategies and expatriate management practices should be aligned (Adler and Ghadar, 1990; Scullion and Starkey, 2000; Bonache et al., 2001), no evidence was found for such an alignment among the sample of participating firms. One possible explanation for this lack of evidence may be the nature of the strategy construct in international management literature. For example, in strategic HR literature, researchers look for the alignment between ‘business strategy’ and the types of HR practices used (Porter, 1980; Huselid, 1995; Youndt et al., 1996). However, in international HRM, ‘strategy’ does not refer to ‘business strategy’ per se, but to the ‘management strategy’ or the degree of global integration and local responsiveness the MNCs aim to achieve in the management of their firms. This strategy definition does not provide as much guidance about why the MNC would invest more or less on its workforce or the expatriates based on the strategy. For example, there might be an MNC with a global management strategy competing on a low-cost business strategy, and therefore, investing less in its expatriates, or there might be a local or centralised MNC with a differentiation business strategy that invests more in its people. Therefore, theoretical refinement and future research are needed in order to understand the nature of alignment in the international HR context.

Another possible explanation for the lack of evidence may be that the main focus in the strategy process has been on strategy formulation rather than on strategy implementation (Tahvanainen and Suutari, 2005). Collings et al. (2007) have argued that this is also applicable in the context of expatriate assignments. A failure of strategic planning at the operational level may be reflected in a failure to implement HR policy and practices aimed at ensuring congruence between employees’ work behaviours and the organisational strategy. For example, in a related study, Scullion and Starkey (2000) reported that the role of corporate HR was different for centralised versus decentralised firms – decentralised firms’ corporate HR functions having a limited range of activities focused on senior management development. Thus, their study documents congruence between HR strategy formulation and international strategy. However, our study illustrates a lack of alignment between HR strategy implementation and international management strategy confirming Tahvanainen and Suutari’s (2005) arguments.

As with all studies, this study has limitations. First, the modest sample size limited our statistical power. Future studies should re-examine these hypotheses on a larger sample size. Second, qualitative data could not be collected because of the anonymous nature of the responses. Future studies that can gather the richness of qualitative data may shed light on the elusive strategy–practice link. Third, the small sample, while well representing large MNCs in a mature stage of internationalisation, also limits the generalisability to smaller firms in earlier stages of global development. It may be the case that the initial stages of internationalisation would require a more concerted effort for expatriates at a functional and technical level – but the nature of the assignments might be highly developmental given the scope of the assignees’ responsibilities. Future research needs to be conducted on a larger sample with MNCs differing in terms of their stage of internationalisation. Another concern regarding generalisability is that the locations of the MNCs’ headquarters were exclusively in the USA and Europe. This is a limit on generalisability given that past research has shown
differences between how Western and Asian MNCs are managed (Tung, 1982; Kopp, 1994). Future research should also examine MNCs headquartered in Asia and other parts of the world.

Finally, our study may have some limitations with respect to the measurement of international management strategy. Our respondents were senior-level HR professionals who are well informed about expatriate management practices. Yet, they may not always be the best judges of international management strategy. Also, while our measure is consistent with previous research (Caligiuri and Stroh, 1995), future researchers may use a measure that more fully captures the richness and multidimensional nature of this construct.

**PRACTICAL IMPLICATIONS**

This study has several practical implications, especially with respect to the way in which expatriates are managed. The results suggested that there was no differentiation among the firms in their expatriate management practices, such as selection and performance management. This is not surprising given that expatriates historically have been managed mostly administratively (from the compensation and relocation functions). More recently, the identification that expatriates were a risk to be managed produced expatriate practices designed to support the success of expatriates during the assignment, such as cross-cultural training, language training, spousal support, etc.

The next wave of expatriate management practices include the activities related to managing the performance and development of employees on expatriate assignments to ensure, at an organisational level, that the right people are in the right place at the right time – doing what they were sent to do and developing the competencies needed at a firm level. This approach is newer and has a more strategic orientation given that the HR activities are aimed at firm-level development and improved outcomes through human talent (e.g. McNulty and Tharenou, 2004). Strategic expatriate management practices would include four steps: self-selection, selection, performance management and repatriation. This study suggests that firms, for the most part, have not yet achieved this level of expatriate management.

This study has demonstrated the alignment between firm-level international management strategy and firm-level deployment of the various types of expatriate assignments. The next step for HR practitioners will be to align the various expatriate practices to differentially manage strategic human talent located around the world at a firm level. The field of expatriate management is changing rapidly as more organisational development professionals are becoming involved with the selection and succession of expatriates. Researchers and practitioners alike will need to better understand how to maximise performance and development of this critical human resource and how to integrate expatriates into an overall HR strategy.

**REFERENCES**


**APPENDIX 1**

**Categorization of International Management Strategy**

*Please check the category that best describes your organization’s overall global business strategy.*

- **Centralized**: Organization attempts to implement values, policies and culture of parent company – despite environmental or cultural differences.

- **Localized**: Organization recognizes differences and makes deliberate choices to make host subsidiaries (or geographic regions) as locally responsive as possible.

- **Global**: Organization recognizes differences – not assuming control at home or in the host locations. Organization tries to integrate the best from all countries into one corporate culture and one global business strategy.

**Categories of Expatriate Assignments:**

*Please check all of the types of global assignees within your organization. Of those you checked, please estimate the percent of the total global assignments that each type represents.*

- **Technical and Functional Assignments**: Global assignees within this category are sent solely to do a given job and return (generally to their home location). Developing global competence is not a stated goal of this type of assignment. These individuals can be from all levels within the organization.

- **Developmental Assignments**: While these global assignees are sent to do a job, the real purpose of the position is professional development. These assignments include, but are not limited to, those who are participating in
rotational management training programs. These assignees are sent as part of an overall career plan – with a goal to improve their global competence. These assignees are often more junior or mid-level within the organization.

- **Strategic Assignments**: These global assignees hold key (and generally senior) positions internationally. These assignees are sent to another country to fill a critical managerial position – and also to develop global competence within the host country or regional market. For these global assignees, having successful global experience is critical for their long-term career success within the company. This category may also include those senior managers who are part of an international cadre (i.e. who accept consecutive assignments).

**Strategic Integration of Expatriation into Leadership Development**

Items 1–4 below used a 5-point scale (1 = strongly disagree or never, 5 = strongly agree or always)

1. Our international assignment planning is a part of the career development process.
2. Our organization encourages international experience.
3. Our organization structures global assignments to create formal development opportunities.
4. Our organization rewards employees for acquiring proficiency in a foreign language.

**Expatriate Selection Practices:**

Items 1–6 below used a 5-point scale (1 = strongly disagree or never, 5 = strongly agree or always)

1. Our method for selecting global assignees involves the entire family (in a self-selection phase).
3. Our method for selecting global assignees produces multiple candidates (i.e., a candidate pool).
4. Our method for selecting global assignees produces enough candidates with the necessary technical and managerial requirements.
5. Our method for selecting global assignees results in successful assignees.
6. Our strategy for selecting our global assignees is consistent with our organization’s global management strategy.

**Expatriate Performance Management Practices**

Items 1–7 below used a 5-point scale (1 = strongly disagree or never, 5 = strongly agree or always)

1. Our organization has varied performance goals or objectives for the different types of global assignments.
2. Our organization aligns incentives with the global assignment objectives.
3. We establish mentoring relationships between global assignees and executives from the home organization.
4. We establish mentoring relationships between global assignees and executives from the host organization.
5. We offer opportunities for returning global assignees to use knowledge and skills they learned while on the assignment.
6. The performance goals of our global assignments are clearly understood by the global assignees.
7. Our performance management process accurately captures the strengths and developmental areas of our international assignees.