

Berthoin Antal, Ariane; Stroo, Ilse; Willems, Mieke

Working Paper

Drawing on the knowledge of returned expatriates for organizational learning: Case studies in German multinational companies

WZB Discussion Paper, No. FS II 00-104

Provided in Cooperation with:

WZB Berlin Social Science Center

Suggested Citation: Berthoin Antal, Ariane; Stroo, Ilse; Willems, Mieke (2000) : Drawing on the knowledge of returned expatriates for organizational learning: Case studies in German multinational companies, WZB Discussion Paper, No. FS II 00-104, Wissenschaftszentrum Berlin für Sozialforschung (WZB), Berlin

This Version is available at:

<https://hdl.handle.net/10419/49784>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

Schriftenreihe der Abteilung „Organisation und
Technikgenese“ des Forschungsschwerpunkts
Technik-Arbeit-Umwelt am Wissenschaftszentrum
Berlin für Sozialforschung

FS II 00-104

**Drawing on the Knowledge of Returned
Expatriates for Organizational Learning
Case Studies in German Multinational
Companies**

**by
Ariane Berthoin Antal, Ilse Stroo,
and Mieke Willems¹**

Wissenschaftszentrum Berlin für Sozialforschung gGmbH (WZB)
Reichpietschufer 50, D-10785 Berlin
Telefon (030) 25491-0, Fax (020) 25491-684

¹ The authors are grateful to Kathrin Böhling, Meinolf Dierkes, Camilla Krebsbach-Gnath and Casey Teele for insightful comments on drafts of this article.

ABAntal@medea.wz-berlin.de

Abstract

In order to explore the potential contributions that returned expatriates can make towards helping their organizations to better understand and manage culturally diverse and changing conditions, a pilot study was conducted in two German-based companies with a long tradition of international operations. The interviews generated insights not only into the four categories of knowledge used in the organizational learning literature (declarative, procedural, conditional, and axiomatic) but also into a fifth (relational). The analysis indicates that a large gap remains between individual and organizational learning. The barriers encountered by the expatriates in transforming their knowledge into an organizational property lie more in the absence of supportive factors and conditions than in the actual presence of impediments. The authors suggest that many of the problems encountered by returned expatriates are not limited to this specific subgroup but rather serve to highlight those experienced by other employees who seek to introduce new ideas and practices into an organization. The study therefore concludes not only with recommendations for improving expatriation processes, but also with suggestions for identifying the learning needs of an organization and for creating a supportive framework for organizational learning from all employees.

Zusammenfassung

International tätige Unternehmen investieren viel in die Entsendung von Führungskräften ins Ausland. Was und wie können Unternehmen von diesen Führungskräften nach ihrer Rückkehr lernen? Um dieser Frage nachzugehen, wurde eine Pilotstudie in zwei deutschen Unternehmen durchgeführt, die beide seit vielen Jahren international tätig sind. Die Interviews mit zurückgekehrten Expatriates und mit Personalmanagern dokumentieren eine Vielfalt von Wissen. Sie zeigen aber auch, daß die vier in der Literatur zu Organisationslernen zentralen Kategorien von Wissen (declarative, procedural, conditional und axiomatic) in der Literatur zum Organisationslernen nicht ausreichen, um diese Vielfalt zu erfassen. Eine fünfte Kategorie muß ergänzend hinzugefügt werden: relational knowledge. Die Untersuchung zeigt, daß zwischen dem vielfältigen individuellen Wissen und dem Wissen der Organisation eine große Lücke bleibt. Bei der Transformation ihres Individualwissens in organisatorisches Eigentum erleben die Expatriates wenig Unterstützung. Viele der von den Expatriates angesprochenen Probleme bei der Umsetzung von Wissen können als organisationstypisch angesehen werden. Die Autoren erarbeiten daher nicht nur Empfehlungen für eine auf Organisationslernen besser abgestimmte Gestaltung der Entsendungspolitik, sondern auch Vorschläge für die Feststellung der Lernbedürfnisse der jeweiligen Organisation sowie für die Schaffung eines lernfreundlichen Rahmens.

1. Introduction

Surviving and succeeding in today's global environment requires that a company be able to understand and deal effectively with rapidly changing circumstances not only in one country but also in multiple cultures. There are three keys to managing this challenge: a powerful strategic vision, a responsive structure, and internationally skilled people. Since it is people who create visions, design structures, and implement policies and decisions, the ability to develop employees and to use what employees have learned is *the* core competence organizations require in order to become and to remain competitive today.

This competence is encapsulated in the concept of organizational learning, which is distinct from individual learning. In recognizing that organizations tend to know far less than the sum of the knowledge held by their members, Argyris & Schön (1978) highlight the fact that it is not enough for companies to have good training and development programs or skilled and experienced managers in their ranks. Companies need to establish the appropriate processes and structures in order to be capable of tapping into what their members have learned. The transformation of individual knowledge into knowledge that is shared by others in the organization is a prerequisite for knowledge creation, on which the capacity to innovate is based (Nonaka and Takeuchi 1995).

For companies operating globally expatriates represent a resource for organizational learning. Since „learning is fostered by diversity in experience“ (Barkema & Vermeulen 1998: 7) managers who have lived and worked abroad increase the range of experiences and ideas on which an organization can draw². Many companies have invested heavily in international management development and even more in international assignments for their managers³. However, these companies cannot take for granted that they are currently reaping the greatest possible returns from their investments. Black and Gregersen find that „most companies get anemic returns on their expat investments“ (1999: 53). This is disappointing, but it should not be surprising because organizational learning theory suggests that there is a high likelihood of a gap existing between what their internationally experienced managers

² Differentiations have been made between international managers, depending on the breadth of their expertise, the range of countries or regions covered, and the length of international assignments (see for example Quelch and Bloom 1999). For the purpose of this study, the general term „returned expatriates“ is most appropriate because it covers the entire span.

³ Black and Gregersen note that „on average, expatriates cost two to three times what they would in an equivalent position back home“ (1999: 53).

know and what the organization itself has acquired and stored as useable knowledge (Berthoin Antal & Böhling 1998).

In order to explore the potential contributions that returned expatriates can make towards helping their organizations to better understand and manage culturally diverse and changing conditions, we undertook a pilot study⁴ in two German-based companies that have been operating internationally for many years. One is in the banking sector and the other in the pharmaceutical industry. Both companies have a long tradition of sending employees to manage operations in foreign subsidiaries. Like many other German 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 the company can benefit from the skills and perspectives gained while abroad.

The key questions for the study therefore were:

- What types of knowledge can returned expatriates offer the organization?
- What strategies did the expatriates pursue to make their learning usable in the organization?
- What barriers did they encounter in this process?

This report first summarizes the theoretical underpinnings of the study, then briefly describes the methodology. The findings are subsequently presented in two parts: the types of knowledge expatriates bring back from their experience abroad, and the barriers to the transfer of this knowledge that expatriates encounter when they return. The report closes with recommendations on how to reduce these barriers and how to develop a more proactive attitude towards organizational learning from expatriation.

2. Theoretical underpinnings

In responding to the provocative question „what is an organization that it may learn?“ Argyris & Schön (1978: 8) specified that learning is done by individuals, who then transform what they have learned into an organizational property, by sharing their knowledge with others and embedding it into the organization’s memory. Individuals are the agents of organizational learning. Nevertheless, scholars in this area agree that „it would be a mistake to conclude that organizational learning is nothing more

⁴ The study was conducted by the authors 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 Stroot and Mieke Willems to the Policy and Organization Studies Department of Tilburg University (NL) in September, 1999.

than the cumulative result of their members' learning" (Hedberg 1981: 6). The field of organizational learning has developed over the past decades, with scholars from a wide variety of disciplines seeking to understand the processes of organizational learning and the factors that promote or hinder such learning (for overviews see Berthoin Antal 1998, and Berthoin Antal, Dierkes, Child, Nonaka forthcoming). The theoretical elements that underpin the current study are:

- Models of organizational learning processes
- Types of organizational learning
- Types of knowledge

A. Phase models of organizational learning and spiral model of knowledge creation

Different models have been proposed to describe these processes. The two dominant approaches are phase models of organizational learning (e.g. Huber 1991) and the spiral model of knowledge creation (Nonaka & Takeuchi 1995). The phase models describe organizational learning as a process whereby information is first acquired, then distributed in an organization. Next, members need to interpret the information, use it and ensure that it is stored in the memory of the organization. Organizational memory can take many forms, including formal and informal decision making processes, standard operating procedures, structures, data banks and handbooks, and organizational culture. Most scholars (e.g., Nevis, DiBella & Gould, 1995) who apply a phase model emphasize that the process is an iterative one, not a simple progression from one step to the other. The spiral model proposed by Nonaka and Takeuchi (1995) also describes an ongoing transformation process of individually-held and shared knowledge. The model goes beyond mapping the acquisition and sharing of available knowledge towards trying to capture the dynamic process of creating new knowledge.

We found it useful to keep these two quite different but complementary models in mind during data collection and analysis. The interview questions were designed to track the way the respondents had tried to share what they had learned abroad, how they had sought to help others make sense of the knowledge they had acquired, and how they attempted to embed the learning into procedures or other forms of organizational memory. We looked for evidence of new knowledge having been created through the interaction between the expatriates after their return and the members of the organization. The models also served as a basis for generating hypotheses about barriers to organizational learning. We assumed that learning would be impeded if certain phases or elements of the models were missing or insufficiently covered after the expatriates returned.

Both models indicate that the transformation of individual knowledge into a shared good is not a simple or automatic process. One of the reasons for this is that a great deal of knowledge is tacit, in other words, taken for granted. It is not expressed and therefore much more difficult to communicate to others than explicit knowledge, which can be acquired and shared relatively easily through written media such as handbooks and operating instructions. Scholars and managers alike have come to realize that much valuable knowledge is tacit and, furthermore, this knowledge is needed in order for explicit knowledge to be applied appropriately. Ways to surface tacit knowledge, to make it visible in the organization, must therefore be found in order to enable it to be shared, used, and embedded into organizational knowledge. In this study we expected the distinction between tacit and explicit knowledge to be significant, because an expatriate is likely to gain a great deal of tacit knowledge from multiple experiences during the time spent abroad. Most literature suggests that it is precisely this knowledge that is the most likely to be difficult for the expatriates to transform into valued knowledge in the organization after their return.

Szulanski (1996) points out several barriers to the transformation of tacit knowledge, and he refers to the problem as one of „internal stickiness“ (28). Since tacit knowledge is often ambiguous and context specific, drawing out its meaning and relevance for a new situation requires active attention and interaction between members of the organization. A lack of motivation or incentive to share tacit information is one barrier, but the inability on the part of the receiver to value and absorb knowledge from the expatriate manager is an even more significant barrier. Szulanski adds that it is not just a matter of sharing but also of using new knowledge, so that if no emphasis is placed in the organization on applying new knowledge, it will remain stuck at the source.

B. Single loop and double loop learning

Another useful distinction that has been generated by research on organizational learning is between different kinds of learning. Single loop learning refers to the improvement of existing ways of doing things, and double loop learning is the development of new approaches to replace the existing way of doing things (Argyris & Schön 1978). Scholars suggest that both kinds of learning are needed, so companies should develop skills for each of them. They should be able to exploit existing knowledge and skills to perfect their existing competencies, and they should be able to question current ways of thinking and doing, and explore different approaches. Unfortunately, organizations tend not to engage in either exploration or exploitation appropriately or sufficiently (March 1996). For example, problems occur because organizations continue to improve old processes even when significant

changes in the environment would require the development of new approaches. Or, available knowledge is not well exploited because the organization favors continuous experimentation at the expense of evaluation and reflection on experiences. Organizations therefore need the ability to distinguish between the type of learning needed in a given situation, in addition to the skill required to engage in that learning. Our assumption in conducting this study was that expatriate managers could contribute to both types of learning after their return. Their experience abroad could serve not only to improve existing procedures in their organization, but also to generate new ways of seeing things that the company could use as a trigger for questioning accepted processes and exploring alternatives, i.e. for second-order learning.

C. Knowing what, how, when, and why

The literature on organizational learning contains numerous typologies of knowledge. By combing through the available typologies, it is possible to generate a comprehensive set to apply for this study. Anderson (1983) distinguishes between 'declarative' and 'procedural' knowledge to capture the difference between knowing facts and having the skills to do something. The learning processes required to develop these two kinds of knowledge also differ. Facts are easily codified, whereas procedural knowledge has a significant tacit dimension and is usually learned by doing. Cohen and Bacdayan (1996: 409) stress that „procedural knowledge is less subject to decay, less explicitly accessible, and less easy to transfer to novel circumstances“ than declarative knowledge is. Paris, Lipson and Wixson (1983: 303) add a third category, which they label 'conditional knowledge' in order to characterize the knowledge that signals when and how to apply declarative and procedural knowledge. This form of knowledge is what enables a person to specify the conditions under which facts and skills should be used. It is a critical ingredient of strategic behavior. Sackmann's typology (1992) includes each of the above items (albeit using different terms⁵), and adds yet another, namely axiomatic knowledge. It „refers to reasons and explanations of the final causes perceived to underlie a particular event“ (Sackmann 1992: 142), in other words, it is the kind of knowledge that is drawn on to explain why things happen.

We expected that the expatriates would have collected knowledge in each of these four categories. The experience of working abroad generates not only important

⁵ Sackmann (1992) uses the heading 'cultural knowledge' to refer to commonly held types of knowledge. She identifies 4 types of cultural knowledge: dictionary knowledge (commonly held descriptions, words, definitions), directory knowledge (commonly held practices), recipe knowledge (commonly held ideas about how things should be, norms), and axiomatic knowledge (commonly held assumptions about why things happen).

factual knowledge about a culture in general and a business culture in particular, but also insights into how people behave and how organizations work in that setting. An expatriate who has really engaged with the new culture builds up an understanding of why things are done in a different way.

We hypothesized that the expatriates might then encounter barriers in transforming each kind of knowledge acquired individually abroad into organizational knowledge after their return. The types of knowledge that require more experience and time to acquire are likely also to be more difficult to share and embed in the organization after their return. The more tacit the knowledge had become for the expatriates during their assignment abroad, the more difficult it would be for them to communicate it to others. Declarative knowledge is the easiest to express and codify, but much of it is likely to be perceived as not being relevant outside the setting in which it was acquired. Conditional knowledge is likely to come up against two difficulties: it has a significant tacit dimension, and since it is closely connected to cultural values, much of it is probably perceived to be of limited relevance outside the culture in which it was learned. It would require an openness to second-order learning, a willingness to redefine the frame that establishes what is relevant in an organization, for „foreign“ declarative and conditional knowledge to be considered useful. Procedural knowledge, which is based largely on learning by doing (i.e. tacit and often requiring practice over time), and axiomatic knowledge, which is absorbed through extensive interaction with a culture, would be the most difficult to share with employees who have not gone through the same extensive experience.

In order to avoid the terminological clumsiness inherent in the academic classifications we chose to refer to the four types of knowledge as: knowing *what* (declarative), knowing *how* (procedural), knowing *when* (conditional) and knowing *why* (axiomatic). While it is useful to recognize the differences between these types of knowledge, it would be misleading to conceive of them as independent of one another. The boundaries between the categories are likely to blur somewhat in practice. More importantly, it is in the synthesis of the types of knowledge that the significance often lies. For example, in most cases knowing „what“ can be applied effectively only when one also knows „how“ and „when“ to use it.

In summary, the different theoretical elements presented in this section help to identify the variety of types of knowledge that returned expatriates can contribute to organizational learning as well as the barriers the expatriates are likely to encounter in sharing that knowledge. The two complementary models of organizational learning and knowledge creation provide a framework for tracing how that knowledge could be shared with other members of the organization after the managers' return and

converted into new organizational knowledge. Both models are predicated on the assumption that the process is not simply an automatic transfer from the individual to the organization. Rather, it requires active engagement by individuals to give and receive the knowledge, and commitment and support from the organization. Furthermore, since the knowledge acquired abroad is contextual, its usefulness in the new context requires processes of adaptation, in other words knowledge creation. The distinct yet interrelated categories of knowledge (what, when, how and why) show the broad scope of potential types of knowledge that expatriates gain abroad, much of which becomes tacit and needs to be drawn out on their return. By its very nature, tacit knowledge is something that the individuals who hold it cannot immediately identify and express, and those people with whom they share it need time to absorb and understand the new knowledge that the expatriate took years to gain abroad. The concepts of single and double loop learning highlight that knowledge can be used either to improve on existing procedures or to develop quite different ways of doing things, but organizations tend to have difficulties distinguishing between the need to engage in the one or the other form of learning. This implies that if the knowledge acquired abroad challenges the way things are currently done and requires double loop learning but the organization favors single loop learning, the returned expatriate will encounter problems in embedding what he or she has learned.

3. Methodology

Since no field work has yet been done on returned expatriates as a resource for organizational learning, an exploratory case study approach appeared to be the most appropriate way to start breaking the ground for such research (Yin 1994: 8, and Van der Zwaan 1995: 68). The study was designed to generate data by conducting semi-structured interviews in two organizations. The research instrument was based on an extensive review of the literature on organizational learning as well as the literature on expatriation processes. A key feature of the design was the team approach to each step in the process. The close collaboration ensured that different perspectives were brought to bear on interpreting the body of theoretical literature, conducting the interviews, and analyzing the results.

A. Selection of the case study companies and respondents

The selection of companies was based on personal contacts to senior managers in German companies operating internationally. In order to obtain the two cases required for the study, six companies were approached. The interest was initially very high and each of the senior managers wanted to participate in the project. However, in one company after another it emerged that the expatriation policy was currently

under review internally, so an external study was deemed problematic at that point in time. Two of the six companies we contacted agreed to participate because no study had been initiated there yet, although there were internal discussions about the need to review the management of expatriation processes and the role of expatriation in the organization's business and human resource strategy.

The participating companies are in different industries. a pharmaceutical company (company A) and a banking institution (company B). Both organizations have a long tradition of international operations, and currently have subsidiaries all over the world (the pharmaceutical company is also involved in several international joint ventures). The two companies are therefore quite typical of the traditional internationalization model, in which headquarters plays a strong central role and is dominated by the culture of the country of origin (Germany).

Company A has approximately 20,000 employees world wide, half of whom are working in Germany. It currently has about 120 expatriate employees in different countries. The largest contingent of these expatriates (thirty-five) originated from the headquarters in Germany and have been posted to the United States. Very few subsidiaries send employees to other subsidiaries, and only four people are currently working in headquarters as expatriates from a subsidiary. Company B is slightly larger, with 28,300 employees worldwide, of whom the overwhelming majority are based in Germany. Approximately 3,300 employees are located abroad. The number of expatriates (300) is larger than in Company A, and the company has changed its expatriation policy in recent years to include the transfer of people from subsidiaries to headquarters and to other subsidiaries. Currently about 30 people are on such expatriate assignments.

The director of training at company A and senior human resource manager responsible for expatriates in company B were nominated by their companies as the contact people for the project and they helped to identify the respondents for the study.

The prime selection criterion was the time that had elapsed since the expatriate's return. The ideal profile was a person who had returned from the assignment abroad at least half a year before the interview, but not more than three years. The purpose of this criterion was to find respondents who had been back long enough to have tried sharing and applying some of the learning from the foreign posting. We wanted to exclude from the sample managers who had returned too long ago to remember their experiences after their return. Ultimately, two of the expatriates interviewed did not quite match the time criterion, but they were included because the difference was not

too great (one had returned only three months before the interview, and another had already been back in Germany for four years).

A total of twenty-one expatriates participated in the study (eleven in company A and ten in company B). The sample consisted of eighteen men and three women⁶. The group of interviewed expatriates was very diverse, both in terms of the countries they had been to and in terms of their function abroad. Five of the interviewees had been posted to the United States, two in Great Britain, one participant was in Mexico, and another in Spain. The significance of the Asian market was reflected in the sample by the fact that nine expatriates had returned from assignments in various Asian countries (Pakistan, Singapore, Indonesia, China, South Korea, and Japan). Three had been involved in building up operations in East European countries (Hungary, the Czech Republic, and Russia). During their foreign assignments, the expatriates ranged from general manager or deputy representative of a subsidiary, to manager of a particular department, such as personnel or marketing, to project manager. Next to these managerial functions a few expatriates had more technical expert type jobs, like software installer.

After their return, most of the expatriates from company A were placed in headquarters, whereas about half of the expatriates interviewed in company B took up responsibilities in branches in different German cities. Surprisingly few (a quarter) of the jobs to which the expatriates were assigned entailed a direct link to the country from which they had just returned, and some had no international dimension at all. For approximately three quarters of the respondents the assignment abroad had been followed by what they perceived to be a positive career move, with responsibilities ranging from branch manager or business unit head, to department director in headquarters or functional head with regional or world-wide responsibilities. The remaining quarter felt very dissatisfied with their return assignment because they did not see how it built on or expanded their development thus far. Most, but not all of these were outside of headquarters and had no international dimension.

In addition to interviewing the returned expatriates, we spoke with human resource managers in both organizations (1 in company A and 2 in company B) in order to obtain an overview over their expatriation policy and processes. The purpose of expatriation in Company A is threefold: „to fill a position in a subsidiary“ (A9: 176-

⁶ 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.

177⁷), „to establish a better working relationship between headquarters and the subsidiary“ (A9: 178) and to develop employees, „because we believe that somebody who will become a manager in headquarters should have experience in a foreign subsidiary“ (A9: 223-224). According to the human resource manager, the company expects that the expatriates will improve all kinds of skills while on their international assignments, and after they return to Germany the expatriates should get „the opportunity to show what they have learned“ (A9: 404). However, this human resource manager stressed that „it is sometimes difficult to find the right position“ in which the expatriates can achieve this. There is „an understanding and an expectation“ (A9: 595) on the part of the company that the expatriate will bring in their knowledge and experience, but there is no official or systematic process. Instead, „it is more in their individual working process“ (A9: 545-546).

The interview with the two human resource managers in Company B indicated that the bank's reasons for expatriation are slightly different and in principle somewhat more supportive of organizational learning. High on the list of objectives for sending managers abroad is to transfer know-how to the subsidiaries and to spread some of the bank's culture (or 'color' as B1: 38, said) to the subsidiaries. Furthermore, in order to make the bank more international within Germany, an important part of the company's expatriation policy is to place their returned expatriates in branches around the country, rather than to reabsorb them all into headquarters. A human resource manager explained „it is very necessary for us to become international in Germany. That means in every management, general management, of our main branches in Germany, it will be necessary to have one general manager who was abroad“ (B11: 89-92). The fact that currently more than half the branches in Germany are run by a returned expatriate is cause for optimism that the company can learn from its returned expatriates, however the interview results suggest that there is reason for skepticism. Several of the respondents in branch offices had no contact with international clients and felt that their experience was essentially wasted in the purely domestic setting.

B. Data collection and analysis

Two sets of questions were prepared, one for interviews with the returned expatriates and one for the human resource managers. The interview guidelines for the expatriates consisted only of open questions that were designed first to help them formulate what they believed they had learned abroad and then to explore how they

⁷ The quotations are coded to the company for which the respondent worked and to the line numbers in the interview transcripts.

had tried to share this learning on their return, and what experiences they had encountered in that process. A pilot interview was conducted with an expatriate manager outside the sample to check and refine the questions. The research team worked in pairs on most interviews, in order to maximize the ability to probe for deeper insights. The interviews were conducted in the spring of 1999 and each lasted between an hour and two hours. They were usually held in the respondent's office. In those cases where it was too difficult to arrange travel, the interviews were done by telephone (two in each company). Almost all the respondents were fluent in English, so it was possible to conduct all the interviews in English⁸ except for one, which was in German. All the interviews were taped, with the exception of one, when a respondent requested that the interview not be recorded (but extensive notes were taken). The tapes were then transcribed.

The three research team members read all the complete transcripts in order to ensure that they were fully informed of each other's interviews. The texts were then coded by the two Dutch team members separately according to categories based on the theoretical propositions that had guided the research design (Yin 1994: 103). Differences in interpretations were discussed intensely, sometimes leading to the identification of new categories that had not been explicitly foreseen at the outset. This „template approach“ (King 1994: 26) to analyzing qualitative data from interviews proved to be very useful. It permitted us to sort through the mass of fascinating results from the interviews within the theoretical framework we had built for the study while at the same time enabling enough flexibility to expand on and refine the framework to accommodate unexpected findings.

4. Research Findings: More Knowledge, Multiple Barriers

A. More than Four Types of Knowledge

The literature review generated four types of knowledge to look for in the interviews: declarative (what); procedural (how), conditional (when), and axiomatic (why). We hypothesized that all four would be relevant for studying how returned expatriates might serve as a resource for organizational learning. In the course of working and living in a different culture, expatriates would be expected to collect facts and develop skills to enable them to function well in the new environment, and to gain an

⁸ This was helpful because although the two Dutch members of the research team were proficient in German, their English was stronger for professional work, particularly since the literature on organizational learning is predominantly published in English. It may have somewhat limited the ability of some respondents to express complex feelings or thoughts, however they overcame this problem by using German phrases that captured what they meant better than an English one.

understanding about the norms and values shaping people's thinking and behavior there. The responses from the expatriates showed that they had indeed developed knowledge in each of these four categories while they were abroad. But the range of knowledge was broader than expected in two ways. First, it was not focused only on the foreign culture (e.g., China or Mexico), it extended into fresh insights into the expatriate's own culture (Germany) and the organization from which the expatriates had been delegated. The exposure to the different ways of thinking about things and doing things abroad enabled the expatriates to see and think about aspects of their culture that they had taken for granted. The combination of new knowledge about a different culture and new insights into their own culture laid the groundwork for thinking about how to stimulate organizational learning. Second, a new category emerged from the interviews. Besides knowledge of „what“, „how“, „when“ and „why“, the expatriates returned with a diverse network of professionally significant contacts. New relationships, „who“ the expatriates come to know during their stay abroad, was a valuable resource. The category that we decided to label „relational knowledge“ is not explicitly found in the existing typologies of knowledge in the organizational learning literature. However, innovation and network theories support the relevance of this category for learning and knowledge creation (see for example Eriksson, Hohenthal & Johanson 1998).

1) Declarative Knowledge: Knowing 'What'

First and foremost expatriates gather factual knowledge about the local culture. They are confronted on a daily basis with the fact that many things are different from what they have been accustomed to within their own culture. Living in another country made the expatriates realize that „everything is basically completely different“ (A2: 127-128). All the respondents talked in the interviews about the cultural differences in the societies they had experienced. In addition to the general observations about the society in which they were living, the expatriate managers collected first hand knowledge about the local markets, the products, and the needs and wishes of local customers. They usually talked about their observations in comparative terms, contrasting what they found abroad to what they had known at home. The use of comparative terminology indicates that the expatriate managers no longer take what they had known previously for granted, and therefore do not consider their past models to be universally applicable. Such knowledge is crucial to effective marketing internationally, and textbooks abound with examples of basic errors committed by companies that have overlooked cultural differences. Respondent A10 illustrated the usefulness of having people with international experience on product development teams. „It is amazing how much difference you will find if you develop a skin care product. Italian women . . . have a completely different expectation“ than German

consumers do, so „if you develop a product using people who are not able to incorporate different view points, they tend to neglect“ the different expectations. „And then you have a product you can perfectly market in Germany maybe, but you had better forget about the introduction in any Mediterranean country“ (873-882).

The acquisition of declarative knowledge about differences in other cultures may sound obvious, but its implications are profound. This exposure to the multiplicity of smaller and larger differences in the ways of living and working abroad lays the groundwork for enabling the expatriates to broaden their frame of reference and seeking to understand how, and why things differ. In this context, almost all the respondents also commented on the benefits of being exposed to work in foreign subsidiaries, where they discovered different management concepts and experienced some of the costs of the approaches they had taken for granted at home. With that understanding, they can develop a sense for when the different ways of seeing and doing things might be relevant elsewhere, and could therefore represent a resource for introducing new ideas and challenging established frames of reference in their organization after their return.

2) Procedural Knowledge: Knowing ‘How’

The next category of knowledge consists of knowledge about *how* things work, about skills and processes the expatriate learned while abroad. The interviews revealed three clusters of knowledge in this category: knowledge about specialist skills, about general management skills, and about learning how to learn. The specialist skills varied with the function held abroad by the expatriate and the country in which he or she had worked. It included knowledge of new ideas in investment banking, Good Manufacturing Practices, or local procedures for meeting regulatory requirements. The most frequently reported general management skill developed during the assignment abroad is the art of communicating effectively. The expatriates talked in the interviews about learning to listen better, to negotiate differently, and to be much more conscious that providing information is in itself not necessarily sufficient for ensuring understanding. In one’s own culture and language, there is a high tendency to assume that others have understood. This assumption is often erroneous but it usually goes unchallenged until a foreign situation is encountered. Expatriate B7 (279-284) for example said: „you learn . . . to be more patient in communication. Because communication is the number one problem and you have to make sure, which is very time consuming, that everybody around the table has understood what you have said“. This insight into the nature of communication is a key form of procedural knowledge that can be transferred to the home context.

Other types of general skills the expatriates reported having developed abroad were project management, team-work, management by objectives, and the ability to delegate responsibilities more effectively. These kinds of procedural knowledge can be developed in many positions, so one could well argue that they do not require an international assignment. The situation in the foreign assignment tends to stimulate a more rapid development of these skills. What matters is that once acquired and honed, this procedural knowledge can be applied independently of location: Its usefulness is not restricted to the culture in which it was developed, so it is highly relevant for return postings.

A special form of procedural knowledge is learning-how-to-learn. During international assignments, expatriates are confronted with many new conditions and situations that require them to learn rapidly. Having to learn a new language is one of the challenges that stimulates learning-how-to-learn. As one expatriate said (A6: 184-185) „you just have to spring into the water . . . And it is hard, it is sometimes brutal, but it is the only way to do it.“ In other words, learning how to learn involves taking risks and accepting that mistakes are part of the process. Several respondents reported having sought out a person who could be relied on to help explain the meaning of things. Expatriate B9 summarized, „explanation is very important and I developed also a very good friendship with another colleague in the branch who is Chinese . . . and we would often go out for lunch together. He explained things like how the Chinese think and what they mean when they say something“ (142-146). Recognizing the importance of getting to the root of things in order to ensure understanding is also a key step in honing learning skills.

The organizational relevance of this kind of procedural knowledge that expatriates bring when they return from abroad lies in several areas. They have an urgency to learn, after having needed to learn very rapidly abroad in order to be effective, and they are struck by how relatively slow the organization to which they return is to take up new ideas and develop new capabilities. Their sense that things could be done better than they have traditionally been done in the home context and their experience with different ways of working can be tapped to create an awareness in the organization of a need to learn new skills that are relevant not only for dealing with a foreign market but also with competition in general. They can be used as a stimulus for questioning and changing current learning practices. The organization could also profit from the expatriates' experience with the importance for learning processes of taking risks, making mistakes, and building relationships with people who can explain the meaning behind events, actions, and concepts.

3) Conditional knowledge: Knowing 'When'

Learning what to do and how to do it is not sufficient for effective behavior. A crucial next step is to understand when to apply the newly developed declarative and procedural knowledge. While the expatriate is abroad, he or she learns how to discriminate between situations in the culture, to differentiate the conditions under which behavior is appropriate. For example formal and informal meetings might require different behavior and language. When expatriates return with conditional knowledge about a particular culture, it is a valuable input for managers who deal with people or institutions from that culture.

Another important dimension of conditional knowledge is timing. The expatriates reported developing greater sensitivity to the effects of timing than they had had before working in the foreign environment. The examples they gave related to learning both when to speed processes up in the organization and when to slow them down. Expatriate A10 contrasted the attitude he had learned from working in Asia with the situation in Germany, where he observed that „whether the product hits the market half a year earlier or later“ (303) does not matter to people. He added „I think this is wrong. I mean Asian people, in particular the Chinese, would lose their patience and say ‘we want to get to the market, so what are we discussing here?’ . . . That’s very pragmatic, that’s very short-term thinking, and I think this could help us, time and again“ (304-310). The ability to grab opportunities and compete with quick-footed competitors in a rapidly changing market clearly requires that a company learn to speed up any unduly slow processes. However, this lesson needs to be balanced with another one, which might at first glance appear to be contradictory. An expatriate who had also been to China returned with the sense that while one could learn the value of speeding processes up, one could also learn patience. He explained „sometimes things need time to mature“ and he felt that this awareness was often missing in his company so that too many actions were taken at the wrong time (B9: 74).

Evidently, no simple lessons can be drawn for timing. The value of this dimension of the conditional knowledge acquired by the expatriate is that timing is too important to be taken for granted. The expatriate’s experiences can be used to challenge the engrained patterns of timing in the organization, in order to see where it would be more effective to increase or decrease the speed of decision-making and action.

4) Axiomatic Knowledge: Knowing 'Why'

The fourth type of knowledge identified in the literature and found in the interviews with the expatriates is axiomatic knowledge, a new or deeper understanding of „why“ things are as they are in and between cultures. Their life and work abroad enables the expatriates to develop insights into different logics behind actions, decisions, and situations in the new culture. Cross-cultural understanding is one of the most frequently mentioned achievements of an expatriate assignment. „Other people do things in a different way, act on different principles, on different values, which seems to be trivial to say that. But, in actual fact, it is not“ (A7: 198-200). Such insights help the expatriate to „become more open-minded towards other cultures and other values“ (A7: 286-7). It becomes very evident to such expatriates that Germany is not „der Nabel der Welt“ (the center of the world) (A8: 249-250). Embedding this knowledge into the company on their return is seen as very significant. „It is very, very important for . . . a global, or say an international company to understand much better the differences in culture“ (A11: 151-153) in order to compete effectively and avoid costly mistakes.

The assignment also permits the expatriates to understand why subsidiaries respond to headquarter requirements in certain ways. As one respondent put it, an expatriate assignment in a subsidiary means that „you are sandwiched“ (A10: 160) and have to manage and balance the requirements of headquarters with those of the local business, „which are slightly if not totally different“ (A10: 161-162). The expatriates therefore learn to understand why things are perceived, thought about, and handled differently abroad than in headquarters. A crucial learning point is that understanding „why“ things are done in a certain way does not mean automatically accepting that they have to be done that way. The expatriates learned to understand different types of logic and to mediate between the logic of headquarters and those in the subsidiaries. „We cannot do everything the way we want to do it, but if you want to do everything the way it is normally done in the country, you will not be successful either. So you have to find that balance“ (A2: 213-216). After their return, the expatriates can communicate their understanding of the different types of logic by explaining them to colleagues who need to deal with the subsidiaries. But this is not enough. They are also a useful resource for reconsidering whether the dominant logic that has shaped headquarter processes in the past continues to be appropriate in a global market.

Another striking outcome of the interviews is that almost half of the respondents mentioned returning with a better understanding of the business as a whole, in other words of how and why the different parts fit together. By working in a different function the expatriates reported becoming able to „put the puzzle together“ (B12: 259). They

developed a bigger picture of the organization and came to appreciate why other functions did things a certain way because they got „more ideas about the problems of other disciplines“ (A12: 253). This form of axiomatic knowledge is not a result of being abroad as much as it is due to the fact that many subsidiaries are similar in size to small and medium-sized businesses, so the connections between parts of the business are more visible. Furthermore, the role and task the expatriate fulfilled abroad often entailed interactions with various functions and departments, a situation which was compared by a respondent to being the „universal soldier“ (A10: 525). Another respondent explained, „abroad you have to think more interdisciplinary . . . So you are not only focussed on your department, on your group, you are more focussed on the total interest of the bank“ (B8: 348-350). The development of a holistic view of the business is a valuable side-benefit of foreign assignments and the learning can be capitalized on after the expatriates return.

5) Relational knowledge: Knowing ‘Who’

Over and above the wealth of knowledge reported by the expatriates that corresponded to the four categories identified in the literature on organizational learning, a fifth type of knowledge emerged from the interviews. During their period abroad, the expatriates significantly expanded their network of professionally relevant contacts. These contacts proved useful not only during the foreign assignment, but also after the return. The organizational value of the network was emphasized explicitly by the returned expatriates. They could advise others in headquarters about whom to contact in the subsidiary as well as other important stakeholders like clients and government officials. The personal nature of relationships means that such knowledge can be shared but it is not fully transferable. For example, one respondent explained „because the people [abroad] know me, they trust me, . . . we can directly come to the point [when doing business]“ (A6: 230). Such trust has to be built up and cannot automatically be transferred to another member of the organization, although personal introductions and recommendations definitely go a long way towards allowing someone new to enter into the network.

A finding that emerged from the interviews is that quite a few expatriates not only established contacts with local people abroad, they also enriched their network in Germany with senior managers in the company and with key figures in the corporate environment. This may appear surprising for two reasons. First, because the usual focus of discussion is exclusively on local contacts abroad. Second, because a frequent concern of expatriates is that once they are sent abroad, they are subject to the „out of sight, out of mind“ syndrome, and quickly lose touch with headquarters. Although that syndrome definitely exists, it is sometimes attenuated by the higher

status held by the expatriate managers in the subsidiary than they would hold in the larger organization at home. This status exposes them to visiting dignitaries they would not be as likely to meet with in Germany. Another factor contributing to the creation of such a broad internal network reported by the expatriates was the need to interact with multiple parts of the organization in the interests of the foreign subsidiary.

The expatriates noted various purposes to which they put their expanded relational knowledge. It can be useful for the expatriate in developing his or her career, by providing contacts for future job opportunities. It can also facilitate work processes, such as problem solving. „What I can use and what is very important for me is the contacts I got through my period [abroad] . . . I had constant contact with various branches and head-office departments. So, when I have a certain problem with a customer . . . through the network that I have built for myself within the bank, I am able to find out very quickly who can solve this problem“ (B7: 379-384). This relational knowledge cannot be transferred to other members of the organization. Nevertheless, the company has the option of converting relational knowledge into an organizational asset if the expatriates find uses for their network of contacts in the post they take after their return.

The typologies of knowledge in the literature on organizational learning reviewed for this study had not included the category of relational knowledge, but scholars of innovation processes highlight the relevance of this form of knowledge. Relational knowledge represents a resource for organizational learning and knowledge creation for several reasons. One is the diversity of experience, ideas and perspectives that knowing different people can contribute to innovation. The value of international networks for knowledge creation is stressed in the literature, where scholars observe that „new international connections are likely to contain more new knowledge than new connections within a country“ (Eriksson, Hohenthal & Johanson 1998: 346). Secondly, networks facilitate the exchange of information and can be the „glue“ that holds the different parts of an international company together. Working with a broad network, in other words having a rich relational knowledge base, can facilitate accomplishing tasks and doing business, because „much of organizational life depends on knowing who to call to get the relevant information“ (Nohria & Ghoshal 1997: 151). The capacity of organizations to nurture and tap networking is therefore coming to be recognized as a competitive advantage that is much more difficult to replicate than technical or operational excellence (Brake 1999: 74).

In summary, the interviews with the returned expatriates brought to light a rich variety of forms of knowledge that are potentially available to the organizations for which they work. There is detailed declarative knowledge about different cultures and markets,

and about the subsidiaries themselves. The expatriates bring a great deal of procedural knowledge in the form of general management skills, specialized skills, and the crucial knowledge of learning how to learn. Furthermore, they represent a resource for complex conditional knowledge that the organization must tap if it wants to use the freshly acquired declarative knowledge appropriately in the global marketplace. The axiomatic knowledge that expatriates acquire through their experiences abroad is useful both as a resource to make sense of other cultures and as a mirror with which to question the norms and values that shape the dominant logic of the culture at headquarters. Lastly, expatriates build a diverse relational knowledge base that can be used to get things done efficiently as well as for innovation. Each of these forms of knowledge can contribute to single loop learning and to double loop learning. It can be used to improve existing ways of doing things, and it can also be drawn on to challenge current ways of thinking or of managing processes in the organization.

B. Individual Strategies for Contributing to Organizational Learning

Having reviewed the multiple different types of knowledge with which the expatriates returned, we now turn to examine how individual learning became embedded into 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 was 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 his 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 normal, very natural“ (627-630). 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 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.

C. 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 have 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 minority⁹. 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 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.

⁹ 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 worked abroad themselves, to be overdemanding, pampered employees (Osland 1995).

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 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“ (A: 267-270). 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 obvious 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 considered.

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: 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: 246), so that some expatriates try „to act like managers who have not been away“ (1997: 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 repatriates¹⁰ become exporters, importers and local traders of expertise and knowledge, the most precious resource of all“ (Inkson, Pringle & Barry 1997: 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: 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 an overall cycle, and many decisions are made in an ad hoc and fragmented way. The focus is on the foreign assignment, with little attention devoted by the organization to the pre-departure period or to the period preceding and following the actual return, and almost no attention is paid at all to the way expatriation can support organizational learning.

¹⁰ Repatriates is a term sometimes used for returned expatriates.

(a) Concerns about the overall process

This study focused on the expatriates' experiences in applying and sharing their knowledge after their return, therefore the concerns foremost in their minds were about this last phase of the expatriation process. Nevertheless, in the course of the interviews it became apparent that certain aspects of earlier phases of the expatriation cycle had also affected their ability to generate knowledge that could be useful for the organization. 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), we will attend here only to the implications for organizational learning.

Many of the respondents in both companies expressed frustrations with the human resource policy in general and the expatriation process in particular. Numerous respondents felt that the unstructured career-planning process in their organization was an impediment to organizational learning. A few people in both companies used strong terms like „absolutely wrong“ (B8: 265) and „disaster“ (A7: 418) to describe the expatriation process, but fortunately most respondents were not as frustrated. Nevertheless, they pointed out problems in the overall process. For example, expatriate A11 noted that in his company „transparency in planning the career of a specific person . . . is not given“ (464-465). This deficit impedes the strategic development and use of employees' knowledge for organizational learning. The consequence of insufficient attention to the connection between human resource policies and expatriation processes on the one hand and organizational learning on the other is that 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 delegates¹¹ and you learn only by accident . . . then it is a rather non-fruitful approach“ (572-573).

(b) 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. The annual return visits to the head office (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. These human resource managers cannot have a

¹¹ The expatriates from Company B were called „delegates“.

deep understanding of the business issues the all the current expatriates are facing in their different foreign assignments, nor of all the 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.

(c) 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 not only with rich culture-specific knowledge but also with 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 recognized 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

specialize 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 would soon expand his experience in a new country again.

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. It was striking how positively the expatriates responded to being interviewed for this research project, noting often that this was the first time they had been asked about their experiences and forced to reflect back on the learning so thoroughly. The expatriates said 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: 247-248). 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. Expatriation 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. For example, 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.

5. Conclusions and Recommendations

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. 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, fresh insights about subsidiary-headquarter relations, from which suggestions for changes in 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).

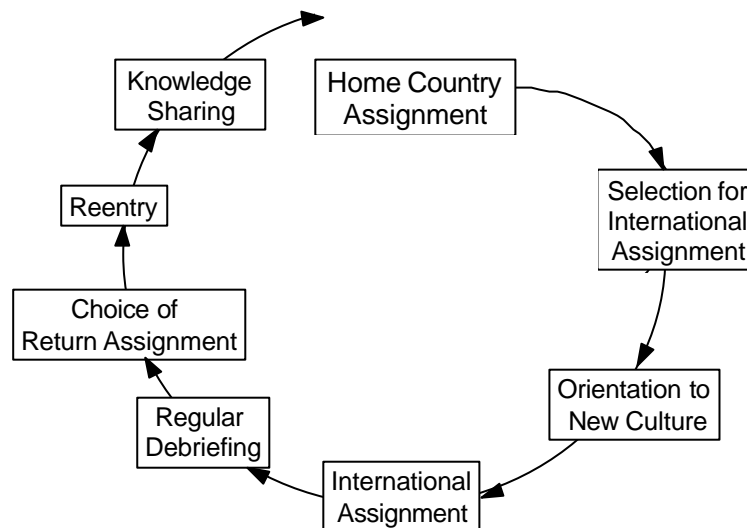
Is this actually enough? Definitely not. Considering the emphasis placed by so many top managers and business scholars today on the need to radically transform organizations, such a reluctance to learn from employees such as expatriates who have deep experience in different ways of seeing and doing things 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: 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, and thereby provides a better framework for attending to organizational learning.

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, particularly those who have worked in subsidiaries and headquarters or new employees with experience in other companies. 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 their other employees' learning.

The very fact that the two sample companies (as well as those contacted at the outset of the study) recognize that they need to change their policies and practices suggests that the timing is propitious for achieving change. These companies, like many other traditional companies that have operated internationally with strong monocultural headquarters, recognize that the old model is not always the most appropriate organizational form for competing in a global marketplace. They are reconsidering their structures and policies, including human resource policies, in order to become more innovative and responsive to challenges and opportunities around the world. The willingness to learn, a crucial precondition, is therefore possibly fulfilled (unless companies make the mistake of limiting their efforts to cutting the costs of expatriate packages). Companies that are engaging in reviewing their current expatriation practices should seek knowledge both internally and externally.

- Such a review should include an analysis of the type of learning that the organization needs to undertake. Is single loop learning sufficient, or must double loop learning be stimulated? It is very probable that established firms with years of international experience need to engage in both types of learning. It is important to distinguish between existing procedures that can be improved upon, and where totally different approaches must be developed and experimented with.
- Recognizing that much more knowledge is available than is actually used, companies must identify the blockages in the organization that hinder learning. The interviews in this study show that it is often the absence of support rather than the presence of specific barriers that impedes organizational learning from employees like expatriates.
- Learning, both single and double loop, is always a matter of creating new knowledge, so learning is an active process in which different organizational members must engage together. The knowledge acquired by some members cannot simply be applied to the organization. This means that expatriate managers can only contribute to organizational learning if their colleagues and their managers fulfill their responsibilities in the learning process as well. A company's review of organizational learning from expatriates therefore entails looking at how to activate other actors.

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 organizational strategy and objectives are clear. Only then can members of the organization 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 frequently made mistake. For example, a German multinational that had invested \$50 million in research in the U.S. admitted that it had benefited far too little from this project simply because the managers in Germany did not require or enable the researchers who had been sent to the U.S. to apply and share that knowledge after they returned.¹² 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 new knowledge expatriates bring back 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,

¹² Research interview conducted by Ariane Berthoin Antal, Meinolf Dierkes, and Ikujiro Nonaka, as yet unpublished.

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.¹³ 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 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.

¹³ Personal communication by I. Nonaka, April 7, 2000.

Lastly, 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.

6. Future Research Needs

A pilot study such as this one prepares the groundwork for future research. The context and the methodology should be varied. By extending the settings, researchers could expand and refine our understanding of types of knowledge expatriates (and other employees) can bring to an organization from experiences they have had elsewhere; the types of barriers they encounter to sharing their learning and contributing to knowledge creation when they (re-)enter an organization, and the types of individual and organizational strategies available for promoting organizational learning from expatriates (and other employees). Three different kinds of settings could profitably be explored.

- The use of returned expatriates in multinational companies based in other countries could be compared with the findings reported on here from German-based multinationals. For example, the research on organizational learning in Japanese companies by Nonaka and his colleagues has revealed quite different norms and practices than those discussed in the Anglo-Saxon literature, so an analysis of the experiences of Japanese expatriates after their return should provide fresh insights. The strategies of expatriates returning to such companies should differ, as might the barriers they encounter.
- Another setting to be studied are transnational corporations, which are often hailed as the organization form of the future, with multiple centers of competence and greater mobility of human resources than the more traditional forms of international and multinational companies (e.g., Bartlett & Ghoshal 1989; Ohmae 1992; Ghoshal & Westney 1993). Such organizations tend to have multidirectional flows of expatriates between countries. How has this influenced the receptiveness of organizational units to the knowledge acquired by employees abroad?
- Virtual organizations represent a third setting for further research on organizational learning (see for example Hedberg & Holmqvist forthcoming). The traditional concept of expatriates is likely to dissolve as a result of the structural innovations,

but the movement of people between organizational elements will continue under different forms. Research on such organizations would push the boundaries in several fields at once: human resource management, organizational theory, organizational learning, and international management.

- In addition to varying the setting, research with different groups of employees should be conducted to establish the similarities and differences between their experiences with barriers to organizational learning and knowledge creation and their strategies for overcoming these barriers. New employees with experience in other companies, and employees transferred between subsidiaries or units within a country would be useful groups with whom to compare the expatriates in order to establish the limits of the validity of the hypothesis proposed in this study.
- Besides expanding on and refining the research by varying the organizational setting, different methodologies should be used. This pilot study was limited to interviews with returned expatriates and human resource managers. It would be very instructive to take a 360⁰ approach and elicit the views of the expatriates' peers, reports and superiors who could provide deeper insights into the processes of interaction and their effects. A more ambitious methodology could take the form of action learning sets and stimulate the participants (expatriates, colleagues, and their managers) to discover the accumulated tacit knowledge acquired by the expatriate. This approach would also allow the collection and analysis of stories, which could not only be useful for the practitioners but also contribute to theory building, because narrative is being re-discovered as especially relevant for understanding organizational processes (e.g., Pentland 1999). On this basis the project participants could design modes for combining the expatriates' knowledge with that held in the organization in order to create new relevant and locally usable knowledge, and they could work together to identify and overcome barriers to organizational learning.

References

- Adler, N. J. (1997). *International Dimensions of Organizational Behavior*. Cincinnati, Ohio: South-Western College Publishing.
- Argyris, C. (1993). *Knowledge for Action: A Guide to Overcoming Barriers to Organizational Change*. San Francisco, California: Jossey-Bass Publishers.
- Argyris, C. & Schön, D. A. (1978). *Organizational Learning: A Theory of Action Perspective*. Reading, Massachusetts: Addison-Wesley Publishing Company.
- Ayas, K., Foppen, J. W. & Maljers, F. A. (1996). „Exploring Organizational Learning: Observations on Resistance and Leadership.“ In: K. Ayas & J. W. Foppen (eds.). *The Learning Organization and Organizational Learning*. Rotterdam: Rotterdam School of Management, pp. 49-60.
- Bandura, A. (1977). *The Social Theory of Learning*. Englewood Cliffs, NJ. Prentice-Hall.
- Barkema, H. G. & Vermeulen, F. (1998). „International Expansion Through Start-Up or Acquisition: A Learning Perspective.“ In: *Academy of Management Journal*, 41/1, pp. 7-26.
- Bartlett, C., Ghoshal, S. (1989). *Managing Across Borders: The Transnational Solution*. London: Hutchinson Business Books.
- Berthoin Antal, A. (1998). „Die Dynamik der Theoriebildungsprozesse zum Organisationslernen.“ In: H. Albach, M. Dierkes, A. Berthoin Antal & K. Vaillant (eds.). *Organisationslernen – Institutionelle und Kulturelle Dimensionen*. Berlin: Edition Sigma, pp. 31-52.
- Berthoin Antal, A. & Böhling, K. (1998). „Expatriation as an Underused Resource for Organizational Learning.“ In: H. Albach, M. Dierkes, A. Berthoin Antal & K. Vaillant (eds.). *Organisationslernen – Institutionelle und Kulturelle Dimensionen*. Berlin: Edition Sigma, pp. 215-36.
- Berthoin Antal, A., Dierkes, M., Child, J., Nonaka, I. (forthcoming). „Organizational Learning and Knowledge: Reflections on the Dynamics of the Field and Challenges for the Future.“ In: M. Dierkes, A. Berthoin Antal, J. Child, I. Nonaka (eds.) *The Handbook of Organizational Learning and Knowledge*. Oxford: Oxford University Press.
- Black, J. S. & Gregersen, H. B. (1999). „The Right Way to Manage Expats.“ In: *Harvard Business Review*, 77/2, pp. 52-63.

Black, J. S., Gregersen, H. B., Mendenhall, M. E. (1992). *Global Assignments: Successfully Expatriating and Repatriating International Managers*. San Francisco. Jossey-Bass Publishers.

Brake, T. (1999). „The HR Manager as Global Business Partner.“ In: P. Joynt & B. Morton (eds.). *The Global HR Manager*. London: Short Run Press, pp. 59-87.

Cohen, M. D. & Bacdayan, P. (1996). „Organizational Routines Are Stored as Procedural Memory: Evidence From a Laboratory Study.“ In: M. D. Cohen & L. S. Sproull (eds.). *Organizational Learning*. London: Sage Publications, pp. 403-29.

Eriksson, K., Hohenthal, J. & Johanson, J. (1998). „A Model of Learning in International Business Networks.“ In: H. Albach, M. Dierkes, A. Berthoin Antal & K. Vaillant (eds.). *Organisationslernen – Institutionelle und kulturelle Dimensionen*. Berlin: Edition Sigma, pp. 337-53.

Fiol, C. M. & Lyles, M. A. (1985). „Organizational Learning.“ In: *Academy of Management Review*, 10/4, pp. 803-13.

Ghoshal S., Westney, E. D. (eds.) (1993). *Organization Theory and the Multinational Corporation*. New York: St. Martin's Press.

Harris, P. R. & Moran, R. T. (1993). *Managing Cultural Differences: High Performance Strategies for a New World of Business*. Houston: Gulf Publishing Company.

Hedberg, B. L. T. (1981). „How Organizations Learn and Unlearn.“ In: P. C. Nystrom & W. H. Starbuck (eds.). *Handbook of Organizational Design: Volume 1*. New York: Oxford University Press. pp. 3-27.

Hedberg, B., Holmqvist, M. (forthcoming). „Learning in Imaginary Organizations“. In: M. Dierkes, A. Berthoin Antal, J. Child, I. Nonaka (eds.) *The Handbook of Organizational Learning and Knowledge*. Oxford: Oxford University Press.

Huber, G. P. (1991). „Organizational Learning: The Contributing Processes and the Literatures.“ In: *Organization Science*, 2/1, pp. 88-115.

King, N. (1994). „The Qualitative Research Interview.“ In: C. Cassell & G. Symond (eds.) *Qualitative Methods in Organizational Research: A Practical Guide*. London: Sage Publications, pp. 14-36.

March, J.G. (1996). „Exploration and Exploitation in Organizational Learning.“ In: M. D. Cohen & L. S. Sproull (eds.). *Organizational Learning*. London: Sage Publications, pp. 101-23.

Nevis, E. C., DiBella, A. J. & Gould, J. M. (1995). „Understanding Organizations as Learning Systems.“ In: *Sloan Management Review*, 36/2, pp. 73-86.

- Nohria, N. & Ghoshal, S. (1997). *The Differentiated Network: Organizing Multi-national Corporations for Value Creation*. San Francisco: Jossey-Bass Publishers.
- Nonaka, I. & Takeuchi, H. (1995). *The Knowledge-Creating Company: How Japanese Companies Create the Dynamics of Innovation*. New York, Oxford: Oxford University Press.
- Nonaka, I., Toyama, R., Boisjère, P. (forthcoming). „A Theory of Organizational Knowledge Creation: Understanding the Dynamic Process of Creating Knowledge.“ In: M. Dierkes, A. Berthoin Antal, J. Child, I. Nonaka (eds.) *The Handbook of Organizational Learning and Knowledge*. Oxford: Oxford University Press.
- Ohmae, K. (1992). *The Borderless World*. London: Fontana.
- Orr, J. (1990). „Sharing Knowledge, Celebrating Identity: War Stories and Community Memory in a Service Culture.“ In: D. S. Middleton and D. Edwards (eds.) *Collective Remembering: Memory in Society*. Beverly Hills. Sage Publications, pp. 169-89
- Osland, J. S. (1995). *The Adventure of Working Abroad. Hero Tales from the Global Frontier*. San Francisco: Jossey-Bass Publishers.
- Paris, S. G., Lipson, M. Y. & Wixson, K. K. (1983). „Becoming a Strategic Reader.“ In: *Contemporary Educational Psychology*, 8, pp. 293-316.
- Pentland, B. T. (1999). „Building Process Theory with Narrative: From Description to Explanation.“ In: *Academy of Management Review* 24/4, pp. 711-24.
- Quelch, J. A., Bloom, H. (1999). „Ten Steps to a Global Human Resources Strategy.“ In: *Strategy and Business*, First Quarter, Issue No. 14, pp. 18-29.
- Sackmann, S. A. (1992). „Culture and Subcultures: An Analysis of Organizational Knowledge.“ In: *Administrative Science Quarterly*, 37/1, pp. 140-61.
- Sadler, P. (forthcoming). „Leadership and Organizational Learning.“ In: M. Dierkes, A. Berthoin Antal, J. Child, I. Nonaka (eds.) *The Handbook of Organizational Learning and Knowledge*. Oxford: Oxford University Press.
- Senge, P. (1990). „The Leader’s New Work: Building Learning Organizations.“ In: *Sloan Management Review* 32/1: 7-23.
- Stahl, G. K. (1998). *Internationaler Einsatz von Führungskräften*. Munich, Vienna: R. Oldenbourg Verlag.
- Szulanski, G. (1996). „Exploring Internal Stickiness: Impediments to the Transfer of Best Practice within the Firm.“ In: *Strategic Management Journal*, 17/4, pp. 27-44.

Tung, R. L. (1998). „American Expatriates Abroad: From Neophytes to Cosmopolitans.“ In: *Journal of World Business*, 33/2, pp. 125-44.

Van der Zwaan, A. H. (1995) *Organisatie-Onderzoek. Leerboek voor de Praktijk, het Ontwerp van Onderzoek in Organisaties*. Assen: Van Gorcum.

Yin, R. K. (1994). *Case Study Research: Design and Methods*. London: Sage Publications.