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## Is inpatriate assignment experience a ticket to the top of a foreign subsidiary? The moderating effect of subsidiary context

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### ABSTRACT

Research on international assignments and career progress has concentrated on the international assignment experience of parent-country nationals sent from the headquarters of a multinational enterprise to a foreign subsidiary. Adopting the career-cone perspective, we examine the influence of assignment experience in the headquarters on the career progress of host-country national subsidiary managers. Results from surveys and archival data of 268 subsidiary managers confirm that this kind of experience accelerates their career progress, while other assignments abroad fail to do so. Headquarters assignment experience is especially beneficial for subsidiary managers working in subsidiaries that are more integrated into the multinational enterprise.

### 1. Introduction

International assignment experience is often considered a double-edged sword. While some studies find that large samples of individuals (Ng, Eby, Sorensen, & Feldman, 2005), early-career professionals (Biemann & Braakmann, 2013), and managers (Orser & Leck, 2010) with international assignment experience enjoy higher pay because they thereafter possess more valuable human capital, other studies either cannot identify any financial upsides of international assignment experience (Benson & Pattie, 2008) or only find a positive relationship in firms with large international operations (Carpenter, Sanders, & Gregersen, 2001). Whereas some studies find that international assignment experience boosts promotions (Judge, Cable, Boudreau, & Bretz, 1995; Ng et al., 2005), others report no or a negative effect (Benson & Pattie, 2008; Hamori & Koyuncu, 2011; Kraimer, Shaffer, & Bolino, 2009), or even show that international assignment experience may lead to underemployment (Bolino & Feldman, 2000).

By and large, previous research on global work experiences has been dedicated to understanding expatriate careers from a corporate headquarters (HQ) perspective. Accordingly, studies have focused on the influence of international assignment experience on the career progress of parent-country nationals (PCNs) or third-country nationals (TCNs) who are sent by a multinational enterprise (MNE) to work in an overseas subsidiary (e.g., Carraher, Sullivan, & Crocitto, 2008; Collings, Morley, & Gunnigle, 2008; Lazarova & Cerdin, 2007; Yan, Zhu, & Hall, 2002). Insightful as these studies are, previous research has highlighted the need to focus on alternative types of international assignment

experience (e.g., Collings, Scullion, & Morley, 2007).

One of these alternative types of international assignment experience is inpatriation, the temporary transfer of host-country national (HCN) subsidiary staff to the MNE's HQ (Collings et al., 2008; Peterson, 2003). Although MNEs have recently begun to complement their traditional expatriation strategies with the transfer of subsidiary staff to HQ (Harvey, Speier, & Novicevic, 1999; Reiche, 2006; Reiche, Harzing, & Kraimer, 2009; Reiche, Kraimer, & Harzing, 2011), scholars lament the lack of empirical research on inpatriation (Collings, McDonnell, Gunnigle, & Lavelle, 2010; Reiche, 2012). To our knowledge, no study has yet empirically examined the career outcomes of inpatriated HCNs. In this study, we seek to address this gap in the literature by investigating the effect of international assignment experience in the HQ on the career progress of HCN subsidiary managers and the moderating role of subsidiary context on this relationship.

Examining the effects of international assignment experience on HCN subsidiary managers' career progress is important for two reasons. From an organizational perspective, subsidiaries located in fast-growing countries represent the main firm-level growth opportunities of the future (Verbeke & Yuan, 2013). This is why MNEs that increasingly identify their local talent as important stakeholders (Toh & DeNisi, 2003, 2007), seek to develop their HCN employees in the foreign subsidiaries as an alternative to the more expensive expatriate staffing. From an individual perspective, HCN subsidiary managers need to know whether international assignment experience is likely to facilitate or hinder their career progress once they return. Only by knowing the potential consequences can they make an informed choice on whether

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to accept or decline an international assignment.

We seek to contribute to research on international assignment experience and career progress in three ways. First and on a more general level, we aim to help disentangle some of the contradictory empirical findings concerning the effects of international assignment experience on career progress. We do this by separating assignments in the MNE's HQ from assignments in other overseas locations. Second, drawing on the career-cone model (Schein, 1971, 1978), we offer a conceptual framework for understanding the relationship between international assignment experience and career progress from the specific perspective of foreign subsidiaries. Adopting this perspective opens the discourse on international assignment experience beyond the normative population of the most commonly studied assignees, namely PCN expatriates, and shifts the focus to inpatriate HCN managers instead. Our research seeks to fill this theoretical and empirical void on the growing role of inpatriate HCN managers (Collings et al., 2008; Peterson, 2003). An additional contribution is the sample of our study which consists of HCN subsidiary managers working in South Korea (Korea). While the bulk of previous research on international assignment experience has focused on Western and particularly North American expatriates, little is known about the experience of assignees from other countries (Reiche, 2006). Third, we extend Schein's career-cone model (1971) by exploring several important contextual boundary conditions on the relationship between HQ assignment experience and career progress. We propose that having a HCN subsidiary manager with HQ assignment experience at the top of a foreign subsidiary will be more or less beneficial depending on the subsidiary context. Specifically, we argue that subsidiaries that are more integrated in the MNE are more likely to value and promote HCN subsidiary managers with HQ assignment experience. Our research design therewith responds to the call for more studies on moderating effects within the organizational contexts in which international assignment experience occurs (e.g., Ng et al., 2005). Our conceptual model is depicted in Fig. 1 and will be described in more depth below.

In the following section, we discuss the relationship between international assignment experience and career progress and develop hypotheses regarding, first, the effect of HQ assignment experience on HCN subsidiary managers' career progress as well as, second, the moderating effects of subsidiary characteristics on this relationship. We then present the study methodology, followed by our results. We conclude with a discussion of the findings and implications for theory and

practice.

## 2. Theory and hypotheses

### 2.1. International assignment experience and career progress

Our paper focuses on career progress, i.e., individuals' speed of flow along a sequence of jobs, as it is one of the most important considerations on the minds of employees as they embark on international assignments. Findings on how international assignment experience affects career progress have been contradictory (Bolino, 2007). Some studies found international assignment experience to boost promotions (Judge et al., 1995; Ng et al., 2005). Stahl, Miller, and Tung (2002), for example, showed that German repatriates perceived their international assignment experience as an opportunity for professional development and career advancement. Other studies illustrated that certain characteristics of international assignments, such as the presence of home- and host-country mentors, and developmental assignments as opposed to functional assignments, were positively related to perceived career advancement, both within and outside the organization (Carragher et al., 2008; Kraimer et al., 2009; Stahl, Chua, Caligiuri, Cerdin, & Taniguchi, 2009).

In contrast, Benson and Pattie (2008) showed that recently repatriated employees of a US professional services firm fared worse in number of promotions over a four-year period than domestic employees. Interestingly, Kraimer et al. (2009) demonstrated that managerial skill acquisition during the assignment was negatively related to perceived career advancement, while cultural skill development had no effect. Hamori and Koyuncu (2011) pointed out that the more international assignments the CEOs of the largest 500 European and US companies embarked on and the longer their international experience lasted, the more time it took them to reach the topmost positions of large organizations. Most recently, Georgakakis, Dauth, and Ruigrok (2016) argued in favor of an integrative view of human capital and social network perspectives suggesting that the relationship between international assignment experience and career progress follows a U-shaped form. The acquisition of international experience speeds up executives' career progress until a threshold where the social network costs of mobility start outweighing the human capital benefits.

The studies above, however, did not account for the fact whether

Conceptual model

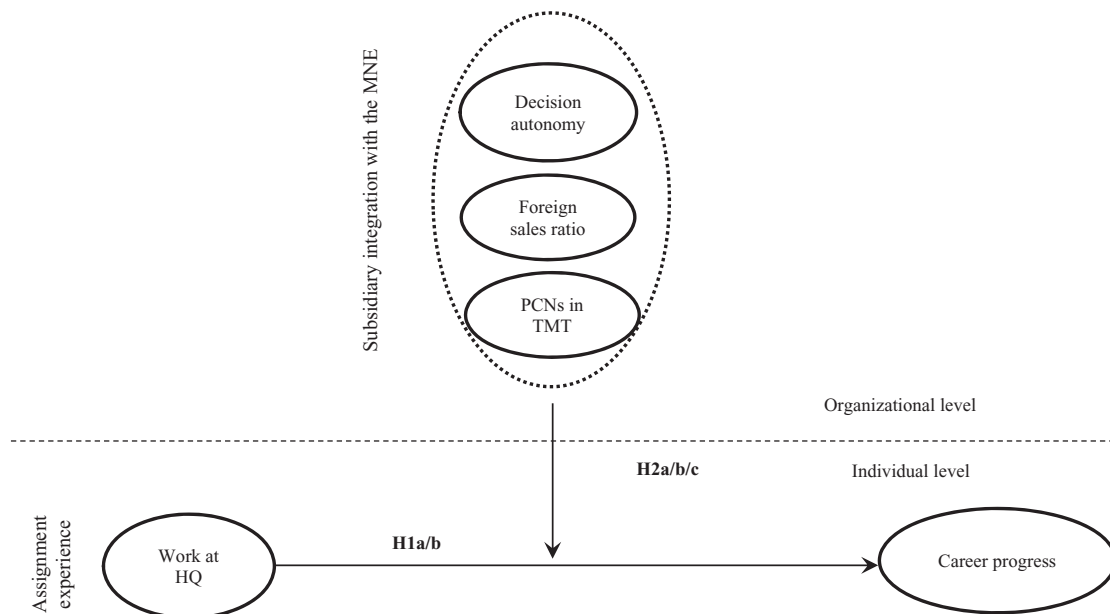


Fig. 1. Conceptual model.

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