

다국적 기업의 해외 주재원 배치 전략에 대한 다층적 연구 Managing Multiple Embeddedness and Expatriate Staffing Strategies: A Multilevel Investigation of Korean Multinationals*

이종민(주저자)

Jong Min Lee(First Author)

연세대학교 School of Business, Yonsei University(j.m.lee@yonsei.ac.kr)

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How do multinational enterprises (MNEs) organize their expatriate staffing strategies in response to varying degree of multiple embeddedness? This study investigates how MNEs configure a crucial managerial resource, i.e., expatriates, across a subsidiary portfolio embedded in diverse locations with differing scale and scope. I conduct a multilevel analysis using a dataset of 130 Korean MNEs and their 2,119 overseas subsidiaries operating 77 countries. The results show that MNEs with high multinationality and a strong home-region orientation utilize lower levels of expatriate staffing in their subsidiary portfolio, suggesting that MNEs adjust expatriate utilization based on the degrees of national and regional dispersion. In contrast to conventional wisdom, this study finds that the level of expatriate deployment has a U-curve relationship with subsidiary age. Drawing on resource dependence and organizational learning perspectives, this study reveals that MNEs utilize higher levels of expatriate staffing in their younger and older subsidiaries while maintaining lower expatriation levels in their adolescent subsidiaries. This suggests that MNEs seek to achieve differentiated fit with their multiple subsidiaries by utilizing expatriates, who play a crucial role as a regulating mechanism for headquarters and a knowledge conduit for MNEs, acting as boundary spanners.

Keyword: multinational enterprises, multiple embeddedness, expatriate staffing strategies, multinationality, home-region orientation, subsidiary age, multilevel analysis

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1. Introduction

Multinational enterprises (MNEs) are simultaneously embedded in multiple locations through subsidiaries that provide a proprietary interface with diverse local contexts. This external embeddedness allows MNEs to tap into resources and knowledge from various local environments and integrate them to create a range of competitive advantages (Almeida & Phene, 2004; Andersson et al., 2002). At the same time, MNEs must interact efficiently with diverse subsidiaries to effectively leverage their multinationality. That is to say, there must also be a degree of internal embeddedness (Narula, 2014; Yamin & Andersson, 2011). Over the past two decades, the activities of MNEs have become increasingly dispersed across a wide range of locations, alongside a concurrent fine-slicing of these activities. Many MNEs manage either a complex network or a large portfolio of differentiated subsidiaries in which each subsidiary has differing degrees of internal and external embeddedness (Nohria & Ghoshal, 1997). However, managing organizational networks multiply embedded in diverse locations is neither costless nor uncomplicated. Developing and upholding diverse external interfaces with multiple local contexts while maintaining effective managerial control over resources and capabilities has become a key

managerial challenge for contemporary MNEs (Asmussen et al., 2022; Lee, 2022). Managing multiple embeddedness imposes on MNE headquarters a much greater deal of managerial complexity and coordination costs than previously anticipated (Meyer et al., 2011).

It is crucial for the MNE's long-term competitiveness to effectively coordinate and recombine knowledge of subsidiaries dispersed across various locations (Buckley, 2011; Lee et al., 2021; Schotter et al., 2017). Expatriation or 'the international transfer of managers from headquarters to subsidiaries for a certain work-related function' (Collings et al., 2007) is one of the key mechanisms used by MNEs to manage their subsidiary portfolio. Expatriates serve as a crucial managerial resource, functioning as an important governance mechanism for MNE headquarters to exercise managerial control, transfer firm-specific advantages and coordinate subsidiary activities (Bebenroth & Froese, 2020; Harzing, 2001; Tan & Mahoney, 2006). Therefore, expatriate staffing strategies constitute a central aspect of strategic human resource management (Brewster et al., 2009), which is shaped by various organizational and environmental factors (e.g., Gaur et al., 2007; Gong, 2003; Peng & Beamish, 2014; Qian et al., 2024; Shin et al., 2016). However, existing literature has predominantly focused on individual subsidiaries, often neglecting the perspective of the MNE as a portfolio, thereby limiting our

understanding of expatriation strategies at the MNE level (Lee, 2022; Nachum & Song, 2011).

To address this research gap, this study aims to clarify how MNEs formulate and implement expatriation strategies at the corporate level, considering the MNE as an integrated portfolio of subsidiaries. Consequently, the research question is focused on investigating how MNEs develop expatriate staffing strategies from a holistic, portfolio-based perspective, moving beyond the conventional focus on individual subsidiaries to deepen our understanding of expatriation strategies at the MNE level. This paper argues that the expatriate configuration within an MNE represents an important managerial resource allocation decision by headquarters, reflecting different degrees of internal and external embeddedness and the associated contingencies presented by each subsidiary context (Nohria & Ghoshal, 1994). I theorize that the degree of multiple embeddedness is closely associated with the MNE's geographical dispersion (i.e., multiplicity of local contexts) and the operating duration of subsidiaries in their local contexts. Drawing on internationalization and regionalization literature, this study contends that the overall level of the MNE's expatriate utilization in the subsidiary portfolio is contingent upon varying degrees of national and regional dispersion. I build on resource dependence theory and organizational learning

theory to posit a curvilinear hypothesis that elucidates how headquarters configure expatriates across their subsidiaries with differing ages.

A multi-level investigation of South Korean (hereafter Korean) MNEs lends support to my theoretical arguments and predictions. The results indicate that MNEs operating across many different countries (high country-level dispersion) tend to exhibit lower levels of expatriate staffing in their subsidiary portfolio. Conversely, MNEs with low regional-level dispersion, operating focused on their home region, generally employ lower levels of expatriation across the subsidiary portfolio. These results highlight the impact of the MNE's geographical dispersion on overall expatriate utilization, with distinct roles played by country- and regional-level dispersion (Verbeke & Asmussen, 2016). Contrary to conventional wisdom that often predicts a negative relationship, my result reveals a U-shaped relationship between subsidiary age and expatriate staffing level, indicating that MNEs allocate more expatriates in their younger and older subsidiaries in the portfolio while maintaining lower expatriation levels in their adolescent subsidiaries. This finding implies that MNEs seek to achieve 'differentiated fit' with their multiple subsidiaries through expatriation, reflecting the duration of their operations in foreign countries (Nohria & Ghoshal, 1994).

II. Theoretical Background

2.1 Managing Multiple Embeddedness

The concept of 'embeddedness' has been employed by several business and management scholars to highlight the crucial role of relationships with other business and institutional actors as a catalyst of organizational success (Gulati, 1998; McEvily & Zaheer, 1999; Uzzi, 1996, 1997; Yamin & Andersson, 2011). While much of the literature has focused on the MNE's relationships with external actors or external embeddedness (Nell et al., 2011; Nell & Andersson, 2012), relatively few studies have delved into the internal embeddedness of the MNE (Yamin, 2005; Yamin & Andersson, 2011). This is surprising given that IB literature has increasingly stressed that the core advantage of the modern MNE stems from recombining diverse knowledge brought into the MNE via subsidiaries, which essentially requires strong internal embeddedness of the subsidiaries (Lee et al., 2021; Mudambi, Piscitello, et al., 2014; Narula, 2014).

The examination of multiple embeddedness should encompass both the perspective of the headquarters and subsidiaries, as each harbors distinct concerns (Meyer et al., 2011). Maintaining a balance between internal and external embeddedness is vital for subsidiaries

because, at a fundamental level, both types of embeddedness are associated with organizational legitimacy which affects not only their performance but also their survival (Kostova & Zaheer, 1999). However, striking the right balance between them is not uncomplicated because internal and external embeddedness create conflicting pressures (Yamin & Andersson, 2011) and involve various tradeoffs (Ghoshal & Nohria, 1989). Arguably, such complexity is more pronounced in the modern MNE, where subsidiaries - particularly competence-creating ones - may prioritize their own interest (i.e., greater autonomy and power) than the overall success of the MNE as a whole (Mudambi & Pedersen, 2007).

At the headquarters level, managing multiple embeddedness is much more complicated because headquarters must deal with proprietary interfaces with diverse local contexts (i.e. multiple *external* embeddedness) while coordinating various subsidiary activities and differentiated headquarters-subsidiary relationships (i.e. multiple *internal* embeddedness). A few studies have shown that headquarters sometimes intentionally establish 'embeddedness overlap' with local entities (Nell et al., 2011). However, this is not the default option because such redundancy is costly (Burt, 1992) and consumes substantial managerial resources (Luo, 2003). Therefore, the interface of MNE headquarters with local contexts is, in principle, mediated by subsidiaries (Rugman

et al., 2011). Accordingly, I argue that managing multiple embeddedness for headquarters is primarily associated with controlling and coordinating the complex internal network or subsidiary portfolio, rather than directly managing external networks with local actors.

The managerial complexity faced by headquarters can be unbundled into organizational complexity and environmental complexity (Guisinger, 2001). Organizational complexity escalates when various discrete foreign direct investment (FDI) decisions shape differential roles and capability portfolios of overseas subsidiaries, while environment complexity increases when these FDI decisions lead to the dispersion of operations in culturally and institutionally different locations (Verbeke et al., 2009). Therefore, managing multiple embeddedness at the headquarters level revolves around the geographical dispersion of the overall MNE organization and the variations in subsidiary contexts. This argumentation is not new: the internationalization literature has long recognized that managerial challenges and complexity faced by MNEs is positively associated with the growth of multinationality (Goerzen & Beamish, 2003; Verbeke et al., 2009), and that headquarters should manage each subsidiary differently in response to various subsidiary contexts (Nohria & Ghoshal, 1994) such as different value chain roles (Rugman et al., 2011) and varying degrees of the subsidiary's dual embeddedness (Meyer

et al., 2011). However, there is limited empirical literature supporting these ideas, and the actual governance practices of MNE headquarters regarding subsidiaries contingent on differing degrees of multiple embeddedness remain unclear.

2.2 Managing Multinational Organizations and Expatriate Utilization

MNEs generally utilize a combination of three governance mechanisms: centralization, formalization and socialization, to manage their multinational organizations (Ghoshal & Nohria, 1989). *Centralization* involves the role of formal authority and hierarchical fiat of MNE headquarters in decision-makings over subsidiary management. *Formalization* encompasses bureaucratic mechanisms or the routinization of decision-making and resource allocation through formal systems, impersonal rules and established procedures. *Socialization*, or normative integration, governs subsidiaries by fostering a set of shared values, goals, and beliefs that influence their perspectives and behaviors (Ghoshal & Nohria, 1993). While each mechanism has different implications for subsidiary management, headquarters can tailor its governance approach by employing a combination of these three mechanisms to oversee their differentiated subsidiaries (Nohria & Ghoshal, 1994).

Expatriation is intertwined with all three

governance mechanisms. Notably, expatriation provides a key administrative measure of socialization and a powerful formula for developing information system that plays sophisticated coordination roles, in addition to the implementation of bureaucratic rules and systems and the centralization of decision-making including direct surveillances over subsidiaries (Edström & Galbraith, 1977; Harzing, 2001; Martinez & Jarillo, 1989). Expatriation has long been recognized as a crucial 'control and coordination' mechanism for MNE headquarters to manage international networks. Furthermore, expatriates are widely acknowledged as an effective conveyor of firm-specific knowledge and routines across the MNE (Bonache & Brewster, 2001; Minbaeva & Michailova, 2004; Qian et al., 2024). In addition to these two critical functions, literature has increasingly stressed that expatriates serve as an effective means for 'boundary spanning' activities that capture local opportunities and knowledge (Au & Fukuda, 2002; Kawai & Chung, 2019; Plourde et al., 2014), bridge language barriers (Feely & Harzing, 2003) and resolve conflicts between headquarters and subsidiary (Schotter & Beamish, 2011). Given that increasing internal diversity poses significant challenges in boundary spanning (Schotter et al., 2017), expatriates play increasingly critical roles in modern MNEs.

However, expatriation is not a panacea. Expatriates are among the most expensive

human resources in MNEs, which substantially increase operational costs (Brewster et al., 2009). Moreover, an excessive use of expatriates may restrain MNEs from capitalizing on the diversity of local contexts (Tarique et al., 2006). International staffing literature has extensively studied how MNEs determine the 'appropriate' expatriate staffing level in their subsidiaries and identified a variety of factors that affect staffing decisions, including subsidiary and parent firm characteristics (Delios & Björkman, 2000; Tan & Mahoney, 2006) as well as the home and host country attributes (Colakoglu & Caligiuri, 2008; Gaur et al., 2007).

2.3 International Staffing Strategies

International staffing strategies are primarily concerned with the headquarters' managerial orientations (i.e., ethnocentric, polycentric, geocentric, and regiocentric) (Heenan & Perlmutter, 1979; Perlmutter, 1969). However, these centric approaches are mainly rooted in the dominant logic of corporate headquarters commonly embraced by traditional hierarchical MNEs, which does not correspond to modern differentiated network MNEs (Novicevic & Harvey, 2001; Reiche, 2007). Staffing literature has commonly categorized managers by their nationality, specifically as parent-country, host-country and third-country nationals, probing their distinctive roles and

appropriate combination (Dowling et al., 1999; Scullion & Collings, 2006). Parent country nationals (PCNs) are typically used synonymously with expatriates, while host country nationals (HCNs) usually refer to local citizens hired by and working in the subsidiary. Third country nationals (TCNs) are generally viewed as a compromise between PCN expatriates and local employees, combining the advantages and disadvantages of both. However, the literature has pointed out that expatriates should not necessarily be PCNs but, in principle, can be nationals of any country who have been socialized within the MNE for a substantial period of time, internalizing the parent firms' values and goals, and thereby, are likely to act in accordance with the parent firm's strategic intent (Tarique et al., 2006). Recent research has also addressed that MNEs increasingly use more flexible forms of international staffing other than traditional expatriate deployments, such as short-term assignments, international commuters, virtual team members, and so on (Minbaeva & Michailova, 2004; Sparrow et al., 2016). However, despite considerable costs and problems associated with traditional expatriation, most MNEs continue to utilize expatriates, particularly PCNs, as a key mechanism to manage their overseas subsidiaries due to a number of well-articulated advantages associated with expatriate staffing (Cerdin & Brewster, 2014; Collings et al., 2007).

Recent literature emphasizes the importance of using a clear conceptualization of expatriates and prescribing the boundary conditions of expatriation in empirical studies (e.g., nationality, corporate assigned vs. self-initiate expatriate) (Haslberger et al., 2014; McNulty & Brewster, 2017). Therefore, it is essential to explicitly define the term "expatriates" in the present study. In this research, I investigate the configuration of corporate expatriates across the subsidiary portfolio, which continue to function as critical managerial resources of the MNE. Drawing from previous definitions in the literature, this study defines expatriates as 'employees of MNE headquarters who are sent to overseas subsidiaries to accomplish an organization-related goal' (Aycan & Kanungo, 1997, p. 250). This definition implies that expatriates were already employees of the MNE before they are assigned or deployed to work elsewhere in the MNE, and that they can be nationals of any country, not just PCNs.

Finally, it is noteworthy that, expatriates constitute a limited managerial resource for the MNE that is increasingly associated with supply-constraints (Collings et al., 2007; Evans et al., 2002). Therefore, this study views expatriate configuration across the entire portfolio of subsidiaries as an important resource allocation decision for MNE headquarters, reflecting various contingencies presented by each subsidiary context (Nohria & Ghoshal, 1994) and overall subsidiary port-

folio characteristics such as the degree of geographical dispersion. Specifically, the MNE's geographical dispersion is closely associated with the multiplicity and diversity of local contexts in which subsidiaries are embedded (Verbeke et al., 2009), while the operating duration of each subsidiary is related with the degree of its dual embeddedness (Drogendijk & Andersson, 2013). Therefore, this study explores the relationship between the MNE's geographical dispersion (at both national and regional levels) and the level of expatriate utilization across the entire subsidiary portfolio, rather than individual subsidiaries. It also theorizes and tests how MNEs allocate expatriates across their subsidiaries with varying ages, aligning with diverse subsidiary contexts.

III. Hypothesis Development

3.1 MNE Multinationality and Expatriate Utilization

Expatriation proves to be a remarkably useful means of subsidiary management, especially for nascent MNEs that, due to their lack of experience and insufficient knowledge of foreign operations, are more susceptible to the challenges of internationalization (Scullion & Collings, 2006). These MNEs often seek to

replicate their domestic business model in overseas operations and establish control through intensive use of expatriates (Beamish & Inkpen, 1998). In this phase, headquarters usually place emphasis on the role of expatriates in control and knowledge transfer (Delios & Björkman, 2000). As the MNE's multinationality increases, it encounters heightened managerial complexity (Verbeke et al., 2009) and an increased risk of coordination failure (Narula, 2014). Consequently, MNEs tend to maintain intensive expatriation to cope with increased complexity and coordinate the enlarged MNE network, leveraging the well-recognized advantages of expatriation in control, coordination and communication (Harzing, 2001).

However, eventually this reliance on expatriation to manage the MNE's subsidiary portfolio becomes unsustainable for two reasons. First, growing multinationality allows MNEs to accumulate knowledge and experience of internationalization. This enables them to facilitate further expansions more easily without heavily relying on expatriation (Castellani & Zanfei, 2002). This organizational learning diminishes the relative value of employing intensive expatriation across the entire subsidiary portfolio. Second, MNEs with high multinationality must allocate substantial managerial resources to overall MNE network coordination, inevitably reducing the managerial resources available for managing in-

dividual subsidiaries (Bouquet et al., 2009). Moreover, the limited supply of competent expatriates and the high costs associated with the use of expatriates discourage headquarters from utilizing expatriation as their multinationality grows (Scullion, 2001), prompting exploration of alternative forms of international assignments (Collings et al., 2007).

Therefore, I propose that as multinationality grows, MNEs will increasingly utilize more formalized governance mechanisms. Once established, these mechanisms incur fewer administrative costs to maintain compared to personnel-oriented expatriation, which continuously demands significant managerial resources (Doz & Prahalad, 1991). Formalization provides a structured context, enhancing information and coordination quality as well as resource allocation, especially in high-complexity settings (Ghoshal & Nohria, 1989; Teller et al., 2012). MNEs with high multinationality possibly routinize their control and coordination mechanisms based on their experience and learning accumulated from international operations in various countries, which is less feasible for MNEs with less experience in internationalization (Rosenzweig & Singh, 1991). In sum, this study argues that MNEs with high multinationality will generally reduce expatriate utilization across the subsidiary portfolio. Therefore, Hypothesis 1 is formed as follows:

Hypothesis 1: MNE multinationality has a negative relationship with expatriate utilization in the subsidiary portfolio.

3.2 Home-region Orientation and Expatriate Utilization

IB literature has conventionally used the country as the relevant environmental parameter. However, some scholars advocate for the (supranational) region to be the key locus of MNE activities (Rugman & Verbeke, 2004; Verbeke & Asmussen, 2016). In general, transaction costs increase when distance increases. Distance encompasses not only geographical factors but also cultural, institutional, and economic dimensions. This argument can also be extended to the regional level beyond the country level. Regionalization literature, often centered on the 'Triad' regions consisting of Asia, Europe, and North America, contends that MNEs expanding into regions beyond their home region face the liability of inter-regional foreignness, adding to the conventional liability of country foreignness (Rugman & Verbeke, 2007). Consequently, MNEs with a subsidiary portfolio primarily established within the home region may encounter fewer challenges related to the overall liability of foreignness, institutional diversity, and environmental complexity (Arregle et al., 2009). Furthermore, such home-region-oriented MNEs may develop and leverage region-specific firm-

specific advantages that can be utilized across countries within the region (e.g., relational assets and regional legitimacy), reducing uncertainty and coordination complexity in overseas operations (Banalieva & Dhanaraj, 2013; Qian et al., 2013; Rugman & Verbeke, 2007).

Therefore, home-region oriented MNEs tend to be negatively associated with the level of managerial complexity while benefiting from low compounded distances. These MNEs will find less value in the specific advantages associated with the intensive use of expatriates, such as superior coordination and effective communication, compared to the associated drawbacks and high operational costs (Collings et al., 2008). Moreover, it is easier for home-region oriented MNEs to employ alternative forms of international assignments (such as short-term assignments) other than traditional expatriation due to geographical proximity (Collings et al., 2007; Sparrow et al., 2016). In sum, home-region oriented MNEs will utilize less intensive expatriation in the subsidiary portfolio, compared to more inter-regionally diversified MNEs. Therefore, Hypothesis 2 is formed as follows:

Hypothesis 2: The MNE's home-region orientation has a negative relationship with expatriate utilization in the subsidiary portfolio.

3.3 Subsidiary Age and Expatriate Utilization

The above hypotheses argue that MNEs with high multinationality and home-region orientation will utilize lower levels of expatriate staffing in their subsidiary portfolio. However, this does not necessarily mean these MNEs will reduce their use of expatriates 'evenly' across all their subsidiaries. Instead, they will configure different expatriate staffing levels contingent on varying subsidiary contexts (Nohria & Ghoshal, 1997). While many factors may represent different contingencies that each subsidiary context exhibits, the duration of business operations in a particular local context plays an important role. IB literature has frequently examined the various implications of subsidiary age, demonstrating that subsidiary age is closely related to organizational learning (Luo, 1999), the accumulation of local resources (Barkema et al., 1996) and knowledge (Rabbiosi & Santangelo, 2013), organizational power (Mudambi & Navarra, 2004) and both internal and external embeddedness (Nell & Andersson, 2012). Therefore, I contend that headquarters will arrange different expatriate staffing levels in their subsidiaries with different ages. Specifically, I build on resource dependence theory (Pfeffer & Salancik, 1978) and organizational learning theory to propose that the relationship between headquarters and subsidiaries evolves within the MNE over time

(Cuervo-Cazurra et al., 2019).

It is well recognized that MNEs typically make intensive use of expatriates in their newly established or young subsidiaries. Young subsidiaries tend to have limited resources, knowledge and experience, and hence, they are highly dependent on headquarters. Therefore, headquarters place more emphasis on expatriates to support their survival and development in the local context (Beamish & Inkpen, 1998; Thompson & Keating, 2004). Accordingly, young subsidiaries are usually weakly embedded in local contexts while strongly internally embedded in the MNE, and hence, tend to have little autonomy (Foss & Pedersen, 2002) and power vis-à-vis headquarters (Mudambi & Navarra, 2004). Therefore, expatriates deployed in young subsidiaries tend to exert strong control and almost unilaterally transfer firm-specific knowledge from headquarters to subsidiaries (Bruning et al., 2011).

Although the literature is not entirely consistent, MNEs tend to reduce the use of expatriates as the duration of subsidiary operation increases (Scullion & Collings, 2006). Young subsidiaries accumulate local experience, develop relationships with external local actors, and enlarge their resource and knowledge base over time (Håkanson & Nobel, 2001), which in turn, increase their autonomy in local business while diminishing their initial strong dependence on headquarters (Johnston & Menguc, 2007). Such organizational learning

substantially alters the landscape of the subsidiary's dual embeddedness over time: the initially trivial external embeddedness increases while the initially strong internal embeddedness diminishes (Drogendijk & Andersson, 2013). Therefore, staffing older subsidiaries with fewer expatriates and more local talents is a reasonable strategy not only because it is cost-efficient but because MNEs may take advantages of local employment such as internalization of tacit local knowledge (Dowling et al., 1999) and local innovation (Andersson et al., 2005). Indeed, much of the staffing literature has advocated such a negative relationship between subsidiary age and expatriate staffing level, mostly based on organizational learning theory (Gong, 2003; Peng & Beamish, 2014).

However, this study argues that this inverse relationship may not persist consistently; in other words, MNEs might reintroduce intensive expatriation in their older subsidiaries for two reasons. Firstly, old subsidiaries within the MNE are often assumed to possess valuable resources, knowledge, and legitimacy accumulated over prolonged operations (Birkinshaw & Hood, 1998; Luo & Peng, 1999), further enhancing subsidiary power (Mudambi, Pedersen, et al., 2014), influence (Andersson et al., 2007) and autonomy within the MNE (Johnston & Menguc, 2007). Drawing on resource dependence theory, the literature increasingly recognizes that these older subsidiaries are

more likely to exhibit high goal incongruence (i.e., acting in their own interest rather than for the overall MNE success) compared to younger subsidiaries, potentially leading to control and coordination challenges for headquarters (Cuervo-Cazurra et al., 2019; Mudambi & Pedersen, 2007). Therefore, headquarters may opt for intensive expatriation in their older subsidiaries to tighten control and steer them toward alignment with the MNE's goals.

Secondly, headquarters may increase the deployment of expatriates in their older subsidiaries to capitalize on new knowledge generated in local contexts. Besides the fact that knowledge originating from older subsidiaries is often perceived as more beneficial by the parent firm (Rabbiosi & Santangelo, 2013), a robust internal embeddedness between headquarters and subsidiaries is essential for leveraging such reverse knowledge transfer (Narula, 2014; Yamin & Andersson, 2011). Hence, headquarters might enhance expatriate presence in older subsidiaries to strengthen their internal embeddedness, emphasizing the role of expatriates as boundary spanners bridging diversity within the MNE (Schotter et al., 2017). Expatriates can play a crucial role in capturing unique local opportunities and knowledge (Andersson et al., 2015; Harzing et al., 2015), drawing headquarters' attention (Plourde et al., 2014), in addition to their conventional role as control and coordination mechanism.

Collectively, I posit that MNEs will establish distinct levels of expatriation in subsidiaries of different ages. Specifically, headquarters are expected to maintain relatively high levels of expatriate staffing in both their younger and older subsidiaries within the portfolio, driven by different motivations, while employing relatively low levels of expatriation in their adolescent subsidiaries. Therefore, Hypothesis 3 anticipates a curvilinear relationship and is formulated as follows:

Hypothesis 3: Subsidiary age has a U-shaped relationship with the level of expatriate staffing in the subsidiary.

IV. Methodology

4.1 Data Collection

I conducted a multi-level analysis using data from large and medium Korean MNEs to test the hypotheses. The datasets were constructed based on reliable sources, with 'subsidiary-level (level 1)' data representing first-order variables nested within 'MNE-level (level 2)' data, which forms the second-order variables. Subsidiary-level data were sourced from the 'Overseas Korean Business Directory (2011-2012 version)' published by the Korea Trade-Investment Promotion Agency (KOTRA),

containing primary information about Korean firms operating abroad. MNE-level data were obtained from the *Kis-Value* database managed by the National Information and Credit Evaluation (NICE), providing credible financial data for Korean firms. To ensure an adequate level of internationalization, MNEs with fewer than six overseas subsidiaries were excluded (Aharoni, 1971). State-owned enterprises and public corporations were also excluded due to differing business objectives and management (expatriation) policies from private firms. The final sample consists of 2,119 subsidiaries nested within 130 MNEs operating across 77 countries.¹⁾

To assess the regional dispersion of the MNE, I categorized 77 host countries into seven geographical regions: Africa, Asia, Europe, Latin (Central and South) America, the Middle East, North America, and Oceania. The literature has employed diverse regional classifications based on cultural, economic, institutional, and geographic dimensions (see Aguilera et al. (2007) for a review). My classification is primarily based on the geographical distance which creates the most significant barrier to international business (Håkanson

& Ambos, 2010). This approach is suitable for the current research because the widely recognized Triad classification (North America, Europe, and Asia) (Rugman & Verbeke, 2004) lacks the granularity needed to capture the managerial complexity associated with different regions. On the other hand, excessively detailed classifications may fail to adequately differentiate the regional effect from the country effect (Delios & Beamish, 2005).

4.2 Measurement of Variables

4.2.1 Dependent variable

Expatriate staffing level was measured by the ratio of the number of expatriates to the total number of subsidiary employees, employing a measurement commonly used in the literature (Gong, 2003; Peng & Beamish, 2014).

4.2.2 Independent variables (Subsidiary-level)

Subsidiary age was measured by the duration of subsidiary operation in the host country (i.e., the difference between the year of sub-

1) The list of operating countries by regions: Africa: Nigeria, South Africa, Morocco, Algeria, Ethiopia, Egypt, Kenya. Asia: Malaysia, Myanmar, Bangladesh, Vietnam, Sri Lanka, Singapore, Uzbekistan, India, Indonesia, Japan, China, China (Taiwan), China (Hong Kong), Kazakhstan, Cambodia, Thailand, Pakistan, Philippines. Europe: Greece, Netherlands, Norway, Denmark, Germany, Latvia, Russia, Romania, Lithuania, Belgium, Belarus, Bulgaria, Serbia, Sweden, Switzerland, Spain, Slovakia, Slovenia, Azerbaijan, United Kingdom, Austria, Ukraine, Italy, Czech Republic, Turkey, Poland, France, Finland, Hungary. Middle East: UAE, Saudi Arabia, Syria, Oman, Jordan, Iran, Israel, Kuwait. Central and South America: Guatemala, Mexico, Venezuela, Brazil, Argentina, Uruguay, Chile, Colombia, Panama, Paraguay, Peru. North America: USA, Canada. Oceania: New Zealand, Australia.

subsidiary formation and the year of observation) in logarithm form.

4.2.3 Independent variables (MNE-level)

MNE multinationality was measured by counting the number of countries where subsidiaries are located, which captures the different levels of complexity involved in the MNE management (Verbeke et al., 2009). The home-region orientation of the MNE was measured by the proportion of the number of subsidiaries located in the home-region (Asia) to the total number of subsidiaries (Banalieva & Dhanaraj, 2013; Delios & Beamish, 2005; Li, 2005).

4.2.4 Control variables (Subsidiary-level)

I controlled for a range of factors at different levels that may affect the expatriate staffing decision or could potentially confound the empirical results. First, I accounted for the influence of host country contexts in which subsidiaries are situated using three variables. To control the varying institutional level in host countries, I adopted the overall score of the 'index of economic freedom' from the Heritage Foundation, which indicates the degree to which firms have freedom to conduct business activities in a certain country (Meyer et al., 2009; Peng & Beamish, 2014). Host-country GDP collected from the World Economic

Outlook Database (April 2011 edition) of the International Monetary Fund was added in logarithm form to control for the market size. Cultural distance between Korea and the host countries calculated following Kogut and Singh (1988) formula was also included. Additionally, this study also controlled for the effect of subsidiary firm size and subsidiary ownership, which are highly associated with the MNE's subsidiary control and knowledge flows (Delios & Björkman, 2000; Peng, 2012). Subsidiary firm size was operationalized by the total number of subsidiary employees in logarithm form, while subsidiary ownership was measured by a dichotomous variable: subsidiaries with full ownership were coded as '0' and those with partial ownership were coded as '1'. Finally, I controlled for the subsidiary's value chain functions that are closely related to the FDI motives of the MNE (Dunning, 2000) and more importantly that may technically influence the measure of expatriate staffing levels in subsidiaries (Lee, 2019). I introduced four dummy variables to control for potential compounding effects since my sample includes subsidiaries with five different value chain functions (i.e., manufacturing, sales, service, branch and liaison office). I discuss this point in more detail in a later section.

4.2.5 Control variables (MNE-level)

Five MNE level variables were included as

control variables. MNE size measured by the sales amount, MNE age, and MNE performance measured by ROA (return on asset) were included. In addition, I also controlled for the impact of product diversification measured by the proportion of the revenue coming from the primary product sector. Finally, the industry effect was controlled by adding a dummy variable coded 1 for MNEs that belong to manufacturing industries in the Korean Standard Industrial Classification (KSIC), and 0 for others.

4.3 Analysis

I conducted a hierarchical generalized linear modeling (HGLM) in this study, a suitable approach when the dependent variable is not continuous, and consequently, the normality assumption at level 1 is not met (Raudenbush et al., 2004). HGLM provides an appropriate method for this study because my dependent variable is a proportion (i.e., expatriate staffing level) that violates the assumptions of continuous scores and normality required for hierarchical linear modeling (HLM) (Hox, 2002; Raudenbush et al., 2004). The expatriate staffing level tends not to follow a normal distribution (Tan & Mahoney, 2006) but instead aligns more closely with a Poisson distribution skewed toward zero. Therefore, the outcome variable is considered to follow the Poisson model.

V. Results

Descriptive statistics and correlation matrix for each level are presented in Table 1. I concluded that multicollinearity is not deemed to exist since no high correlations among the variables (i.e. higher than 0.6) are shown in the matrix (Hair et al., 2006). Before testing the hypotheses, I calculated the intraclass correlation coefficient (ICC) for the null model which contains the intercept only, in order to test the need for multilevel modeling (Hofmann & Gavin, 1998). The ICC for the 'intercept only' model was 0.39, indicating that level 2 variables accounted for 39% of the variability in the data.

The HGLM results from the population-average model with robust standard errors are reported in Table 2. Model 1 includes control variables only from subsidiary level, while model 2 includes control variables from both subsidiary and MNE levels. Independent variables at the subsidiary-level are added in model 3 and 4, while all independent variables from both levels are included in model 5 and 6. I performed several robustness tests whose results are presented in model 7, 8, and 9. The results (Model 4, 5 and 6) lent support to all three hypotheses. My first hypothesis that postulates a negative relationship between MNE multinationality and expatriate staffing level was supported ($P <$

<Table 1> Descriptive Statistics and Correlations

Variable (<i>MNE Level, N=130</i>)	Mean	s.d.	1	2	3	4	5	6	7	8
1. MNE Size	8.19	14.87	-							
2. MNE Age	43.61	16.83	0.12	-						
3. MNE ROA	4.41	5.26	0.06	-0.28	-					
4. Industry	0.54	0.50	-0.03	-0.10	0.12	-				
5. Product diversification	0.61	0.25	-0.05	-0.22	0.25	0.01	-			
6. Multinationality	11.29	9.81	0.58	0.10	-0.04	-0.03	0.00	-		
7. Home-region orientation	0.57	0.21	-0.23	0.04	-0.08	-0.16	-0.05	-0.40	-	
8. Multiregionality ^a	3.79	1.67	0.42	0.14	-0.07	-0.02	0.05	0.75	-0.61	-
9. Internationalization (depth) ^a	0.36	0.28	-0.19	-0.20	0.02	0.26	0.06	0.06	-0.09	0.10

Note: Pearson correlation (Two-tailed). Coefficients (absolute value) greater than 0.19 are significant at 0.05 level; greater than 0.23 at 0.01 level. ^a Multiregionality and Internationalization (depth) are included in the robustness tests.

Variable (<i>Subsidiary Level, N=2,119</i>)	Mean	s.d.	1	2	3	4	5	6	7	8	9
1. Economic freedom	63.17	11.59	-								
2. GDP	7.36	1.63	-0.10	-							
3. Cultural distance	2.07	1.24	0.42	0.49	-						
4. Subsidiary size	3.44	1.85	-0.19	0.07	0.02	-					
5. Ownership	0.10	0.30	-0.19	-0.08	-0.15	0.24	-				
6. Sales Subsidiary	0.22	0.42	0.17	0.05	0.08	0.05	-0.07	-			
7. Service Subsidiary	0.21	0.41	0.04	0.00	0.04	0.05	0.10	-0.28	-		
8. Branch	0.33	0.47	0.04	-0.07	-0.04	-0.45	-0.19	-0.38	-0.37	-	
9. Liaison Office	0.06	0.23	-0.03	-0.01	-0.05	-0.30	-0.08	-0.13	-0.13	-0.18	-
10. Subsidiary Age	2.41	0.82	0.26	0.17	0.27	0.05	-0.03	0.10	-0.06	0.06	-0.06

Note: Pearson correlation (Two-tailed). Coefficients (absolute value) greater than 0.05 are significant at 0.05 level; greater than 0.06 at 0.01 level.

0.001). Corroborating my second hypothesis, a negative relationship between home-region orientation and expatriate staffing level was also evident ($p < 0.01$). Finally, the result also supported my third hypothesis that predicts the U-shaped relationship between subsidiary

age and expatriate staffing level: the quadratic term of subsidiary age was positive and significant ($P < 0.001$). The results also satisfy the conditions recommended by Haans et al. (2016) for testing a U-shaped relationship.

<Table 2> Results of Hierarchical Generalized Linear Modeling

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
Intercept	2.16*** (0.10)	2.16*** (0.11)	2.19*** (0.11)	2.20*** (0.11)	2.19*** (0.11)	2.21*** (0.11)	2.19*** (0.11)	2.20*** (0.11)	2.17*** (0.11)
Subsidiary-level variables									
Economic Freedom	0.01*** (0.00)	0.01*** (0.00)	0.01*** (0.00)	0.01*** (0.00)	0.01*** (0.00)	0.01*** (0.00)	0.01*** (0.00)	0.01*** (0.00)	0.01*** (0.00)
Country GDP	0.03** (0.01)	0.03** (0.01)	0.03* (0.01)	0.03* (0.01)	0.03* (0.01)	0.03* (0.01)	0.03* (0.01)	0.03* (0.01)	0.03* (0.01)
Cultural Distance	0.01 (0.02)	0.01 (0.01)	0.01 (0.01)	0.01 (0.01)	0.01 (0.02)	0.01 (0.01)	0.01 (0.01)	0.01 (0.01)	0.01 (0.01)
Subsidiary Size	-0.39*** (0.02)	-0.39*** (0.02)	-0.39*** (0.02)	-0.40*** (0.02)	-0.40*** (0.02)	-0.40*** (0.02)	-0.40*** (0.02)	-0.40*** (0.02)	-0.40*** (0.02)
Ownership	-0.18* (0.08)	-0.18* (0.07)	-0.19* (0.07)	-0.17* (0.07)	-0.17* (0.08)	-0.17* (0.08)	-0.17* (0.08)	-0.17* (0.08)	-0.17* (0.08)
Sales Subsidiary	0.65*** (0.12)	0.64*** (0.10)	0.62*** (0.10)	0.60*** (0.10)	0.60*** (0.11)	0.60*** (0.11)	0.60*** (0.11)	0.60*** (0.11)	0.60*** (0.11)
Service Subsidiary	0.63*** (0.13)	0.63*** (0.12)	0.61*** (0.12)	0.61*** (0.11)	0.61*** (0.12)	0.61*** (0.12)	0.61*** (0.12)	0.61*** (0.12)	0.61*** (0.12)
Branch	0.67*** (0.13)	0.66*** (0.12)	0.64*** (0.12)	0.62*** (0.12)	0.62*** (0.12)	0.62*** (0.12)	0.62*** (0.12)	0.62*** (0.12)	0.62*** (0.12)
Liaison Office	0.68*** (0.14)	0.67*** (0.13)	0.65*** (0.12)	0.63*** (0.12)	0.64*** (0.13)	0.63*** (0.13)	0.64*** (0.13)	0.63*** (0.13)	0.63*** (0.13)
Subsidiary Age		0.05** (0.02)	-0.24*** (0.06)	-0.24*** (0.07)	-0.24*** (0.07)	-0.24*** (0.07)	-0.24*** (0.07)	-0.24*** (0.07)	-0.24*** (0.07)
Subsidiary Age ²			0.07*** (0.01)	0.07*** (0.02)	0.07*** (0.02)	0.07*** (0.02)	0.07*** (0.02)	0.07*** (0.02)	0.07*** (0.02)
MNE-level variables									
MNE Size	0.01*	0.00	0.01*	0.01*	0.01*** (0.00)	0.01*** (0.00)	0.01*** (0.00)	0.01*** (0.00)	0.01*** (0.00)
MNE Age	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MNE ROA	-0.01	0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
Industry	-0.02	0.07	-0.02	-0.01	0.00	-0.04	-0.01	-0.03	0.01
Product diversification	0.26*	0.14	0.27*	0.14	0.24*	0.28*	0.30*	0.30*	0.32*
Multinationality					-0.01*** (0.00)	-0.02*** (0.01)	-0.02*** (0.01)	-0.02*** (0.01)	-0.02*** (0.01)
Home-region orientation						-0.58** (0.18)		-0.44** (0.17)	-0.37* (0.16)
Multiregionalty							0.08** (0.03)	0.04 (0.03)	0.04 (0.03)
Internationalization (depth)									-0.32* (0.15)
Variance component	0.15	0.14	0.14	0.14	0.13	0.12	0.12	0.12	0.12
Pseudo R ²	0.75	0.76	0.76	0.76	0.78	0.80	0.79	0.80	0.81

Note: Standard errors in parentheses, Pseudo R² was calculated as: 1 - (restrict error/unrestricted error). Model 7-9 include the result of robustness checks. * p < 0.1, ** p < 0.05, *** p < 0.01, **** p < 0.001.

5.1 Robustness Checks

I conducted several robustness tests to ensure the validity of my argument and eliminate possible alternative explanations for my results. First, I examined the influence of multiregionality or the degree of regional dispersion. In this study, the MNE's home-region orientation was measured by the proportion of subsidiaries located in Asia to the total number of subsidiaries. However, MNEs with the same level of home-region orientation may have different regional presences, leading to varied degrees of complexity. Therefore, I tested the impact of multiregionality measured by the number of operating regions. Not surprisingly, multiregionality is highly positively correlated with the multinationality ($r = 0.75, p < 0.01$) while it was negatively correlated with the home-region orientation ($r = -0.61, p < 0.01$). The result presented in model 7 supports my theoretical argument that MNEs operating many countries tend to utilize less intensive expatriation in their subsidiaries while those with high multiregionality tend to employ more intensive expatriation across the subsidiary portfolio. However, the impact of multiregionality disappeared when the home-region orientation was added (Model 8). This result generally supports the regionalization literature by confirming the role of geographical regions: more inter-regionally dispersed MNEs may face a higher level of

institutional diversity and coordination complexity, leading them to use more expatriates compared to more home-region-oriented MNEs (Rugman & Verbeke, 2004, 2007).

Second, I tested the influence of the 'depth' of internationalization assessed by a scale measure rather than a scope measure. Both scale and scope measures have been commonly used in IB literature to assess the degree of internationalization (Oh, 2009). Scale measures typically use the ratio of foreign operations to total operations, which represents the depth of firm internationalization. On the contrary, scope measures such as the number of operating countries or regions usually capture the 'breadth' of internationalization (Goerzen & Beamish, 2003; Rugman & Oh, 2013). While both scale and scope measures have tradeoffs, I chose a scope measure to assess multinationality since my primary interest is in the multiplicity of diverse local contexts. However, this measure suffers from the fact that each country's operations may differ significantly in size (Verbeke & Forootan, 2012). Therefore, I tested a scale measure of multinationality in the robustness checks, which was measured by the proportion of the size of foreign operations to that of total MNE operations, with the operation size measured by the number of employees. The result in model 9 revealed that the depth of internationalization also has a significant negative relationship with expatriate utilization in the

subsidiary portfolio. The result also exhibited that all hypothesized relationships remain substantively the same, confirming the robustness of my results.

Finally, I used only one industry dummy variable (manufacturing vs. non-manufacturing) to see the industry effect parsimoniously because the sample has 70 out of 130 MNEs belong to the manufacturing industry classified by the KSIC. In the robustness check, I included eight industry dummies classified by KSIC to control for the industry impact. With more specified industry dummies, all hypothesized relationships remained robust.

VI. Discussion and Conclusion

This study enhances our understanding of expatriate utilization in a complex MNE setting. It demonstrates that MNE headquarters may adjust their overall use of expatriation in the subsidiary portfolio depending on the MNE's national and regional dispersion, while simultaneously tailoring expatriate utilization to align with various subsidiary contexts represented by subsidiary age. The findings advocate the continued importance of resource dependence theoretical framework in MNE research (Johnston & Menguc, 2007; Peng & Beamish, 2014), particularly concerning the dynamic evolution of headquarters and sub-

subsidiary relationship over time (Birkinshaw & Hood, 1998). This paper also provides underscores the importance of conceptualizing the MNE as a portfolio (Lee, 2022; Nachum & Song, 2011) and calls for special attention to study the evolving role of expatriates within changing subsidiary contexts (Bruning et al., 2011; Cerdin & Brewster, 2014).

International staffing literature has highlighted the boundary condition of expatriates as well as various alternative forms of international assignments that supplement or replace traditional expatriation (Haslberger et al., 2014; McNulty & Brewster, 2017). However, extant literature has provided little evidence of a significant decline in the use of traditional expatriation (Collings et al., 2007; Scullion & Collings, 2006). In fact, traditional expatriates continue to be integral in complex MNEs, even amidst the growing availability of more flexible international staffing options in a dynamic global business context (Collings, 2014). Consequently, how headquarters make the appropriate use of expatriates across the differentiated MNE network with varying degrees of multiple embeddedness constitutes a key management inquiry in contemporary MNEs.

This study focuses on managing multiple embeddedness from a headquarters' viewpoint, arguing that the extent of an MNE's geographical dispersion, reflecting the diversity of local contexts, is crucial in the modern

MNE management. The findings of this study indicate that MNEs operating in numerous national contexts (i.e., those with high multinationality) generally tend to reduce their reliance on expatriates across their subsidiary portfolio. This trend is attributed to both organizational learning and managerial resource constraints. These factors together prompt MNEs to adopt more formalized governance mechanisms, which are less resource-intensive and administratively costly than expatriate-focused personnel strategies.

This study also found that MNEs predominantly operating within their home-region rely less on traditional expatriation. Such MNEs usually face a lower level of coordination complexity, compared to more inter-regionally dispersed MNEs (even though they might have the same level of multinationality, i.e., the same number of operating countries). They usually have a lower incentive to utilize intensive expatriation that incurs high operational costs. Moreover, I posit that home-region oriented MNEs may utilize alternative forms of international assignments with less restriction. This finding suggests that, although both capture the degree of the MNEs' geographical dispersion, national and regional dispersions may have different influences on the MNE's managerial decision-making from each other.

An interesting finding is the U-shaped relationship between subsidiary age and ex-

patriate staffing level because much of the literature usually predicts a negative relationship between them. Echoing the organizational ecology tradition (Hannan & Freeman, 1984), IB literature has widely acknowledged that subsidiary age captures the subsidiary's experience both in the host country and within the internal MNE network (Foss & Pedersen, 2002). This experience serves as a proxy for subsidiary learning (Luo, 1999), knowledge accumulation and creation (Birkinshaw & Hood, 1998), legitimacy for resource allocation (Mudambi, 1998) and potential contribution to the overall MNE (Rabbiosi & Santangelo, 2013). By adding the resource dependence lens, the literature also revealed that subsidiary learning and evolution change the subsidiary's resource and power reservoir, and further alter the power relationship vis-à-vis headquarters. Accordingly, old subsidiaries, characterized by increased knowledge, power and autonomy within the MNE may experience goal incongruence and agency problems with headquarters (Mudambi & Navarra, 2004; Mudambi & Pedersen, 2007; O'Donnell, 2000). Therefore, headquarters may strive to achieve greater control by employing intensive expatriation in their old subsidiaries within the MNE.

This study also proposes that headquarters may increase their use of expatriates in older subsidiaries not only to tighten control but also to bolster their 'internal embeddedness', leveraging the boundary-spanning capabilities

of expatriates. The degree of the subsidiary's dual embeddedness evolves over time. When subsidiaries are newly established, the degree of internal embeddedness tends to be strong while that of external embeddedness is weak. But as they mature in the local environment, the degree of their dual embeddedness tends to evolve in opposite directions: external embeddedness increases, while the internal embeddedness weakens. While this shift is a common trend, headquarters may actively intervene to reinforce the internal embeddedness of their older, well-developed subsidiaries, especially when these subsidiaries have cultivated locally-derived resources that could benefit the MNE network at large (Drogendijk & Andersson, 2013; Narula, 2014). One effective strategy for this intervention is the increased use of expatriates.

Essentially, this study emphasizes the crucial function of expatriates as boundary spanners within MNEs (Au & Fukuda, 2002; Reiche et al., 2009). With their deep understanding, experience, and social capital rooted in both the headquarters and subsidiaries, expatriates fulfill two primary roles: information processing and external representation (Aldrich & Herker, 1977). Expatriates can bridge reverse knowledge flows from subsidiaries to headquarters (Harzing et al., 2015; Reiche et al., 2009), while carrying out external representative roles by identifying and communicating new opportunities to headquarters

(Plourde et al., 2014). These boundary spanning activities by expatriates not only enhance the internal embeddedness of subsidiaries but also significantly contribute to the MNE's ability to leverage local diversity and integrate various knowledge resources (Narula, 2014).

Finally, this study highlights the critical need to account for the subsidiary's value chain function in empirical research on staffing, particularly when analyzing expatriate staffing levels as a dependent variable. Previous studies have often overlooked latent confounding effects of varying value chain functions, which is not fully addressed by merely controlling for subsidiary size. Echoing the findings of Lee(2019), this study meticulously considers the influence of a subsidiary's value chain function on its expatriate staffing levels. The empirical results demonstrate that the nature of value chain activities of subsidiaries significantly affects their expatriate staffing.

In conclusion, the findings indicate that while MNEs might decrease their overall reliance on expatriates across their subsidiaries based on geographical dispersion, they strategically allocate expatriates to achieve a 'differentiated fit' in response to various contingencies within each subsidiary (Nohria & Ghoshal, 1994). These expatriation strategies, integral to strategic international human resource management, equip MNE headquarters with an effective tool for managing their complex, multiply embedded organizational networks

across diverse national and regional contexts. This insight adds depth to the literature on expatriate staffing, a longstanding focus area for scholars in international management.

6.1 Managerial Implications

This study offers valuable insights for MNE managers, particularly at the headquarters level. Firstly, it is crucial for managers to recognize the importance of managerial resource constraints. Overseeing a large portfolio of subsidiaries demands significant managerial resources, which are inherently limited (Penrose, 1959). This limitation applies equally to international staffing and expatriation. Managers at the headquarters must therefore carefully tailor their governance systems, especially during international expansion. The findings of this study indicate that different subsidiaries necessitate varying levels of managerial resources, including expatriates. Thus, managers should strategically allocate resources to effectively match the specific needs and contexts of each subsidiary.

Secondly, managers should understand the different rationale underlying the high level of expatriate utilization in their younger versus older subsidiaries. While the intensive use of expatriates in younger subsidiaries is a familiar strategy for MNE managers, the same approach in older subsidiaries is less recognized. This research highlights the need for MNE

managers to comprehend the evolving resource dependence relationship between headquarters and subsidiaries. In particular, they should understand how subsidiary learning shifts the power dynamics within the MNE, altering its relationship with the headquarters (Mudambi & Navarra, 2004). Headquarters managers must adapt to these dynamic power relationships to mitigate agency problems and enhance knowledge integration. While previous studies have often focused on larger subsidiaries (Johnston & Menguc, 2007; Peng & Beamish, 2014), my findings suggest that managers should also carefully monitor and respond to changes in power relations with their older subsidiaries.

Thirdly, I advocate that the boundary spanning role of expatriates should be highlighted in addition to their traditional control and monitoring roles. When managing multiple subsidiaries, it is crucial for headquarters to understand the differentiated role of each subsidiary within the MNE network (Rugman et al., 2011). In this vein, managers at headquarters should utilize expatriates with clear strategic objectives considering each subsidiary context.

Finally, I suggest that expatriates serve as an effective mechanism to regulate the subsidiary's dual embeddedness. By employing more expatriates, headquarters managers can tighten the subsidiary's internal embeddedness. Given that the dual embeddedness of the

subsidiary usually exerts conflicting pressures (Yamin & Andersson, 2011), adjusting internal embeddedness through expatriation can also indirectly influence its external embeddedness (Andersson et al., 2005). Therefore, by strategically using expatriation, headquarters can effectively regulate the level of a subsidiary's dual embeddedness. This approach enables the MNE to optimally leverage its multiple embeddedness for greater efficiency and effectiveness.

6.2 Limitations and Future Research Directions

This study has several limitations that can be addressed in future research. First, this study is a macro firm-level staffing research that examines the general organizational pattern of expatriate utilization but does not distinguish among expatriates with varying capabilities, roles, and responsibilities. Future studies should adopt a micro perspective (Minbaeva, 2016), particularly examining the specific roles of expatriates in older subsidiaries (Bruning et al., 2011) and their diverse boundary-spanning roles based on their unique advantages (Johnson & Duxbury, 2010).

Second, I viewed subsidiary age as a proxy for subsidiary experience, assuming that older subsidiaries, compared to the younger ones, have greater knowledge, power and higher degrees of organizational legitimacy and external embeddedness. While subsidiary age is

clearly correlated with these attributes, it may not always accurately represent them. Future studies could directly measure these attributes to validate my theoretical arguments.

Finally, Korean MNEs may have more ethnocentric corporate culture and rely more on expatriates for subsidiary management, compared to their Western counterparts. However, the impact of home country effects may be minimal due to significant convergence between Western and Korean management styles, including in expatriation practices (Chung et al., 2014; Kim & Tung, 2013; Tung et al., 2013). Furthermore, it's important to note that the data used in this study is from a decade ago. Therefore, there might be changes in management styles and expatriation practices, especially in the wake of the COVID-19 pandemic period (Liu et al., 2020). Consequently, while I consider the findings of this study to be broadly applicable to MNEs across different national contexts, it would be beneficial for future research to examine expatriate configurations in MNEs from a variety of national backgrounds, utilizing more up-to-date data. This would further validate and potentially enrich the findings of this research.

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- The author Jong Min Lee is an Assistant Professor of International Business at the School of Business, Yonsei University (South Korea). Prior to his current role, he was an Associate Professor of International Business and Strategy at Henley Business School, University of Reading, UK, where he earned his Ph.D. His research interests intersect international business and global strategic management. He primarily focuses on the management of multinational firms, with special attention to subsidiary portfolio characteristics. His recent publications can be found in the *Journal of International Business Studies*, *Journal of World Business*, and *Journal of Business Ethics*, among others.