

# National Culture Competencies and Foreign Subsidiary Staffing : A Typology of Boundary Spanners

ORSINI Philippe\* · UCHIDA Toru†

## Abstract

Traditional categorization of foreign subsidiaries' (top) managers has been dominated by the PCN-HCN (parent country national - host country national, i.e. "expatriate" versus "local") nationality-based dichotomy. This dichotomy was complemented by the TCN(third country national). Then, in 1997, appeared the SIE(self-initiated expatriate), as opposed to the OE (organizational expatriate). Here, the new categorization criteria was the initiator of the relocation: organization or individual. In this paper we propose a categorization based on a specific set of skills: national culture competencies. We believe that this typology is more relevant to understand cultural boundary spanners and their roles, motivations and performance at multiple hierarchical levels within the subsidiary (as opposed to looking only at top managers).

Keywords : boundary spanners, cultural competencies, foreign subsidiary staffing,  
organizational culture, self-initiated expatriate

## Introduction

Traditionally, multinational organizations have been sending “expatriates” (parent country nationals, PCNs) to staff positions abroad that could not be filled by the “locals” (host country nationals, HCNs). While organizational culture knowledge is the main relative competence contributed by traditional expatriates, host country knowledge, including its language and culture is the main relative competence contributed by local employees. The expatriate (PCN) contributes an organizational culture knowledge, while the local employee (HCN) contributes a national culture knowledge.

One reason why the expatriate is relatively abler to understand and assimilate his organization’s culture is that both the expatriate and the organization were born and grew in the same (parent) national culture. It is however possible for a host country national to catch up with the expatriate in his knowledge and experience of the parent country culture,

---

\* Nihon University

† Niigata University of International and Information Studies

notably by living, and studying or working there. This is the case, for instance, of HCNs who were previously located in the organization's parent country, either as a trailing child to expatriated parents, as foreign student, as an inpatriate (an employee of a multinational company who is from a foreign country, but has been transferred (most of the time temporarily) to the headquarters or as self-initiated expatriate (SIE). Conversely, a PCN who has a similar experience in the host country also grows a bicultural competency. People born to parents coming each from one of the two countries, parent and host countries, are also naturally in a position to develop bicultural competencies (note: it is difficult to categorize them as PCN or HCN). If national culture competency is often related to citizenship, it is not necessary the case: a person can hold the citizenship of a country while having almost no knowledge about it (for instance somebody born in a jus soli country but who grew up in a culturally distant other country). Enculturation, the acquisition of the language and of the culture of a given country (more exactly a nation, but the two words are used interchangeably in this paper) can happen early, as a child, or in a later life stage. Cultural characteristics due to early enculturation have been shown to manifest in behavior (Caudill and Weinstein, 1969). Late cultural acquisition (note: it is not clear if it still can be called enculturation) may happen as a teenager (who becomes interested in another culture and / or its language), as a young adult (who has relocated in a host country to study and / or work), or even at a more advanced age. The timing of enculturation – early or late – is assumed to result in a different type of enculturation: while an early timing results in a “deeper” enculturation, a late timing results in a more “relative” enculturation. Relativeness, in the case of a late enculturation, is due to the fact that, as a second culture, the host culture is understood through the prism of the culture(s) acquired earlier. It is also possible that two (or more) cultures are both acquired at the same timing (usually an early timing, as for instance in the case mentioned earlier of two parents of different nationalities).

In the following sections, we review the literature on cultural competencies, the literature on expatriation motivations and adjustment and their consequences on individual and organizational performance. We conclude with a typology of foreign subsidiaries' employees along their national culture competencies that we believe has the potential to explain motivations, adjustment and performance.

## National Culture Competencies

Being familiar with and competent in a set of national cultures is a career competency. Even if it is not always the case (Brannen et al., 2009), most people have at least been enculturated in one dominant national culture, their parent country culture. Third-Culture

Kids (Useem and Downie, 1976) are children who have spent years living abroad with their expatriated parents and have been exposed to a second culture (biculturalism) or to multiple cultural influences (multiculturalism). Children born from parents of different nationalities have also been exposed, to varying degrees, to at least two cultures. Hanek et al. (2014; 75) have shown that “people who first moved to a foreign country at a relatively younger age and moved to relatively more countries over their lives constituted a distinct subset of multicultural individuals”, notably because they are, counterintuitively, less culturally adaptive. In the introduction, we have already discussed the people who have become involved with a second culture at a later age.

## The Relation between National Culture Competencies and Other Competencies

### *Organizational Culture*

An organization’s culture comes from several sources such as its founders, its leaders, its history, or earlier decisions that lead to impressive results and hence became organizational values. However, since most organizations have roots in a single country, parent country national culture competency, at the individual level, can also be understood as a competency in an organization culture. Furthermore, expatriates who have had assignments in numerous different countries and have gone back and forth repeatedly to and from the headquarters may have an understanding of the organization’s culture that differ from the view of the employees who have spent their all careers at the headquarters or in the parent country’s sites. Repeat expatriates, those who have been on multiple assignments abroad, have a view of the organizational culture that is not limited to the viewpoint of its (allegedly) central node, the headquarters, from where the organization’s culture is supposed to emanate. Through their assignments abroad, they have witnessed variations in this culture and are abler to relativize the organizational culture *at* the headquarters. A parallel can be drawn with the knowledge of more than one national culture: it is the knowledge of others that allow for comparison and, hence, relativizing or metacognition (Chua et al., 2012).

### *Other Competencies*

Beyond these two types of cultural competencies – national and organizational –, employees are also expected to possess some other competencies such as technical ones (for instance: functional, industry, technology, etc...) or human and communication skills (for instance: conscientiousness, leadership, ability to work with a team, etc...). As for the organization culture competency, these other competencies are however also shaped by national culture: for instance, marketing and leadership skills are not the same everywhere.

## Cultural Competencies and Extant Categorization of Foreign Subsidiary Employees

Until the 1997 seminal paper by Inkson et al., employees of the foreign subsidiaries of multinational companies had been classified into three categories: the PCNs, the HCNs, and the TCNs. However, only the first two categories were at the core of research on international human resource management. Then, with Inkson et al. (1997) emerged a field of study focused on the SIEs, expatriates who did not relocate with company sponsorship but on their own agency. From its inception, this new category, the SIEs, has been a basket of diverse profiles, from young people with no job when they relocated (the job seekers) to trailing spouses, officials, or international professionals (with technical expert profiles resembling those of the TCNs) (Suutari and Brewster, 2000). Among the six subgroups proposed by Suutari and Brewster (2000), only a small (7%) one, the Localized Professionals, may have developed host country cultural competencies: the Young Opportunists and the Job Seekers are too new to the host country to have developed a work-related cultural competency. The Officials and the Dual Career Couples are expected to be or to follow traditional expatriates, whose assignments are too short to develop and then make use of a local competence. Lastly, the International Professionals, sheltered by their technical expertise, do not need to develop a cultural expertise.

## The Consequences of National Competencies

### *Reasons / Motivations to Relocate*

Froese (2012) summarizes the research into motivations to expatriate in three categories: motivations to expatriate in general, motivations to expatriate specific to the organizational expatriates, and motivations to expatriate specific to the SIEs. He concludes that the socio-economic push/pull model might better explain the motivations to relocate abroad. Factors explaining why people go overseas are at two levels: individual (e.g.: interest in internationalism and new experiences) and environmental (e.g.: poor employment situations at home). At the individual level, already acquired cultural competencies (e.g.: language) may act as push factors to motivate those who have them to relocate in countries where they can make use of these specific cultural competencies. At the environmental level, we argue that, rather than considering independently the two countries (parent and host) it would be more relevant to consider them as pairs. First, the larger the cultural distance between the two countries is, the more valuable is the potential contribution of the individual with bicultural competencies, and hence his motivation to relocate. Second, the bilateral relations

(especially the political ones) between the two countries are also expected to influence the reasons to relocate (both positively or negatively). Third, and it is related to the second point, the image of the parent country in the host country is also expected to be a source of motivation. For instance, the inroads made by Korean and Japanese cultures in Asia could be a positive factor, while the diplomatic tensions between these countries can act as demotivating factor. Fourth, the number of competitors, that is the number of people with similar bicultural competencies, is also assumed to be a reason to relocate or to not relocate. These competitors can be fellow parent country nationals knowledgeable about the host country, host country nationals with cultural competencies in the parent culture, or people raised in the two cultures. A fifth factor is the demand for those competencies in the host country. This can be measured by the stock of direct foreign investments from the parent country to the host country but it also depends on what are the related activities.

#### *Adjustment and Performance*

The performance of a foreign subsidiary's employee can be measured at the individual level (adjustment) and at the organizational level. The individual level has been researched and, unsurprisingly, SIEs have shown higher level of adjustment (Peltokorpi and Froese, 2009). The organizational level itself can be at the site level, at the country level, at the regional level, or at the global level. It may be difficult to distinguish between the influence of cultural competencies and the influence of other competencies on the performance of an individual, then to evaluate the impact of this person's performance on the above mentioned four organizational layers. Cultural competencies, especially bicultural ones, are expected to have more impact at the site or country level than at the global level. However, the activities of the focal subsidiary and its role in the global network of its parent organization may be central to the whole organization's performance (Birkinshaw and Hood, 1998).

#### **Conclusion**

Table 1 highlights the multiple types of employees with high competencies in both parent and host countries' cultures: they can be both PCNs (the long term foreign residents, whatever their status or contract with the organization) and HCNs (knowledgeable of the parent country culture, either because they studied there or because they worked there). Traditionally, literature on foreign subsidiary staffing has been attributing a single nationality to each employee (manager) of a foreign subsidiary. If citizenship may be limited to a single one by law (as for adults in Japan), nationality, when used to refer to an ethnic group (people sharing a language and a culture) can be multiple. The same reasoning

applies also to host country companies employing foreign executives, the FELOs (foreign executives in local organizations) (Arp, 2013).

For boundary spanning roles that do not require technical competencies or work experience, Suutari and Brewster’s (2000) SIE subgroups of Job Seekers and Young Opportunists could be the optimal talent pools if they do have bicultural competencies. This is notably the case of parent country nationals who have been studying in the host country, or, but maybe at a lesser degree, of parent country nationals who have been studying host country’s language and culture in their parent country.

Conversely, a job in a foreign subsidiary, even if not necessitating a technical expertise, does not necessarily require a boundary spanning role. For instance, Furusawa (2017) reports how Japanese SIEs in China working for Japanese companies are essentially valued because of their “Japaneseness” (i.e. their parent country cultural competence), this competency facilitating business relations with other Japanese companies and individuals also located in China. The host country (China) culture competence of these Japanese SIEs, that is their familiarity with Chinese language and culture, hence their capacity to bridge the two cultures, is not much valued. This example is another illustration of the necessity to pair countries in this line of research.

**Table 1: Typology of foreign subsidiary employees along their national culture competencies**

<b>Parent</b> Country Culture Competency  <b>Host</b> Country Culture Competency	Lo	Hi
	Hi	HCN
Repatriate HCN		
Lo	TCN	PCN (traditional short-term expatriate)

### Acknowledgements

This work was supported by JSPS Grants-in-Aid for Scientific Research (KAKENHI) #15K13041.

## References

Arp, F., Hutchings, K. and A. Smith, W. (2013). Foreign executives in local organisations. *Journal of Global Mobility: The Home of Expatriate Management Research*, 1(3), pp.312-335.

Birkinshaw, J., & Hood, N. (1998). Multinational subsidiary evolution: Capability and charter change in foreign-owned subsidiary companies. *Academy of management review*, 23(4), pp.773-795.

Brannen, M., Garcia, D. and Thomas, D. (2009). Biculturals as natural bridges for intercultural communication and collaboration. *Proceeding of the 2009 international workshop on Intercultural collaboration - IWIC '09*.

Caudill, W. and Weinstein, H. (1969). Maternal Care and Infant Behavior in Japan and America. *Psychiatry*, 32(1), pp.12-43.

Chua, R. Y., Morris, M. W., & Mor, S. (2012). Collaborating across cultures: Cultural metacognition and affect-based trust in creative collaboration. *Organizational behavior and human decision processes*, 118(2), pp.116-131.

Froese, F. (2012). Motivation and adjustment of self-initiated expatriates: the case of expatriate academics in South Korea. *The International Journal of Human Resource Management*, 23(6), pp.1095-1112.

Furusawa, M. and Brewster, C. (2017). Japanese self-initiated expatriates as boundary spanners in Chinese subsidiaries of Japanese MNEs: Antecedents, social capital, and HRM practices. *Thunderbird International Business Review*, Early View.

Hanek, K., Lee, F. and Brannen, M. (2014). Individual Differences Among Global/Multicultural Individuals. *International Studies of Management and Organization*, 44(2), pp.75-89.

Inkson, K., Arthur, M., Pringle, J. and Barry, S. (1997). Expatriate assignment versus overseas experience: Contrasting models of international human resource development. *Journal of World Business*, 32(4), pp.351-368.

Peltokorpi, V., & Froese, F. (2009). Organizational expatriates and self-initiated expatriates: who adjusts better to work and life in Japan? *The International Journal of Human Resource Management*, 20(5), pp.1096-1112.

Suutari, V. and Brewster, C. (2000). Making their own way: international experience through self-initiated foreign assignments. *Journal of World Business*, 35(4), pp.417-436.

Useem, R.H. and Downie, R.D., (1976). Third-Culture Kids. *Today's Education*, 65(3), pp.103-105.