

## Welcoming the value that inpatriates bring

**Rather than sending HQ staff abroad as expats, the practice of bringing subsidiary staff to HQ is gaining traction. Here's how to do it successfully.**



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Despite the recession, multinationals continue to move an increasing number of staff abroad. And there is good reason for doing so: As suppliers such as Continental follow their key

clients into new markets, and as service providers such as Sun Oracle need to ensure local proximity to their clients around the globe, there is a growing need to develop global managers who can effectively bridge a multinational's different units and understand both global strategic concerns as well as local market requirements.

However, the times in which multinationals restricted themselves to a unilateral transfer of parent-country employees from corporate headquarters (HQ) to foreign subsidiaries are long gone. In fact, parent-country expatriates are only one of many types of international assignees who are temporarily relocated across geographical and cultural boundaries. Successful companies from Adidas to Royal Dutch Shell understand this as they develop a portfolio of international staffing strategies such as traditional expatriation, inpatriation, virtual assignments, short-term transfers or business travel to manage their global operations.

## **5 benefits of inpatriation**

Among the various alternatives to expatriate transfers, the temporary inpatriation of foreign subsidiary managers to HQ, usually for a duration of one to five years, has received increasing attention by multinationals for several reasons.

First, as multinationals are trying to contain their rising costs for international staffing, the inpatriation of foreign staff is often a cheaper alternative than relocating parent-country employees, especially in the case of inpatriates from developing and emerging economies, where the salary level is relatively lower.

Second, multinationals are facing increasing barriers to international mobility among their parent-country employees, as dual-career couples are less willing to relocate to another country at the expense of the partner's career. Inpatriates, who tend to be younger, often have fewer family constraints, and given the alternative of staying put in a small country unit, they view an assignment to HQ as a significant career opportunity that is hard to refuse.

Third, the inpatriation of foreign staff is often the only way for HQ to gain sufficient local knowledge for entering and developing new markets. For example, when Lufthansa decided to expand its cargo business from Europe to China and Taiwan, instead of sending a German expatriate to those regions, the company inpatriated a Hong Kong Chinese who knew the local market and could quickly push the business in that direction.

Fourth, inpatriation serves as an important developmental tool whose benefits are twofold.

By absorbing the corporate culture and learning the management practices of HQ, inpatriates are better prepared to assume future management responsibilities in local or regional offices. This, in turn, reduces the perception among local staff that there is a glass ceiling, especially in strategic units whose top management positions are mainly staffed by expatriates. These factors can help to retain key talent in the long term. In fact, in a study among Western multinationals operating in Singapore, I found the lack of such international career prospects to be one key determinant of turnover among local subsidiary staff.

Finally, providing development opportunities beyond the local unit also helps to gain support from the local workforce in situations of organizational change. Consider the case of an Australian franchisee of a large U.S. soft drinks producer that set up operations in Vienna. When the company found itself with a strategic opportunity to expand into Eastern Europe, it was hampered by its failure to prepare local staff sufficiently for international transfers. When the decision was made to acquire operations across Eastern Europe, the local Viennese staff was unwilling to relocate, which required the company to transfer more staff from Australian HQ. This resulted in greater staffing costs, and strained human resources and career planning at HQ for several years.

Despite these many benefits, the process of inpatriation is often not as formalized or structured as the expatriation of parent-country employees, as one U.S. inpatriate found out: "As an inpatriate, you are still considered exotic. The processes for being transferred from HQ are very clear, but as an inpatriate, you have to manage a lot on your own."

What's more, given the relative recency of the inpatriate phenomenon, the key drivers for the success of inpatriates are not well understood.

To address this gap and examine inpatriate groups in more detail, I conducted [one of the first large-scale inpatriate studies](#), which included interviews with inpatriates and HR managers, as well as quantitative data from hundreds of inpatriates, collected at different points in time over a period of four years. These inpatriates were relocated to the headquarters of German multinationals from a diverse range of industries. I complement these findings with additional experiences that I obtained from dealing with and studying Western multinationals operating in Australia and [Singapore](#).

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