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### **Managing Global Knowledge Transfer: Inpatriate Manager Embeddedness and Firm Innovation**

*The purpose of this study is to explore the role of tacit knowledge transfer in a particular type of global manager - the inpatriate manager who is typically relocated from the MNC's subsidiary to headquarter. To do so, we draw on social embeddedness theory. Our paper suggests that if an inpatriate manager becomes embedded within the MNCs headquarter, tacit knowledge transfer will occur resulting in innovative practices and a global mindset within the MNCs headquarters. This study takes the unique approach of studying the barriers that inpatriate managers face in the transfer of tacit knowledge and highlights the role of human resources in facilitating the transfer of knowledge across the MNC. The paper articulates the implications for policy and practice and a future research agenda.*

**Keywords:** *Knowledge Management, Inpatriate Manager, Tacit Knowledge, Knowledge Capability*

## **Managing Global Knowledge Transfer: Inpatriate Manager Embeddedness and Firm Innovation**

The headquarters (HQ) of multinational corporations (MNCs) need to acquire and integrate global knowledge throughout all its global subsidiaries to develop innovative processes (Shujahat, et al. 2019, Kiessling et al, 2008, Kiessling et al., 2009; Chesbrough, 2003; West and Bogers, 2014; Vlajcic et al., 2019). Human resource management (HRM) plays a critical role in this global accumulation of knowledge within the organization and embedding an employee within the organization (Papa, Dezi, Grigori, Mueller, and Miglietta, 2017; Stoermer, Davies and Froese, 2020). HRM research suggests that certain practices develop knowledge management (KM) capabilities and, subsequently, innovation (Hussain, Iren and Rice, 2019).

This paper explores the stream of literature regarding global knowledge management (KM) with a focus on how to manage global employees' knowledge for innovation success, especially for reverse knowledge adoption and innovation from foreign subsidiaries. Our focus is on the inpatriate manager who is relocated from the subsidiary to HQs on a semi-permanent to permanent basis. A staffing method described to act as a linking pin to HQ (Harvey, 1997; Moeller, Maley, Harvey and Kiessling, 2016; Reiche, 2007)

Although global knowledge accumulation and transfer to the HQs is imperative for MNCs (Harzing, Pudelko, and Reiche, 2016), there is a gap in the literature in how the transfer of foreign knowledge can be accumulated, combined and utilized globally by the HQs (Kogut and Mello, 2017; Li and Scullion, 2016). In line with Harzing et al. (2016), we operate under the assumption that knowledge transfer from the HQs to foreign subsidiaries is less complicated/arduous than the process of knowledge transfer from subsidiaries to the MNCs HQ. Research has continuously illustrated that MNC's knowledge transference facilitates

innovation development (Kogut and Mello, 2017; Peltokorpi and Yamao, 2017). However, scant scholarly attention defines the specific mechanisms of transference of individuals' tacit knowledge (Minbaeva, 2013).

Global knowledge is both explicit and tacit. However, research suggests that the most valuable knowledge is typically tacit, not codified, and interdependent upon the social context, making it difficult to understand and transfer (Li and Scullion, 2010). Although an entire research stream continues to explore explicit information transfer to HQ, very little research focuses on the most crucial aspect of subsidiary global knowledge, that of tacit knowledge (Amir, Okimoto and Moeller, 2019; Stoian, Dimitratos, and Plakoyiannaki, 2018; Li and Scullion, 2016).

Knowledge of an individual employee is a combination of experience, expertise, and know-how that is culturally specific and challenging to transfer (Nonaka, 1994; Polanyi, 1966). MNCs competing globally need to acquire tacit knowledge regarding the global marketplace and foreign subsidiary innovation and, consequently, transfer to the home office (Hong and Snell, 2015). This study explores how tacit knowledge can be transferred from the subsidiary to the HQs for innovation through the use of inpatriation.

Scholars have studied inpatriation and inpatriates in areas such as recruitment (Harvey, et al. 2002), learning and development (Harvey 1997), trust (Harvey et al. 2011, Maley and Moeller, 2014), performance appraisal (Maley 2009), psychological contract (Maley, 2009); building social capital (Moeller et al.2016; Reiche, 2011); retention (Maley and Moeller, 2018). While global mobility scholars have researched the general notion of inpatriate KM (i.e. Reiche, 2007; 2011; Murakami, 2017), and on other types of global assignments and

MNC knowledge transfer (Reiche, 2012; Froese, Kim and Eng, 2016; Duviviera, Peeters and Harzing, 2019; Al Ariss, and Shao, 2020), they have not yet focused on the mechanism that explains exactly how and why inpatriates are enabled and motivated to transfer knowledge from the subsidiary to the HQ, and much less the importance of their tacit knowledge transfer (Collings, McDonnell, Gunnigle, & Lavelle, 2010; Jawad, 2020; Reiche, 2012). Yet, MNCs are utilizing inpatriation more so than ever (Moeller and Harvey, 2018; Portnaigin and Froese, 2019).

Inpatriates possess a plethora of knowledge from their experience in subsidiaries specifically so market specific and network knowledge (Garrick & Chan, 2017; Peet, 2012). Inpatriate managers have tacit knowledge of the MNCs subsidiary which can be transferred globally (Harvey and Buckley, 1997; Maley and Moeller, 2018; Moeller, Maley, Harvey and Kiessling, 2016), but often times are at a loss on how to apply this knowledge to a new context. However, unless the individual is supported upon arrival into HQ and becomes embedded within the MNC, this tacit knowledge may not be transferred. The key to understanding how embeddedness is formed is to understand the inpatriates' job experiences. Applying the logic posed by Ng and Feldman (2013), inpatriates will experience perceptions of fit, links, and sacrifice in their new context. Complex mental processes (Crossley et al., 2007) take over to determine the level of embeddedness experienced. As job embeddedness grows over time (Wheeler, Harris, and Sablinski, 2012), so can the potential for expatriates to introduce innovative practices. Although various global staffing methods can contribute to firm innovation, we suggest that the inpatriation method (Harvey and Buckley, 1997) may well be a better knowledge transfer adoption and innovation methods from emerging to developed economies. Our research explores the strategic importance of tacit global knowledge for MNC innovativeness.

Our research utilizes the theoretical foundation of social embeddedness, which is a state influential to an inpatriate's ability to transfer knowledge within the organization. As discussed in greater detail later, an individual's social embeddedness within an organization is defined as how immersed an employee becomes, looks long-term for organizational improvement, shares and accumulates knowledge with an intent to stay. Past research (i.e. Papa, Dezi, Grigori, Mueller, and Miglietta, 2017; Hussain et al., 2019; Alassaf, et al., 2020) suggests that perceived organizational support is imperative for embeddedness.

This research furthers the field by examining inpatriates and knowledge transfer from the social embeddedness theory's unique theoretical foundation. Consequently, *the purpose of this study is to explore the role of tacit knowledge of the inpatriate manager*. Accordingly, this research focuses on answering the following question: *How does organizational embeddedness of an inpatriate affect knowledge transfer for future innovation?*

This study makes an important contribution to the KM and global mobility literature by taking the unique approach of studying the barriers and motivational issues that inpatriate managers face in the transfer of tacit knowledge and highlights HRM and other stakeholders' role in facilitating the transfer of knowledge within the MNC. Moreover, our research suggests that inpatriate managers could become one of the most powerful global knowledge and innovation development conduits.

The manuscript proceeds as follows: First, we present an overview of the current knowledge management, and innovation literature works. This is followed by elaborating the precise role of inpatriates in the transference of tacit knowledge, including the moderating effects of culture and employee embeddedness. The discussion will explore a model of inpatriate

embeddedness along four adjustment phases with five distinct features. Finally, the paper articulates the implications for policy and practice and a future research agenda.

### **Knowledge Management and the Theory of Knowledge Creation**

To support our research on inpatient knowledge transfer we performed a systematic review of scholarly work on KM by performing a keyword search in Google Scholar, Web of Science, and Scopus to isolate peer-reviewed articles about inpatient, knowledge management, knowledge transfer in the titles of manuscripts, abstracts, or keywords. We limited our search to articles published in English between 1975 and March 2021 (earlier researchers indicated that global knowledge management work does not predate 1975 (*see* Harvey 1997). Additional articles have been discovered through a manual search in key management journals.

#### *Knowledge as a Theory*

Plato and Aristotle probably first attempted to answer the fundamental question: What is knowledge? However, explaining the nature of knowledge has proved to be problematic and without a convincing and commonly accepted result (Bolisani, and Bratianu, 2018). Most of the theories of knowledge have been based on either rationalism or empiricism. Rationalism was pioneered by Plato and argued that knowledge is an outcome of rational reasoning. It should be distinguished from the opinion that it is a product of our senses. On the other hand, empiricism based on the works of Aristotle considers knowledge is shaped through our sensory interface with the real world. Many scholars tried to bridge the gap between rationalism and empiricism by generating conceptual frameworks and definitions of knowledge based on combining these two perspectives.

Nonaka and Takeuchi, 1995; p.87) define knowledge by linking reasoning and sense, (*i.e. rationalism and empiricism*) incorporating truth over opinion, belief, and putting together these conditions for knowing and having the right to be sure. The authors go further, giving practical managerial justification; however, by doing this, they change justification from a logical construct to an economic one. Thus, this definition is quite suitable for defining knowledge with an MNC context (Qiantas and Jones, 1997); primarily for this reason, we adopt the Nonaka and Takeuchi (1995) definition of knowledge for the present study.

### *Types of Knowledge Management*

From a practical perspective, there are two fundamental types of knowledge that the inpatriate manager can transfer with an MNC - internal and external knowledge (Moeller and Reiche, 2017; Moeller and Harvey, 2018). External knowledge refers to knowledge rooted in corporate outlooks, local subsidiary cultural standpoints (Maley, 2009), a formal and informal network of relations with bodies such as local government and regulatory bodies (Murakami, 2017), and, the local activities of major competitors in their former country or region (Harvey, Speier, and Novicevic (1999). Furthermore, Ferraris, Bogers, and Bresciani (2020) recently established that superior external knowledge sources are strongly correlated with superior levels of MNCs innovation.

Internal knowledge, on the other hand, includes subsidiary management practices (Chang, Gong, and Peng., 2012) and the success or failure of convergent HQ HR process such as performance management or pay for performance schemes that are invariably rolled out to the subsidiaries (Fan, Xia, Zhang, et al., 2026), the ability to effectively manage diverse teams, and multitasking capabilities of working in a subsidiary (Maley and Moeller, 2014; Schuster, Holtbrügge, & Engelhard, 2019). According to Maley and Moeller (2019), the

inpatriate has unique knowledge of the workings of subsidiaries that expatriate managers fail to capture.

There are three elements to the types of (KM) for successful operational innovation: 1) knowledge acquisition, 2) knowledge conversion, and 3) knowledge application (Gold, Malhotra and Segars, 2001). Knowledge acquisition requires recipients to understand the importance of knowledge (Burmeister, Lazarova and Deller, 2018).

As noted earlier, knowledge is explicit and tacit. Explicit knowledge conversion refers to making acquired knowledge useful (Gold et al., 2001) and involves an MNC's ability to organize, integrate, coordinate, and disseminate knowledge (Griffith et al., 2012; Dabić and Kiessling 2019). The explicit conversion-oriented KM process is typically straightforward. It can be codified into something that is formal, structured and systematic, and can be shared (Joia and Lemos, 2010).

### *Tacit Knowledge*

However, the acquisition of tacit knowledge that is often highly personal, difficult to formulate and is often the result of practical experiences, it is extremely more complicated to transfer. Tacit knowledge involves a sense of what is going on, which is not easily measured or codified (Garrick and Chan, 2017) and has been aptly referred to as knowing more than we can tell (Peet, 2010). Tacit knowledge involves unconscious and subjective insights, intuitions, and hunches, including both technical know-how and know-why. It requires the ability of the sender to understand the local context (Sheng, Hartmann, Chen, and Chen, 2015; Burmeister et al., 2015), and for that reason, the inpatriate is the ideal candidate to transfer subsidiary tacit knowledge between the subsidiary and HQ.



The tacit nature of the knowledge created by subsidiaries is deemed highly crucial by MNCs (Piscitello, 2004); it helps to create a global mindset (Wiersema and Bantel, 1992; Taylor and Beechler, 1993). A global mindset is essential because it assists in developing and enhancing strategy (Barney, 1991; Yang and Pak, 2020) and increasing performance (Barney, 1995; Eisenhardt and Tabrizi, 1995; Maley, Dabic and Moeller, 2020).

Tacit knowledge can take many different forms and is difficult to determine as it is tacit by definition and often becomes valuable to HQ when it is incorporated with other formal or informal knowledge within the MNC. Some examples of successful tacit knowledge that HQ seeks could be unique organizational processes and management techniques associated with “how it is done successfully here” that can be applied across the MNC throughout, HR processes, customer orientation foci, value proposition evaluation, target market development, sales methods, advertising programs, information technology usage and integration, knowledge management processes, internal operational functions, supply chain management, strategic alliance management, specific financing options, venues to assist in complying with legal/political issues, the location-specific establishment of operations, online/website development, etc.

Specific to the inpatriate manager, tacit knowledge can take the form of: extensive knowledge of the subsidiary framework (Harvey and Novicevic, 2002; Kostova and Roth, 2003). This can include: subsidiary and regional cultural nuances (Tushman and Scanlan, 1981); awareness of the challenges and difficulties presented by geographical distance (Harzing and Noorderhaven, 2006; problems presented by physical distance (Jonanson and Vahlne, 1977); particular tacit foibles of local language (Feely and Harzing, 2003); insight into the workings of local government and the impact of their policies on the subsidiary (Harvey, Novicevic

and Kiessling, 2002); subsidiary constraints regarding local regulatory affairs- particularly important in the broad range of healthcare MNCs (Maley and Kramar, 2007); alert awareness of the capabilities of local competitors and the local marketing strategy (Reiche 2007; Reiche, Harzing, and Kraimer 2009), and contextual marketing knowledge (Evans and Mavono, 2002). Inpatriates also transfer knowledge of HQ to the subsidiary in regard to corporate culture and corporate routines (Bonache, Brewster, and Suutari, 2001).

### *Motivation to share Knowledge*

As this stage, it is relevant to think about what motivates an inpatriate to want to transfer knowledge. For example, Maley and Moeller (2019) make an interesting case that inpatriate will be motivated to share knowledge when they feel that their career is on a steady upwards pathway. However, Reiche (2011) reasons that that the inpatriate's motivation to share knowledge will be dependent on their the level of their boundary spanning activity.

Taking yet, another viewpoint Schuster Holtbrügge, and Engelhard (2019) contend that inpatriates will be motivated in a different way from expatriate to share knowledge. For example, they found that the inpatriate will be motivated to share knowledge when they are offered mentorship support at HQ. Schuster et al (2019) reason that knowledge sharing increases as an outcome of the inpatriate's reputation at HQ gaining momentum. Knowledge sharing also rises as the inpatriates identification with the HQ increases, however, at the same time, their identification with the subsidiary decreases.

Nevertheless, from a cognitive position, the successful transfer of inpatriate knowledge from the subsidiary to the HQs requires receivers to comprehend its intent and importance. Though the traditional global manager (i.e., the expatriate) can acquire tacit knowledge, she/he may not understand the underlying cause of the acquired knowledge (Burmeister, Lazarova and

Deller, 2018). In turn, it will be more difficult for the expatriate manager to transfer knowledge when repatriating back to HQ as the knowledge embeds in a foreign subsidiary context and different cultural environments (Amir et al., 2019; Schuster et al., 2019; Riusala and Smale, 2007). However, an inpatriate manager could more readily help develop a global mindset in the HQ, decode the tacit knowledge, and apply the knowledge to global operations and innovation (Schuster et al., 2019). Research suggests that the inpatriate can become efficient at transferring valuable tacit knowledge for innovation from the subsidiary to HQs, and maybe superior to that of the returning expatriates (Chang, Gong, and Peng, 2012; Schuster et al., 2019; Reiche, 2011).

### *Knowledge capabilities*

MNCs that have developed a capacity for knowledge transference have the ability to develop individual employee capabilities that will contribute to a sustainable competitive advantage (Zeng, Groggaard, and Steel, 2018). MNCs with developed KM capacity are in the position to offer superior MNC innovativeness (Wu and Hu, 2018; Wu and Wu 2014) and create new organizational systems, products, or services (Del Giudice and Della Peruta, 2016). However, the strategic HRM literature tells us that a firm capacity, in order to be operational, needs to become an employee capability to be effective (Lengnick-Hall, 2011). A capacity refers to the ability, not necessarily the confidence, resolve, or motivation, to be transferred into a capability. Yet, through effective organizational support, a capacity can be transformed into a capability (Southwick, Bonanno, Masten, Panter-Brick, Yehuda, and Luthans; 2002). From this standpoint, MNC KM capacity is a necessary but not sufficient requirement for inpatriate capability. This reasoning suggests that the MNC must develop inpatriate capability to operationalize- understand and translate knowledge for innovation utilization.

To summarize, KM requires the generation, dissemination, responsiveness to new knowledge by the employee. Furthermore, the knowledge must be comprehensible- which presents challenges with tacit knowledge. However, inpatriate managers are ideally placed to transfer tacit knowledge, and assist others in interpreting and understanding new knowledge. With the inpatriate as a conduit for new knowledge the MNC has the ability to develop KM capability to increase in MNC performance. In this way, KM plays a significant role in MNC innovation (Liu and Scullion, 2019), and MNCs must, through good HRM processes, transfer firm KM capacity to inpatriate KM capability in order to actively manage and operationalize KM for innovation (Bahar and Bahri, 2016; Froese, et al., 2020). Figure 1 summarizes the above discussion regarding KM for successful MNC innovation.

\*\*\*\*\* *Insert Figure 1 about Here* \*\*\*\*\*

### **Social Embeddedness Theory and Inpatriate Knowledge Transfer**

Job embeddedness originates from a combination of the psychological test of embedded figures and field theory (Lewin, 1951), whereby embedded figures are attached to their backgrounds (Mitchell, Holtom, Lee, et al., 2001). Employee embeddedness has been conceptualized as consisting of three forces (fit, links, and sacrifice), which enmesh employees in their current jobs (Mitchell et al., 2001). According to NG and Feldman (2013), employee *Fit* signifies employees' perceived compatibility with their firm, *Links* denote the bonds employees have at work, and *sacrifice* explains what employees perceive they lose they left their firm. Insights of embeddedness emerge from idiosyncratic, complex mental processes that can predict work outcomes (Crossley et al.'s 2007). The perception approach to embeddedness is particularly useful for this study as it can help identify how inpatriates socially construct embeddedness of their own and others' embeddedness. For example, inpatriate's embeddedness within the MNC has been found to facilitate employee KM

capability for tacit knowledge transfer. The more an employee becomes embedded within their firm, the more active and motivated they become towards behaviour that is associated with KM transfer (Ng and Lucianetti, 2018; Seijts, Latham, Tasa, and Latham, 2004; VandeWalle, Cron, and Slocum, 2001). Embedded employees appear to be more flexible and resilient to negative workplace events such as missing out on promotion (Burton, Holtom, Sablinski, Mitchell, and Lee, 2010).

Job embeddedness grows over time (Wheeler, Harris, and Sablinski, 2012) and includes dimensions such as off-the-job embeddedness (i.e. the relationship of employee and family with the community), which is correlated with employee's intention to stay can weaken the impact of work and life stress (Mitchell et al., 2001; Zhang, Fried, and Griffeth, 2012).

Recent research suggests that HRM programs correlate positively with employee embeddedness (Narayanan, 2016). Also, based upon past research that suggests on-the-job embeddedness differs per country (their research explored Switzerland and China) (Sender, Rutishauser and Staffelbach, 2017), suggesting that organizational support for inpatriates must be unique and tailored to different individuals and is included in the factors for determining the amount of assistance for inpatriates.

The two key facets of embeddedness theory that we see as important in developing inpatriate KM is fit and links (Mitchel et al., 2001). Fit, when defined as organizational capacity, would require acculturation to the country culture of the HQs location and the corporate culture of the MNC, both of which may be very different from the inpatriate's home country. An inpatriate's success in developing fit could also relate to their links and an attachment to the MNC. Links, as defined above, will be developed both formally and informally, suggesting

the greater the network and links for an inpatriate (both within work and in the outside community) will embed the individual to the MNC.

Accordingly, organizational support is important for embeddedness (i.e. Papa, Dezi, Grigori, Mueller, and Miglietta, 2017; Hussain et al., 2019), and HRM support in terms of developing inpatriate specific programs can assist in both fit and the development of network links (Froese, et al, 2020; Stoermer et al., 2020; Ren, Shaffer, Harrison, Fu, and Fodchuk, 2014). In this way, embeddedness theory supports the notion of retaining the employee and enabling the transfer of learned knowledge in global HRM. The ability to integrate and become embedded within the HQ is seen as integral for the success of the inpatriate manager (Reiche 2007). While ‘fit’ is seen to have the greatest impact in scholarly KM research (Lazarova and Tarique, 2005), the construct ‘link’ should not be ignored, especially as the network development of relationships is key to acculturation and developing an identity with the organization.

### **Importance of Inpatriation for Tacit Knowledge Transfer and Innovation**

Tacit knowledge is rarely shared intra-firm amongst employees (Hau, Kim and Lee, 2016; Haldin-Herrgard, 2000). Moreover, research suggests that employees can hide (Cabrera and Cabrera, 2002) and not share (Hau et al., 2016) tacit knowledge. Employees often see tacit knowledge as a competitive advantage within the firm and do not share tacit knowledge with the home office (Norman, 2002). While MNCs require tacit knowledge for innovation, they appear to have a distinct inability to acquire it. The MNC capacity for KM is not always transferred into an employee capability for KM transfer. We have identified three interrelated key areas where tacit knowledge transfer could fail between subsidiaries and home office and sender, receiver, and transferor.

Both the sender and receiver must have an established pre-existing global common background knowledge for understanding the difference between how and why something is done (Ringberg and Reighlen, 2008). Tacit knowledge is acquired through experience and practice and typically cannot be transferred easily to others due to its intrinsic features (Vissers and Dankbaar, 2013). Therefore, directly locating the tacit foreign knowledge into the HQs through inpatriation will facilitate the tacit knowledge to be transferred as interaction with other employees will socially distribute (Shamsie and Mannor, 2013; Sekiguchi, et al, 2019).

Tacit knowledge transfer is of duality in nature and involves a sender and a receiver. The receivers at the home office must have a global mindset to interpret the importance of subsidiary knowledge (Sanchez-Vidal, Sanz-Valle and Barba-Aragon, 2018). Not only must home office personnel be actively convinced of the value of new tacit knowledge (Burmeister et al., 2015), if they do not have a global mindset, they must acquire it (Chang, Gong and Peng, 2012; Yang et al., 2008). The inpatriate provides a dual role for receivers in the home office. First, the inpatriate will assist in developing a global mindset within the home office by teaching the home office employees the relevance and importance of globally acquired knowledge. Secondly, they will be the receiver of globally acquired tacit knowledge and be able to interpret and disseminate due to their global experience.

Over time, with HR support, the inpatriate should become socially embedded within the MNC and develop social capital. Social capital refers to the relationship developed between individuals over time and is necessary for tacit knowledge transfer (Hau, et al., 2016). The development of social capital occurs through repeated interaction between individuals where

trust develops through face-to-face interaction; spatial distance is a barrier to social capital development (Aydogan and Lyon, 2004; Hardin-Herrgard, 2000). This way, social capital development is the facilitator of tacit knowledge sharing (Hau, Kim, Lee and Kim, 2013). Due to repeated interactions over time, becoming embedded within the organization, the inpatriate will develop social capital and networks of relationships whereby their tacit knowledge is transferred and utilized for innovation. Table 1 summarizes the key issues in the tacit knowledge research, that of the sender, receiver, and transfer to innovative practices.

\*\*\*\*\* *Insert Table 1 about Here* \*\*\*\*\*

## **Discussion**

We explore a model of inpatriate embeddedness along four adjustment phases with five distinct features. Arguably, the degree of successfully embedding inpatriates into headquarter affects the potential for tacit knowledge to be transferred. Concurrently, this can influence future innovation within an organization. Table 2 points to the tacit knowledge transfer and innovation opportunities across 4 phases (i.e., survival, assimilation, acculturation, and pluralism). Within each phase we address the influence of 3 interrelated features (namely, inpatriate characteristics, critical junctures, and barriers). The management of these features by global organizations can either impede or assist the process of embedding inpatriates into home offices and simultaneously generate a higher probability of inpatriates' value-add through innovation.

\*\*\*\*\* *Insert Table 2 about here* \*\*\*\*\*

*Phase I – Survival.* The initial phase suggests that inpatriates are unable to contribute to innovation at home offices, as their talents or skill set remain generally hidden from others and perhaps hidden from themselves. The reason is that during the early phases at headquarter inpatriates are generally considered as 'outsiders' (Maley and Moeller, 2012) and



some may have greater difficulty than others to become embedded into their new organizational and national contexts (Harvey, Ralston and Napier, 2000c) due to culture shock (Harvey and Fung, 2000). To the detriment of the organization, this indifference (or even hostility) between different nationalities may persist for some time (Kim, Chung and Brewster, 2019), and without proper lines of communication guided by home office culture, the lack of communication and knowledge sharing opportunities (Schuster, Holtbrügge and Engelhard, 2019) will persist. The driving force behind inpatriate acceptance at headquarter is therefore connected to the ability of the inpatriate to see their value but also for others (locals and other foreign nationals working at the home office) to positively perceived the value of the social and contextual knowledge of an inpatriates. When this is achieved, inpatriates will begin to assimilate.

*Phase II – Assimilation.* The intention of the second phase is to showcase that inpatriates who assimilate are able to apply personal tacit knowledge for new innovation processes. During this phase, inpatriates initially become embedded in the organization through their inclusion in committees. This is a marker for the beginning of the expansion of their individual professional and personal networks through which inpatriates may become involved in limited decision-making scenarios. In this phase, the main barriers to achieving inpatriate embeddedness multi-fold: first, inpatriates from different background may be accepted more rapidly than others (Harvey and Buckley, 2005); second, parent country nationals may only begin to lose their fear of diminishing authority/power on their home turf; third, a general lack of understanding decision-making processes on behalf of the inpatriate persists. Inpatriates must therefore begin to rethink and modify their behaviour to amend their actions to fit the informal organizational patterns and adapt to the preferred lines of communication patterns.

*Phase III – Acculturation.* Evolving from the learning in phase 2, in phase 3 inpatriates begin to actively gather other global foreign tacit knowledge for global innovation processes. Inpatriates are mostly embedded in the organization and are beginning to be accepted by other members at the home office (Harvey and Buckley, 2005). Often, inpatriates are called upon for their input into problem solving with their astute insight and recognition of the value found in collective global knowledge. The main barrier in this phase is the possibility that two or more dominant cultural backgrounds exist and that those often compete for power/dominance (Maley and Kramar, 2007; Maley and Moeller, 2012). Acceptance of a “hybrid” global culture becomes key as inpatriates continue to become embedded in the organization. Cultural adaptation issues (Kim, Chung and Brewster, 2019) will persist but become less intrusive over time. Inpatriates as well as others around them often begin to recognise the true value in different opinions, processes, and decision-making timeframes. However, this is not expected to be a smooth process. To overcome this obstacle, the organization’s recognition of and input into the home office culture can be an indispensable element filtering into the longevity and success rates of inpatriates at headquarter.

*Phase IV – Pluralism.* Phase 4 is the pinnacle of tacit knowledge transfer and innovation creation opportunities whereby inpatriates begin to find opportunities to educate and train home office employees to identify, facilitate, and utilize foreign tacit knowledge (Guo, Jasovska, Rammal and Rose, 2020). In this phase, inpatriates find themselves at ease with operating and cultural aspects at headquarter and often find themselves in leadership positions (Williams, Moeller and Harey, 2010) driving global projects. This is a direct result of having developed a global mindset due to exposure to challenges and opportunities in the previous phases. As a result, a new barrier presents itself, namely that of how to coordinate global projects while maintaining an inclusive viewpoint driven by the experiences of the

inpatriate. As parent nationals continue to accept the inpatriates' presence and inpatriate ideas, the value of inpatriates at headquarter continues to become more apparent and accepted. Through this evolving mechanism, inpatriate ideas gain stamina and generate opportunities to contribute to global innovation. We point out that the content of this table strives to fill the current gaps in supporting inpatriate embeddedness such that it provokes knowledge exchanges and ultimately opportunities for innovation.

### **Summary and Conclusion**

MNCs are developing and implementing global knowledge management practices to improve organisational agility, better and faster decision making, quicker problem-solving, increased rate of innovation, to support employee growth and development, the sharing of specialist expertise, better communication, and to improve business processes. Much of the knowledge management process involves obtaining tacit knowledge that is embedded within an individual to transfer globally, and in particular to corporate HQ. As tacit knowledge is considered the most valuable (as opposed to explicit knowledge), human resource management is considered to play a key role in the transference to and from HQ through the use of expatriation, repatriation and inpatriation. Most of prior research has focused on expatriate knowledge transfer to overseas subsidiaries, while recent research is now exploring repatriation, while our research focuses on inpatriation of which little research has explored. Our research adds to the literature by examining the mechanisms of tacit knowledge transfer, why the inpatriate can be an excellent conduit of global tacit knowledge transfer, and then establishing a framework of the Phases of tacit knowledge transfer of an inpatriate.

Our research specifically focused on what are the characteristics of inpatriation that would make for successful knowledge transfer to HQ for subsequent innovation and how does

organizational embeddedness of an inpatriate affect knowledge transfer. The theoretical foundation for our research is grounded in social embeddedness theory of which recent research has utilized for knowledge transfer, and specific to the global HRM field that of expatriates repatriating to the HQ.

The extant literature indicates that due to the tacit knowledge being embedded within the inpatriate that they will be a more successful conduit of knowledge transfer than an a repatriating expatriate. The expatriate's assignment is typically shorter and the knowledge they accumulated is culturally intertwined and they may not understand or be able to transfer due to its specificity and their lack of understanding. However, although an inpatriate managers tacit knowledge is likely to be superior, the inpatriate must become embedded within the firm and develop social capital for knowledge transference to be effective.

We identified the key characteristics of inpatriates that will provide the much-needed tacit knowledge to HQ as the culturally specific tacit knowledge embedded within the inpatriate will be transferable once the individual becomes embedded within the firm HQ. The inpatriate will also be able to facilitate other foreign tacit knowledge to be transferred due to their unique advantage of being a superior conduit as a receiver of new knowledge, and the by-product will be the development of a global mindset within the firm and further innovation.

As past research has identified that tacit knowledge transfer requires interpersonal communication and sharing, social capital and networks, and requires the acceptance of the individual with the group, an embedded inpatriate will assist HQ personnel who may have no frame of reference, no global mindset to take a risk, or understand the importance of the new

knowledge. There has been little research on embeddedness of a repatriate, and we extend this research and illustrate that embeddedness of an inpatriate is essential for tacit knowledge transfer.

However, there are many factors that inpatriates must overcome for them to become embedded within the organization at HQ. Unfortunately, our research suggests that programs would have to be tailored to the inpatriate due to the HQ characteristics and the individual characteristics of the inpatriate. Research has established that organizational support is a requirement for successful embeddedness of an inpatriate and we developed a generic program.

Our research resulted in the framing of embeddedness for an inpatriate in four different phases (Survival, Assimilation, Acculturation and pluralism) over a period of time. Each individual will have varying degrees of speed and success for each phase, which will require continued HQ HRM support and feedback as suggested in our inpatriate training program. In the early stage of survival, the inpatriate will not be embedded and tacit knowledge is withheld or they are unable to transfer, hence new innovation does not occur. This stage must be over quickly, as the inpatriate becomes more socially embedded in the following stages, more tacit knowledge will be transferred for new innovative practices.

As diversity increases at HQs, the functional level of decision-making will be enhanced with inpatriate managers. In order to create successful global teams, employees are identified in the subsidiaries and inpatriated to the home office to create a diverse, multicultural team.

The inpatriation process though, is a difficult one, so we have set forth to illustrate the importance of inpatriates and tacit knowledge that can be applied for innovation, a program conducive to their social embeddedness, and then an outline of prospective issues and benefits.

### **Limitations area for future research**

Although we have identified the potential phases for inpatriate assimilation, there will be a number of moderators and mediators that will need to be identified and explored. Personal characteristics of the inpatriate is an area that is underexplored. The Big Five characteristics could be used (extraversion, agreeableness, openness, conscientiousness, and neuroticism) to ascertain whether individuals progress more quickly and will assist in identifying the best possible candidates. Positional power could also be a facilitator for expeditious embeddedness. As a lower level expatriate may have difficulty in becoming accepted within the organization, an expatriate promoted to an executive position may very well, due to necessity, become embedded quickly.

Another area that also requires further detailed analysis and is often overlooked in research, is tacit knowledge and its transfer. We argue that inpatriates are often a critical component in tacit knowledge transfer and it is important for its transfer to HQ. However, very little research explores the components of tacit knowledge and its value in a new contextual situation. Also, the future of the inpatriate's success needs to be explored in the context of their new role in the organization and how to measure their success.

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**Figure 1: Summary of the Key concepts Knowledge, Inpatriation, Innovation**

<b><u>HQ Required Knowledge</u></b> <sup>1</sup>	<b><u>Reasons for Inpatriation</u></b> <sup>2</sup>	<b><u>Consequences</u></b> <sup>3</sup>
Tacitness Generation Dissemination Responsiveness Understandability Foreign/global integration	Foreign Tacit Knowledge Embedded Facilitate other Foreign Tacit Knowledge Global Mindset of Home Office <i>Global Innovation</i>	New Products/Services <i>Innovation</i> Tailored Products/Services/Operations Global Market Comprehension Increase in Performance

<sup>1</sup> adapted from Li et al. 2016; Burmeister et al., 2018

<sup>2</sup> Adapted from Harvey and Buckley, 1997; Maley and Moeller, 2017

<sup>3</sup> adapted from Varadarajan, 2017

Table 1: Tacit knowledge, Inpatriate, Innovation

Issues	Past research of tacit knowledge transfer	Inpatriate solution
Sender:	<ul style="list-style-type: none"> <li>Embedded within foreign subsidiary</li> <li>Reluctance to share tacit knowledge</li> <li>Sender uses tacit knowledge as a power base</li> <li>No social capital development with HQ</li> <li>Returning Expatriates may not understand acquired tacit knowledge</li> <li>Need face-to-face transfer</li> </ul>	<ul style="list-style-type: none"> <li>Inpatriate embedded within HQ Organization</li> <li>Aspirations for success so will use tacit knowledge</li> <li>Proximately in HQ for transfer</li> <li>Future inpatriates see opportunity to move to HQ so offer tacit</li> <li>Other senders more willing to share tacit with like-type manager</li> <li>Combined with other inpatriates tacit knowledge, innovation</li> </ul>
Receiver HQ:	<ul style="list-style-type: none"> <li>No frame of reference</li> <li>Risk of using unknown knowledge</li> <li>No global mindset to understand importance</li> <li>Location specific so does not know context</li> </ul>	<ul style="list-style-type: none"> <li>Embedded HQ Inpatriate deciphers</li> <li>Develops culture of global mindset</li> <li>Knows global context of firm/subsidiaries</li> <li>Knows where to seek tacit knowledge</li> <li>Asks right questions of senders knowing frame of reference</li> <li>Has explicit knowledge/other tacit knowledge combined for innovation</li> </ul>
Tacit knowledge transfer:	<ul style="list-style-type: none"> <li>Requires interpersonal communication and sharing</li> <li>Requires social capital and networks</li> <li>Needs teachability</li> <li>Requires acceptance of individuals in HQ</li> </ul>	<ul style="list-style-type: none"> <li>Embedded Inpatriate in HQ: accumulating, deciphering, and transference</li> <li>Daily interactions for transference opportunities</li> <li>Social capital development facilitating opportunities for teachability</li> <li>Requires interpersonal relationship</li> <li>Understands and assimilates with global knowledge</li> <li>Combined with other knowledge, innovative capability</li> </ul>

	Phase I Survival	Phase II Assimilation	Phase III Acculturation	Phase IV Pluralism
<i>Inpatriate Characteristics:</i>	<ul style="list-style-type: none"> <li>• Social distance maintained</li> <li>• Learning/training period</li> <li>• Acceptance of differences</li> </ul>	<ul style="list-style-type: none"> <li>• Modification of behavior</li> <li>• Understanding of informal organization patterns</li> <li>• Increased level/quality of communication</li> </ul>	<ul style="list-style-type: none"> <li>• Some conflict over adapting organ. culture to inpatriates' concept of culture</li> <li>• Recognition in the value in different in organ. perspectives</li> </ul>	<ul style="list-style-type: none"> <li>• Parent organization acceptance of inpatriate ideas</li> <li>• Value of social knowledge to the global network</li> <li>• Blending of local/global context</li> </ul>
<i>Critical juncture:</i>	<ul style="list-style-type: none"> <li>• Perceived value of social knowledge of inpatriate</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced tension between inpatriate home country mgt.</li> </ul>	<ul style="list-style-type: none"> <li>• Blending organ. culture reflecting domestic cultures</li> </ul>	<ul style="list-style-type: none"> <li>• Network orientation based on distinctive competency</li> </ul>
<i>Barriers</i>	<ul style="list-style-type: none"> <li>• Overt hostility between groups</li> <li>• Lack of a common body of knowledge</li> <li>• Inability to effectively communicate</li> </ul>	<ul style="list-style-type: none"> <li>• Differing rates of acceptance to inpatriate</li> <li>• Fear of loss of authority/power by parent country nationals</li> <li>• Lack of understanding of decision processes</li> </ul>	<ul style="list-style-type: none"> <li>• Balance between demands of two cultures</li> <li>• Acceptance of "hybrid" global culture</li> <li>• Blurring of norms and procedural justice</li> </ul>	<ul style="list-style-type: none"> <li>• Coordination of individual organization entities</li> <li>• Maintaining coherent culture historical perspective (frame-of-reference)</li> </ul>
<i>Embeddedness</i>	<ul style="list-style-type: none"> <li>• Not embedded</li> <li>• Considered an outsider</li> </ul>	<ul style="list-style-type: none"> <li>• Becoming Embedded in organization</li> <li>• Included on committees</li> <li>• Involved in limited decision-making</li> <li>• Personal/Professional social networks begin</li> </ul>	<ul style="list-style-type: none"> <li>• Mostly embedded within organization</li> <li>• Accepted member of HQ</li> <li>• Called upon to decipher global knowledge</li> </ul>	<ul style="list-style-type: none"> <li>• Embedded within organization</li> <li>• Coordinator of global projects</li> <li>• Global mindset development of HQ</li> <li>• Assists newcomers to develop Social Capital</li> </ul>
<i>Tacit Knowledge/Innovation:</i>	<ul style="list-style-type: none"> <li>• Hidden/unable to utilize</li> <li>• No new innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Using personal tacit knowledge strategically</li> <li>• Applying personal tacit knowledge for new innovation processes</li> </ul>	<ul style="list-style-type: none"> <li>• Utilizing other global foreign tacit knowledge</li> <li>• Actively gathering other global foreign tacit knowledge for global innovation processes</li> </ul>	<ul style="list-style-type: none"> <li>• Educating and training home office employees to identify, facilitate and utilize foreign tacit knowledge</li> <li>• Home office employees identifying, facilitating and utilizing foreign tacit knowledge in combinations for new innovation processes</li> </ul>



*Length of Time of Relocation*

Table 2: Inpatriate Embeddedness, Adjustment and Tacit Knowledge