

Expatriates' Contributions to Organizational Learning

by

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Abstract:

Organizational learning theories suggest that organizations tend to know less than the sum of the knowledge of their members. In light of trends towards globalization with concomitant localization, the knowledge gained by international managers is a crucial resource for organizations seeking to understand and influence their multiple stakeholders in diverse environments. Expatriate managers return from overseas assignments with a wealth of different kinds of knowledge, but active strategies are needed in order for this individual resource to become embedded into the organization. This study of two German-based multinational companies found little evidence of strategic use of returned expatriates for organizational learning. To the extent that knowledge was transformed from a purely individual resource into an organizational asset (e.g., change in method or policy), the learning was driven by the returned expatriates rather than by the organization itself. The research suggests that if organizations are to optimize their learning from their international managers, a conscious knowledge-management approach to the entire expatriation cycle is needed. Using the data from the interviews and the insights from organizational learning theory, improvements on the frequently used expatriation cycle are proposed.

Key words:

Organizational learning, expatriation, knowledge management

Optimizing Expatriates' Contributions to Organizational Learning¹

Expatriate managers acquire a wide and deep range of knowledge while living and working abroad. This knowledge can help organizations to better understand and manage culturally diverse and changing conditions in a world that requires both global awareness and local sensitivity (Ohmae, 1992; Ghoshal & Westney 1993). But, what happens to this rich resource after their return from a foreign assignment? According to Black and Gregersen “most companies get anemic returns on their expat investments” (1999:53). From the perspective of organizational learning theory this outcome is not surprising because organizations tend to know far less than their members do and unless a conscious effort is made to tap into the knowledge of individuals, investments made in their learning will remain underused.

In order to explore the strategies and processes available to expatriates to embed their learning into their organizations, as well as to identify the barriers that block the transformation of individual learning to organizational learning, we undertook a study² in two German-based companies. One is in the banking sector and the other in the pharmaceutical industry. Both companies have been operating internationally for many years, and both have a long tradition of sending employees to manage operations in foreign subsidiaries. Like many other companies today, these two emphasize that managers who are interested in a career in the organization need to have international experience. Such a policy implies that the senior management believes that the company can benefit from the skills and perspectives gained while abroad. The research interviews showed that the

¹ I am very grateful to Ilse Stroo and Mieke Willems for their extensive work in this research project. Kathrin Böbling, Meinolf Dierkes, Christiane Kerlen, and Camilla Krebsbach-Gnath sharpened my thinking with insightful comments on drafts of this article.

² The study was conducted at the Wissenschaftszentrum Berlin für Sozialforschung with support from the Gottlieb-Daimler and Karl-Benz Foundation. Results were reported in the Master's thesis submitted by Ilse Stroo and Mieke Willems to the Policy and Organization Studies Department of

expatriates gained a wide variety of types of knowledge (Berthoin Antal 2000) while abroad that they could offer as a resource to their organizations after their return. So, what did these companies actually do and what more could they have done to use the learning acquired by their expatriates?

Individual Strategies for Contributing to Organizational Learning

The analysis of the evidence provided in the interviews suggests that the initiatives taken to convert individual learning into organizational learning were exclusively driven by the expatriates themselves. No active processes of extracting knowledge from the returned expatriates were found in either company. The descriptions given by the respondents indicate that most have been successful in sharing some of their knowledge with members of their groups or departments or in some cases also with individuals in other departments who have dealings with the culture from with the expatriate returned. Four examples emerged of organizational learning stimulated by the expatriate that led to quite significant changes in ways of doing things.

For most of the expatriates, the idea of contributing to organizational learning after their return was an obvious and natural responsibility. Expatriate A2 described his³ approach as follows: "I try to pass on my knowledge, my experience . . . be it cultural, be it in business, or whatever I have learned over the years. I pass it on to people to whom I talk, who I work with. In discussions, in meetings, and this is very

Tilburg University (NL) in September, 1999, and in a WZB-discussion paper by Ariane Berthoin Antal, Ilse Stroo and Mieke Willems.

³ We promised the respondents that the interview results would be presented in such a way as to ensure anonymity. Since there were so few women in the sample, attaching the female form to their statements would make the individuals too easy to identify. We have therefore used the masculine form throughout in presenting the data.

normal, very natural” (627-630⁴). However, not all the respondents felt very clear about what and how they could contribute to organizational learning, because, as expatriate B2 explained “for me it is all mixed up” (450-451). According to him, there are a lot of little things he learned abroad and which are relevant for his job in Germany now, but he found it difficult to identify them explicitly. In other words, what he had learned had been converted into tacit knowledge and was therefore not easy to express.

Most of the respondents felt that the experience abroad had changed them in a deep way, and that their learning had become a part of themselves. One of the expatriates put it succinctly when he said that the way for expatriates to serve as a resource for organizational learning was “through their own living” (B4:629). The importance of combining the knowledge they had acquired abroad with the knowledge currently held in the organization in order to create new knowledge was recognized by the expatriate who said “it’s nothing special about me, it’s just this additional background which might bring in additional value—a different perspective, a different angle” (B2:207-209).

Such processes of sharing of knowledge by expatriates improved the ability of other members of the organization to manage a variety of situations, ranging from resolving misunderstandings between a subsidiary and headquarters on a specific issue to preparing future expatriates for their new assignments. Although the companies doubtless benefited from such sharing between employees, it is questionable whether these processes would qualify as organizational learning in the sense of having embedded knowledge within the organization itself. We probed in the interviews for examples of how the expatriates’ knowledge had changed the way

⁴ The quotations are coded to the company (A= pharmaceutical, B = banking) for which the respondent worked and to the line numbers in the interview transcripts.

things were done in the organization. In other words, we looked beyond how the expatriate used his or her knowledge individually to work more efficiently and effectively. A number of different examples emerged in which an expatriate's knowledge had been distributed, interpreted, used and stored in the memory of the organization, leading to knowledge creation in the new context.

- In one department, for example, the process of dealing with applications had changed quite dramatically. Whereas previously, the applications from the subsidiaries were received and often sent back for corrections and requests for additional information, the returned expatriate who had experienced the process from the subsidiaries' perspective redesigned the process to make it more collaborative. The new approach taken in the department was to engage with the subsidiaries early in the application process so that by the time the official application document arrived in head office the necessary information for a positive decision had been provided. The nature of the interaction and the role of the head office department changed substantially. In the new process, the managers in head office provided advice to their colleagues abroad to ensure that the application was likely to succeed, rather than waiting to correct and upbraid the subsidiary staff for submitting unsatisfactory documents. The organizational learning process was gradual. The expatriate first changed his own way of dealing with applications and gradually was able to show others in the department the advantage of working collaboratively and proactively with the subsidiaries. Junior staff working for this expatriate were socialized and trained into using this approach, and colleagues discovered that it was useful for them as well. The fact that several other colleagues in the department had also worked abroad and were open to the more collaborative approach facilitated the organizational learning.

- Another example of an organizational learning process was provided by one of the expatriates who had not been a manager. This expatriate was responsible for introducing new software systems in subsidiaries around the world. While working in one of the subsidiaries, the expatriate had seen how often problems occurred because information from headquarters was provided only to senior managers, leaving major gaps in information lower in the organization that seriously impeded the implementation of new processes. After returning to headquarters, the expatriate changed the procedure in the department and in the subsidiaries to ensure that subsequent roll-outs of new systems included the explicit involvement of staff deep in the organization from the very outset.

- A third manager returned from a foreign subsidiary with a strong sense that what was missing in headquarters is the keen market orientation that almost automatically pervades a small subsidiary but is easily lost in a big organization. This expatriate took on the challenge of changing mindsets of the employees working in his functional area in order to stimulate them to become aware of the business implications of their jobs. He broadened job descriptions and made people more responsible for their work. In addition, he consistently challenged people to ask “what do we really need this for?” in order to ensure a business focus in all their decisions and actions. Among the other techniques this manager used to get the messages across were: very consciously setting an example by his own behavior, and using every possible opportunity for his people to go out on international assignments to the subsidiaries, so as to enable them to experience first hand the business needs and the different ways of working there.

- The branch manager of a bank provided a fourth example. He changed the layout and style of the reception area in his branch to communicate to clients

that this organization is experienced in welcoming and dealing with international business. He set up an 'international counter' to provide a variety of services, including for example, assistance in finding housing. Having recognized the value of relational knowledge, the expatriate manager had also arranged for the bank to build up a network of local contacts on which international clients could draw, using the bank as an intermediary. Such innovations stretch the frame of what a bank usually provides, but makes good business sense. Doubtless, new clients find such unusual help very attractive and are therefore likely to bring their business to this institute.

These four examples show how expatriates can engage the organization through the phases of an organizational learning process and embed their learning into new ways of doing things in their part of the organization. All four expatriates recognized problems or missed opportunities in the way processes had been handled to date in the organization and needed to get others to change their behavior and procedures. Each had a different sphere of influence: the first in a department, the second in the department and the subsidiaries, the third in a function with world-wide scope, and the fourth over the whole branch for which he was responsible. The branch manager and the functional head had the most power to impose their concepts on the organization, whereas the other two had to achieve the change by example and explanation. In each of the cases, learning became embedded into the organization when other members discovered the advantages of the new approach on the basis of their own experience.

Multiple Barriers to Organizational Learning

The analysis of the interviews indicates that a gap remains between what individuals learn and what their organizations learn. One might ask whether the gap is a problem. Maybe the four examples of learning provided indicate that the companies have learned enough from their returned expatriates. Maybe the gap between individual and organizational learning is not large enough to be a cause for concern. One indicator that the organizational learning that has taken place has not tapped the resource sufficiently is that the majority of the respondents clearly felt that the gap between what they learned and what the organization has absorbed and used is too large. They consider it a problem that too little value is drawn for the organization from their learning. However, one could then ask: considering the tiny population that returned expatriates represent in these companies, is it worth bothering about? There are two strong arguments for taking their concerns seriously. First, the pressures of international competition and the opportunities of global markets are so significant that all resources for learning to manage internationally are crucial. Therefore, overlooking available knowledge is wasteful. Second, many of the organizational problems identified by expatriates are very similar to the concerns expressed by other managers and employees working within one country. For example, the observations about problems of size and slowness as barriers to learning that are found in the interviews with the expatriates echo the frequently heard criticisms of headquarters by employees who have worked in subsidiaries within the same country. Similarly, the resistance to new ideas experienced by returned expatriates is a problem faced by many new employees, even when they have been specifically recruited because of their experience in a different company. It would therefore be a mistake to brush away the concerns of expatriates as if they

were an irrelevant minority⁵. Thus, the expatriates can be seen to bring a magnifying glass to existing organizational problems. Our study suggests that instead of marginalizing the expatriates and their concerns, there is far more to be gained by using the feedback from this particular subgroup as a way of focusing on the factors and conditions that impede organizations from tapping a wide range of employees as resources for organizational learning and knowledge creation.

The process of transforming individual knowledge into an organizational asset is fraught with difficulties. The experiences reported by the expatriates in their attempts to use and communicate their knowledge after their return provide useful insights into the barriers that must be overcome if organizational learning and knowledge creation processes are to be maximized. The interviews suggest that organizational learning is impeded because the processes of organizational learning and knowledge creation are often interrupted. Furthermore, there is evidence of barriers in the organizational culture and structure. Lastly, the way expatriation is managed in the two companies does not support organizational learning from the expatriates.

1) Barriers in the process of organizational learning

The expatriates had acquired a wealth of knowledge abroad, and they were faced with the challenge of sharing this knowledge with the organization on their return. In terms of the phase models of organizational learning, this means that the knowledge, having already been acquired for the organization by the expatriates abroad, needs to move on to the phases of distribution, interpretation, use and storage. The complementary model of knowledge creation (Nonaka & Takeuchi

⁵ Unfortunately, the tendency to brush away the concerns of expatriates is heightened by the fact that in many organizations expatriates are considered, particularly by those managers who have not

1995) suggests that the knowledge acquired abroad with which the expatriates return must be combined with the knowledge held by others in the organization in order to create new knowledge that is appropriate for the new context. Only if the expatriates can share their tacit knowledge with other members of the organization and then jointly generate new approaches that can be applied in the organization can knowledge creation occur.

The companies did not stimulate the transition from acquisition to the distribution phase of organizational learning, they did not provide actively for the conversion of tacit knowledge. The expatriates' knowledge therefore remained invisible. Many of the respondents were disappointed by the lack of initiatives to draw on their knowledge. "I was very surprised, because when I came back I would have expected that people want to interview me, ask me about my experiences" (B6:261-262), but people generally did not do so. In other words, the results of the interviews suggest that the barriers to the distribution of knowledge lie in the absence of active interest and processes or structures for the communication of knowledge, more than in the presence of actual impediments.

In the absence of company initiatives to stimulate organizational learning, individuals had to devise their own approaches to distributing their newly acquired knowledge. "When you come back and there is a message to bring across, [it is a question of] how I want to do it" (B2:423-424). The initiative to share knowledge lay with the expatriate. "It is rather depending on the personality and the person, there is no organization of learning" explained expatriate B10 (311-312). Several expatriates pointed out that they had found it more effective to wait until a situation arose in which their knowledge was asked for, rather than providing it when they felt like

communicating. “That is a principle of learning, I think,” explained expatriate A2: “Whenever you have the question yourself and . . . you wanted to find a solution, and then you get the solution, you get a much better learning effect than if it is just a solution presented to you, without even asking yourself the question” (505-508). When colleagues experienced a need or a problem, they were more likely to want to tap the expatriate’s expertise.

All existing theories of organizational learning and knowledge creation agree that it is not sufficient to distribute knowledge. Organizational learning can only advance if the members of the organization achieve a shared interpretation of the knowledge. Since knowledge always has a contextual dimension, it is not immediately understandable or meaningful in a different context, so it needs to be interpreted and developed for the new situation. Of course the expatriates recognized that a portion of their knowledge would only be useful in the specific foreign context they had worked in, but they also had a wealth of knowledge that had the potential to travel and become relevant in the new context. The process of working out what is relevant requires combining knowledge from both contexts.

This means that the expatriates and their colleagues needed to discover how to make the knowledge acquired abroad relevant for the current context. The interviews showed that getting their colleagues to understand the new knowledge proved to be difficult. This is not surprising because the expatriates had undergone a long experiential process to acquire their knowledge. For example, expatriate A11 stressed, “I have to be careful not to overwhelm people with issues they would not understand, because I myself, I had three years to learn about these things” (284-285). While they were abroad, the expatriates learned not only how to do new things but also how to think differently. Their frames of reference changed over time as a

result of what they had been exposed to. By contrast, their colleagues who did not go abroad on the international assignment did not have the same stimuli to changing their frame of reference. As expatriate B3 pointed out, "If you have worked for 30 years in head-office . . . you don't know any other world" (426-427).

Barriers encountered in the first phases of the organizational learning process have a cumulative impact on the later phases. If people do not build up a shared interpretation of newly acquired knowledge, its relevance and usefulness are severely limited. The expatriates found that the lack of a shared mindset for assessing the need for the newly acquired knowledge became a serious barrier to the use of that knowledge by others in the organization. Expatriate A11 pointed out that the problem is easy to understand: "Since twenty years, they are doing their work this way, and now somebody comes and tells them 'now do it the other way around.' Why the hell should they do that?" (302-304).

The interviews showed that the expatriates found ways of overcoming these barriers to learning. They achieved progress, for example, when the employees who had not been abroad had the opportunity to experience the advantages of trying out a new way of doing things and thinking about issues or processes. "I cannot really impose new regulations or new ways of being on people, without giving them the opportunity to live it" added expatriate A11 (286-287). When the local colleagues tried out a new idea based on the knowledge brought in by the expatriate and found that it worked for them in their context, they were able to convert the knowledge into tacit knowledge of their own and embed it into new procedures for the organization.

2) Barriers in the culture and structure of the organization

Organizational learning processes were blocked and knowledge creation was impeded because the factors needed to stimulate and support the learning through the different phases were often missing in the culture or hampered by the structures in which the expatriates worked after their return.

Even though both companies in the study stressed their aspirations for an international orientation, the thinking in the operations to which the expatriates returned generally remained dominated by the local culture and a domestic orientation. The two companies in this study are German-based multinationals, so it is not surprising that the respondents identified features that they associated with German culture as being typical of their organizational cultures as well. The expatriates were concerned about the rigidities they encountered in the culture. As one respondent put it, Germany is “conservative by nature” (B7:464-465). Such conservatism in a culture makes it very difficult for new ideas and behaviors to be recognized as positive and worth introducing. When “this old German way of doing things” (A11:593) pervades an organizational culture, “the not-invented-here-syndrome” (B3:338) tends to take hold, making it very difficult for ideas and ways of working that have been developed elsewhere to be appreciated. The expatriates also felt that the high level of formality and the emphasis on rules and regulations in German culture impede organizational learning. When such norms are found in the culture of the organization, achieving change is very difficult.

The confluence in the interviews of characterizations of German culture and features of headquarter behavior compounds the problem of organizational learning. Expatriate A1 noted that “very often people are quite stubborn in the headquarters and say, yes, we are the headquarters and we make the rules here, this is very automatically very difficult to convince people then to change” (315-317). The value of

new ideas is not recognized when established rules and procedures take precedence, as was pointed out by the expatriate who stated “to be right is more important than to be successful in Germany” (B3:223-224). This concern was widely shared among the respondents. As expatriate A2 noted, “this is of course something every expat is complaining about when he comes back” (735-736), when the expatriates find it more difficult to get things done in their home country than it had been in their assignment abroad.

A particular feature of the culture in the headquarters that was mentioned as a barrier to sharing knowledge by the returned expatriates was organizational politics. Various negative dynamics were described in the interviews. Several respondents believed that some people’s fear of losing power by showing that they did not know something inhibited those employees from asking about the expatriate’s knowledge and experiences acquired while abroad. According to expatriate A3, employees with a lot of knowledge risk not being promoted in the company because they are seen as a threat to those in current positions of power. Similarly, expatriate B6 explained, “I could have told them about the branch; . . . I could have told them where credit risks are, in which area; I could have told them to watch for a certain risk or certain customers; I could have told them what business area to go to . . . [but] they were afraid that I would know more than them” (277-280). Another way in which organizational politics hindered the flow of information was when expatriates were concerned that their knowledge would be used to serve the career interests of others. Expatriate B6 said that if one tries to spread ideas or knowledge, colleagues “can just use it themselves and tell the board that it’s their thing” (282). So, fearing that their ideas might be stolen, some expatriates were inclined to keep their knowledge to themselves. Whether or not these fears were justified could not be ascertained in the

study, but their existence certainly affected the ability and willingness of the expatriates to contribute to organizational learning and knowledge creation by sharing their knowledge with others.

A number of expatriates mentioned the structure of the company as a barrier to organizational learning. In large organizations with hierarchical structures it is difficult for knowledge to flow through the layers and for individuals to initiate organizational changes. When expatriates return from an assignment in a subsidiary, which is usually comparable to a small- or medium sized company, they are particularly aware of the impediments of size and bureaucratic nature of operations in headquarters. The respondents mentioned that the speed with which ideas can be introduced and the scope of their impact are both impeded by the structures of headquarters. Working at headquarters invoked images of being “in a small box” (B8:306-307), with a “roof on the head” (B3:543). “If you have to deal with this kind of structure and stuff . . . the speed is gone” (A267-270). Expatriate B4 described the limitations he experienced in sharing the knowledge he had gathered abroad: “You can do it on your own desk, when you are checking up with your own clients. But to start to change something general, it is not very real, because everybody is responsible for their own desk” (423-424). The compartmentalization of functions and separation of areas of responsibility in larger organizations with bureaucratic structures makes it more difficult to identify the potential relevance of new knowledge brought in by the expatriate, and to develop a shared mindset for interpreting the knowledge and creating new knowledge.

Nevertheless, three kinds of structural conditions were mentioned by the respondents as facilitating their ability to influence organizational learning. Expatriates who work in smaller units feel more able to shape the thinking and the

processes than those operating within a large structure when they return. Expatriate A1 explained “single persons who come from abroad can influence more here . . . because the organization is not that big” (640-641). Several expatriates had the benefit of a second facilitating condition: the presence of a critical mass of other managers with international experience who were receptive to new knowledge and initiatives. This was sometimes a boss who had been an expatriate or a few colleagues who had returned earlier. The third facilitating factor was power. A manager pointed out very simply that he was able to achieve things because “I am the boss” (B3:375), so power is obviously a significant factor facilitating the transformation of individual to organizational learning. He introduced organizational and procedural changes based on what he had learned abroad and thereby enabled his staff to experience the benefits of doing things differently than they had done them in the past.

The facilitating factor of status power was enjoyed by only few of the returned expatriates. As one of the expatriates, whose new position was in the headquarters of the company, explained, “I am definitely not at the level to undertake here these major changes” (A4: 157-158). Another described himself as “a small wheel in the big system” (B8:234). There is a relative dimension to power: whereas expatriates are often “kings” abroad, when they return, their relative status is severely diminished, leaving them at most to feel like “a king under the *Kaisers* [emperors]” (B8:-235). This problem was mentioned most frequently by respondents returning to headquarters, but several of those who were assigned to middle management positions in subsidiaries also felt powerless to introduce new ideas and achieve changes.

The lack of personal power might be less of a problem if the expatriates felt that the leadership of the organization was using its power to promote organizational

learning from international experiences. This was not always the perception, however. A respondent used the German expression "*der Fisch stinkt vom Kopf*" (the fish stinks from the head) to express the desire that "these guys in the top" should not only say that the company is international, they should really behave internationally (A11:584-589). There was a sense in many of the interviews that although the declared intention of the top management is to be a truly multinational company in which international experience is valued and tapped, there was still too little evidence of this being reflected in the behavior and decisions of top management.

3) Barriers due to way expatriation is managed

The way the expatriation process is managed has an impact on the ability of expatriates to contribute to organizational learning. The two main messages from the interviews are that the most important factor is the choice of the post to which the expatriates are assigned after their return, and that the entire expatriation process leading up to that choice needs to be geared towards optimizing learning.

The literature on expatriation (e.g., Adler 1997; Black & Gregersen 1999; Harris & Moran 1993) recommends that the process be treated as a whole cycle in order to maximize the positive impact of expatriation on achieving the organization's strategic goals. The cycle starts from the selection of an expatriate for an assignment abroad, to the preparation for that assignment, through the entire period in the foreign post, to the reintegration in a new post.

As logical as it may seem to apply the cycle to expatriation processes, the field abounds with publications indicating that very few companies actually manage the expatriation process this professionally (e.g., Adler 1997; Black & Gregersen 1999; Harvey 1982; Tung 1998). As a result, the problems identified two decades ago

remain common today. Expatriates still often feel unprepared for the foreign position, forgotten while abroad, and frustrated by the return. Insufficient communication with the expatriate abroad not only generates a feeling of isolation, but also means that the home organization is not in touch with what the expatriate is learning and could contribute on his or her return. All too often “when the expat returns into the home country, there may be no position available and he could be put on hold; sometimes he has to prove himself again” (Harvey 1982, p. 54). The frequent tendency to reject ideas collected abroad leads to pressure on returned expatriates to readapt themselves quickly to the home environment. Adler found that managers and colleagues label the expatriate who appears to be “least foreign” as the most effective (1997, p. 246), so that some expatriates try “to act like managers who have not been away” (1997 p. 251). The fact that these problems remain characteristic of many companies is all the more surprising at a time when organizations are explicitly recognizing that “in the knowledge society, expatriates and repatriates⁶ become exporters, importers and local traders of expertise and knowledge, the most precious resource of all” (Inkson, Pringle & Barry 1997, p. 335). In summary, the literature suggests that although companies are trying to develop “a new breed of managers, cosmopolitans, who are rich in three assets: concepts, competencies and connections” (Tung 1998, p. 125), few organizations are actually capable of using these resources when they have them in their ranks.

The interviews conducted for this study with the human resource managers and with the returned expatriates indicate that these two companies suffer from the problems described in the literature. Even though expatriation has been used as a management tool by both companies for many years, the process is not treated as

⁶ Repatriates is a term sometimes used for returned expatriates.

an overall cycle, and many decisions are made in an ad hoc and fragmented way. The criticism by the expatriates ranged from their sense that there appears to be too little strategic reasoning behind expatriation decisions, dissatisfaction with the preparation phase, too little communication during the assignment abroad, and inadequate processes for the return. Since there is extensive literature on each of these types of problems and how to deal with them (e.g., Black, Gregersen & Mendenhall 1992; Stahl 1998; Osland 1995), we will attend here only to the implications for organizational learning.

The insufficient links between corporate strategy, human resource policies and expatriation processes on the one hand and organizational learning on the other leads to a situation in which employees' contributions to organizational learning may occur only haphazardly. Expatriate B10 characterized the process in his company as "learning-by-accident," pointing out that "if you can't learn from your delegates⁷ and you learn only by accident . . . then it is a rather non-fruitful approach" (572-573).

(a) Barriers to acquiring knowledge for the organization while abroad

Several respondents reported that the lack of contact with a line manager at home during their assignment abroad impeded their ability to contribute to organizational learning. Annual return visits to the head office, which were mentioned more frequently in company B than in company A, went some way towards compensating for this gap, but most of the expatriates did not see this as sufficient. A significant part of the problem is that the official contact person in headquarters for expatriates is often in the human resource department. The human resource managers cannot have a deep understanding of all the business issues that the current expatriates are facing in their different foreign assignments, nor of all the

⁷ The expatriates from Company B were called "delegates".

business interests pursued by line managers in the headquarters. Human resource managers are therefore limited in their ability to serve as the linking pin for focusing organizational learning. Expatriate B6 (591-593) pointed out that if he had known which issues interested senior managers in headquarters, he could have kept those in mind while abroad and reported back on them directly to the senior manager.

(b) Deficiencies in the return process

The expatriation cycle highlights that the return process entails several steps, starting in fact while the expatriate is still abroad. The planning and selection of a post to which the expatriate will return is probably the most significant factor in determining how much of the learning gained abroad can actually be used on the return. Very little was done in the sample companies. Most of the expatriates had to initiate the search for an appropriate post themselves and some returned earlier than planned because they saw a good opportunity to move on to. Approximately a third of the respondents did not feel that they had enough support from the organization in finding the right next step after the foreign assignment and many of these did not feel that they could make enough use of what they had learned abroad.

What is the “ideal right job” for a returned expatriate? One could argue that companies would benefit the most from the expatriates’ learning by assigning them to a post that entails responsibility for the culture or region in which they had been located. This would provide a setting in which the maximum amount of cultural knowledge, including relational knowledge from the foreign environment, could be put to use. However, this is too narrow an interpretation of the value of various kinds of knowledge acquired abroad. The expatriates returned with what Argyris and Schön (1978) would term single loop learning as well as with double loop learning. They acquired rich culture-specific knowledge and also new ideas and skills that could be

adapted in order to improve the way things were done in the home organization (single loop learning), or that could serve as a springboard for developing different approaches for managing in the organization (double loop learning).

The expatriates themselves recognised that some knowledge would not be usable outside the foreign environment. For example, expatriate B8 explained “a lot of work in the bank which you are doing abroad, you can use in Germany only partially. Because in Germany the business is different, has a different structure, as well the customer type is different. So from the working experience you can use only a part, a small part” (224-226). In other words, they were realistic in not expecting all their knowledge to be valued and used after the return. The respondents saw two different kinds of career paths as attractive after their return. Some wanted to continue to specialise in their function (e.g., finance, marketing, IT), whereas others wanted to broaden their exposure to different functions. In fact, almost half of the expatriates explicitly wanted to work in a different function in order to develop new skills and gather new experiences. These respondents talked about “completing the puzzle” (B12: 259; similarly B6, A1 and A6) by working in different roles to gain a broader view of how the different parts of the business fit together.

In principle, it is possible to integrate insights and experiences generated abroad in both types of career paths. A comparison between the responses of the expatriates who felt that they could draw on their learning and those who were particularly frustrated shows that there were certain facilitating and certain hindering factors. Generally speaking, the expatriates who returned to the highest status from which they could influence the decisions of their units most tended to be the most satisfied with their ability to contribute to organizational learning. But such power is not a sufficient nor even a necessary condition. If the new post has no international

dimension whatsoever, the likelihood that the expatriate will find it difficult to put learning generated in a different context to use is high, no matter what status the manager has. This was particularly visible in the case of expatriate B5, who had a post in a branch that did not deal with international clients. He concluded: "I am the right man in the wrong place" (181). The presence in the department of other managers (boss or colleagues) with international experience also made a difference to the ability of the returned expatriate to share ideas generated abroad. Such managers were often supportive of tapping the returned expatriate's knowledge because they were open to developing new ways of thinking or doing things based on their own past experience.

Several expatriates in both companies said that the organization could learn the most, or make the best use of them, by sending them abroad again rather than posting them in Germany. The next foreign posting was not necessarily immediate and all the respondents agreed that the permanent expatriate career was not a good idea. For example, respondent A7 was satisfied because he already had his next foreign assignment lined up after having been back in Germany in a general management job for 3 years. He felt he had drawn on a great deal of the broader thinking he had developed abroad while working in Germany these past years in order to shape the business unit's strategy. He had stimulated many younger colleagues to think and act more internationally, and he intended to expand his experience in a new country soon.

Irrespective of the job the expatriates take after returning, active processes to help them identify and share the knowledge they acquired during the foreign assignment are crucial to the learning process. This is typical of knowledge that has been absorbed or generated over time and with experience. Knowledge that has become tacit is deeply embedded and taken for granted, so that people cannot easily express it. Only through interactions with others can it be shared and converted into

explicit knowledge (Nonaka, Toyama, Byosière, 2001). The expatriates responded very positively to being interviewed for this research project, noting often that this was the first time they had been asked about their experiences and stimulated to reflect back on the learning so thoroughly. They said that they would have welcomed such interviews after their return. However, the expatriates in this study were rarely debriefed on their return, so their knowledge remained largely invisible. The interviewees said "I was dumped into that job within a week's time" (B10:305-306), and "right from the beginning I was involved (...) and there was not much time to think about it" (A8:427-248). A debriefing would have stimulated the expatriate to reflect on his or her experiences, thereby helping the knowledge that had become tacit to surface and become expressible. Several were surprised that they had not been asked to make presentations about their experiences. Most of the respondents, however, pointed out that presentations may only be useful to those individuals with an immediate interest, so would not be an effective tool as a general mode of sharing knowledge acquired abroad.

The human resource managers in both companies definitely recognized the need for improving the expatriation process. They reported that the reasons for sending people abroad have shifted over the years, and that their companies are currently reviewing their policies and procedures to adapt them to the altered conditions. One of the human resources managers explained that expatriation in the company is now less about controlling the subsidiary and more about creating a better relationship between headquarters and subsidiaries, and expatriates are increasingly expected to bring ideas back from abroad. This was underscored by one of the expatriates who said that in the past, "the German bankers came abroad to tell the people there how to work. Now it has changed, especially in the United

States. They will come and tell us in Germany in the headquarters and in the branches how we have to work, what is the business of the future” (B1:369-372). The second human resource manager from company B emphasized, however, that “it is still a point we have to work on very hard” (B11:228) if the company is to succeed in learning from its returned expatriates.

Conclusions and Recommendations

The findings from this study are relevant for the fields of organizational learning, knowledge, and international human resource management. They enrich our understanding of the kinds of knowledge individuals can offer organization and the factors that promote or block the ability of those individuals to embed their learning into the organization. The findings are not limited to the relatively small and exclusive club of expatriates. The insights on the factors influencing the optimization of organizational learning from expatriates can also be applied to other groups of employees.

It would be presumptuous to assume that interviews of only an hour could do more than begin to scratch the surface of the knowledge acquired by expatriates while living and working abroad over several years. The examples of the knowledge provided in this study are but a very small fraction of what the expatriates have to offer. Nevertheless, the study confirms that expatriate managers return from foreign assignments with a wealth of different kinds of knowledge that could be used as a resource for organizational learning. Not only did the interviews document knowledge in the four key categories of declarative, procedural, conditional, and axiomatic knowledge, they also highlighted the significance of a fifth category, that of relational knowledge (Berthoin Antal 2000). The interviews showed that the

expatriates acquired knowledge about how to work in and with the cultures in which they had been assigned, and, equally important, they brought fresh insights about subsidiary-headquarter relations, from which suggestions for improved business practices could be derived.

However, the study also reveals that very little use is made of expatriates as resources for organizational learning in the sample companies. There is a danger of the companies only “learning by accident”, as respondent B10 put it, rather than by design. Much of the expatriates’ knowledge remains invisible to the organization, and to the extent that they succeeded in sharing their knowledge, it resulted from individual initiative rather than organizational intent. There was more evidence of single loop learning (i.e., improvements on existing ways of doing things in the organization) than of double loop learning (doing new things or doing things very differently).

Is this actually enough? Definitely not. Considering the emphasis placed by so many top managers and business scholars today on the need to radically transform organizations (e.g. Hedberg & Holmqvist 2001), such reluctance to learn from employees such as expatriates who have deep experience in different ways of seeing and doing things is cause for concern. It suggests that there is little capacity in the sample companies to benefit from the expanded mindsets with which the expatriates return after a foreign assignment. The ability to think differently and to challenge the traditional ways of managing the organization that the expatriates could offer is actively and passively resisted rather than capitalized upon. Unless organizations put in place processes and structures that facilitate the conversion of the individual knowledge to organizational knowledge, the resource will remain untapped.

The two sample companies were not selected for this study as “stars” in the management of expatriates. Instead, they are like the majority of German companies operating internationally with the traditional structure of strong mono-cultural headquarters and subsidiaries around the world. The problems encountered by their expatriates are similar to those documented in previous studies on expatriation in other countries. This finding is in itself a source of concern because there is no dearth of publications on how to manage expatriation processes. Despite the generally available practical knowledge, the actual practices are still fragmented and ad hoc, so the gap between human resource literature and management practice remains wide. For example, although human resource managers as well as expatriates easily agree that treating expatriation as a complete cycle is a logical strategy, very few companies actually implement it. The learning challenge facing organizations seeking to improve their expatriation processes is, in other words, less a matter of acquiring knowledge than of actually taking steps to use it.

Under such circumstances, how can useful recommendations be generated from this research? One outcome of this study is that the expatriation cycle needs to be refined in order to make the various elements of the reentry process more evident. The model provided by Adler (1997, p. 237) mentions debriefing before reentry, but does not specify the step of actively seeking and choosing an appropriate return post, nor the process of sharing knowledge. Figure 1 presents a more complete process that includes these crucial additional steps. It provides a strategic framework for international human resource management that is geared to optimizing the organization’s capacity to learn from its investment in expatriation.

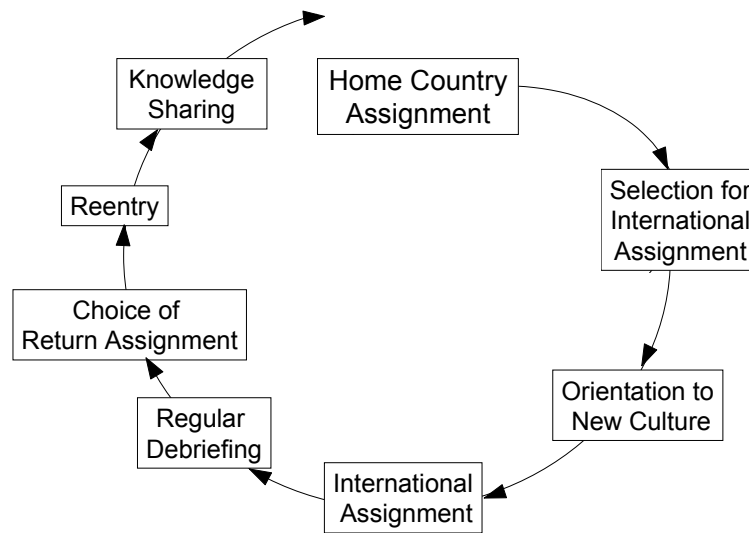


Figure 1: Expatriation Cycle

Given the readily accessible store of knowledge on how to manage expatriates and expatriation processes, contributing more to that specific domain would not add much value. It would be more productive to turn the question around: how to stimulate the ability of organizations to learn from their employees, of whom expatriate managers are only one special group? Many of the problems expatriate managers face in attempting to share their individual learning and convert it into an organizational asset are experienced to a greater or lesser extent by other members of the organization. For example, employees who have worked in subsidiaries and transfer to headquarters within the same country, new employees with experience in other companies, or the growing ranks of executive MBA course participants. All of these are likely to encounter similar problems to those of returned expatriates when they try to introduce into the organization the knowledge they have gained elsewhere. It is therefore likely that if organizations become more adept at tapping

their expatriates as resources for organizational learning, they will also improve their ability to draw on the knowledge of other employees.

What can companies do in order to enhance their ability to learn from expatriates and other employees? Several ideas emerge from this study.

1. Senior management must provide a framework that supports learning, and this responsibility includes ensuring that the organizational strategy and objectives are clear. This is what members of the organization need in order to understand how their work and their learning fit into the whole. As the respondents in this study pointed out, if they had known while abroad what the strategic interests of senior management were, they could have attended to these more consciously and learned with these objectives in mind.

2. Unless contributing to organizational learning is taken seriously enough to hold people accountable for it, the commitment will remain at the level of lip service. The lack of active steps by management to draw out the knowledge acquired by the expatriates in this study is a frequent mistake. For example, a German multinational that had invested over \$50 million in research in the U.S. admitted that it had benefited far too little from this project. Looking back, top managers observed that the company's mistake had been that the managers in the German research lab had neither required nor enabled the researchers who had been sent to the U.S. to apply and share that knowledge after they returned.⁸ This company has now radically changed its internal processes to hold managers accountable for ensuring that expatriates share their knowledge with their group after their return. As a result, the members of these groups now work in an environment that signals to them that the

⁸ Research interview conducted by Ariane Berthoin Antal, Meinolf Dierkes, and Ikujiro Nonaka, as yet unpublished.

new knowledge learned elsewhere is valued and needs to be worked with as a resource for creating new knowledge.

3. The selection of the post-return assignment must be accorded far greater priority than is currently the case in many organizations, not only in the two case study companies. In spite of the fact that corporate policy is to internationalize management, there is still a tendency to treat the returning expatriate as a placement “problem” rather than as a resource to be competed for. Not only is the returning expatriate frustrated, but his or her potential to be seen as a valued resource by others is significantly reduced. Bandura’s research on social learning (1977) indicates that people are much more predisposed to learn from a person who is admired and respected than from one who is not valued. In other words, when returning expatriates do not appear to be valued by the organization, other employees are not likely to choose them as role models from whom to learn new ideas or behaviors. Furthermore, the placement of returning expatriates sends a strong signal to employees considering investing in expatriation. Expatriates, like all employees, definitely have a key responsibility in managing their careers. But human resource managers must become much more aggressive in marketing returning expatriates, and line managers must become more closely involved in the strategic process of human resource management.

4. Managers need to stimulate the collaborative exploration of how to make knowledge acquired elsewhere relevant in the organizational context. In particular, this means sharing tacit knowledge as a basis for creating new knowledge. Techniques as simple as intensely debriefing returned expatriates serve two purposes: they stimulate the expatriates to reflect on what they have to offer their colleagues, and they also create opportunities for other managers to become aware

of the wealth of knowledge the expatriates could share. The relevance of eliciting experiential knowledge was illustrated by a Japanese pharmaceutical company recently. The organizational commitment to bringing the tacit knowledge of a particular group of employees to the surface led to tangible bottom line results. Senior management arranged for the top salesmen to be taken out of the field for several months, during which time they worked intensively on identifying and formulating their tacit knowledge on effective salesmanship. On the basis of this work, a totally new manual was developed for the sales force. This procedure was followed by several months during which the top salesmen worked closely with sales people throughout the country to share their knowledge. The value of this investment paid off within a year: the company's sales increased across the entire country even though the top salesmen had not been in the field for over half a year.⁹ Research by Orr (1990) on a different professional group, technicians, indicates that a more informal and routine approach to sharing tacit knowledge in the form of narrating experience can significantly enrich organizational learning. He found that the experiential stories told between repairmen were a far better basis for solving technical problems than the official handbooks provided by the manufacturer.

These examples indicate that the narrative form lends itself to the sharing of knowledge generated by experience for many different groups of employees, including expatriates. It enables the communication of contextual information so that the "foreign" knowledge makes sense, and it permits the links between the different types of knowledge to be maintained. The listener therefore understands what needs to be done, when, how, and why in a given context, and can use this understanding as a basis for creating knowledge appropriate for the new context. The likelihood

⁹ Personal communication by I. Nonaka, April 7, 2000.

that colleagues will engage in learning with and from one another is much higher if the organization supports the sharing of experiences in the form of narration than if it limits its definition of relevant knowledge to what is contained in official manuals. Senior managers can have a significant impact on the organizational norms by showing an interest themselves and by creating opportunities for experiences to be shared, heard, and worked with. By reflecting together on narratives that contain knowledge acquired in different settings, members of the organization can jointly elicit ideas to try out in new situations.

Last but not least, expatriates can actively create learning environments for themselves and their local colleagues. Those who return to senior management positions can use their status power to influence the norms and incentives in their part of the organization in such a way as to stimulate sharing of new ideas and experimentation with different ways of doing things. Expatriates who do not have sufficient status power to change rules and norms themselves can work against the marginalization of their experience by building networks of influence. The rapid increase in managers with international experience in most organizations today is generating a critical mass of colleagues to draw from.

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