

# **Kingpins of the multinational. Toward a typology of boundary spanners in multinational corporations**

## ***Abstract***

In this empirical paper we link research on knowledge transfer in multinationals, and the role of social capital and social identity therein, to research on boundary spanners. Our focus on boundary spanners contributes to the literature by helping redress the severe lack of empirical research on individuals in MNCs. Our analysis uncovers several important characteristics of boundary spanners, notably the importance of cultural skills, social capital, and linguistic skills. We also contribute to the literature on boundary spanners by presenting a typology which highlights the existence of a hierarchy of boundary-spanning roles, implying that future research may do better to approach boundary spanners in terms of 'degrees' or 'levels' of boundary spanning than as a homogenous group. Finally, while previous research has focused on the role of group leaders, we find important boundary spanners also at other hierarchical levels, raising pertinent HRM questions related to reward and recognition.

# **Kingpins of the multinational. Toward a typology of boundary spanners in multinational corporations**

## ***Introduction***

It has been argued for a long time that multinational corporations (MNCs) can reap considerable benefits from the integration and internal sharing of resources, especially knowledge (E.g., Hedlund, 1986; Bartlett and Ghoshal, 1987; Kogut and Zander, 1993; Doz, et al., 2001). At the same time, a great deal of empirical evidence indicates that this integration and knowledge sharing are difficult to achieve. Knowledge is sticky (Szulanski 1996, 2000), the internal relationships in many MNCs are arduous to put it mildly (see E.g., Kristensen and Zeitlin, 2005), and knowledge is not always evenly shared throughout the multinational organization (Monteiro et al., 2004). Indeed, the reality of most MNCs is not that of a coherent, integrated global organization, but rather of a collection of units embedded in different local environments and with different, sometimes highly divergent goals, which they can draw upon a broad array of local resources to promote (Westney, 1993; Kostova 1999; Morgan, 2001; Andersson et al., 2002).

As a consequence, acknowledging that the high degree of internal differentiation of most MNCs makes it difficult to examine knowledge transfer at the corporate level of analysis other than in very abstract ways, scholars have since the late 1990s shown an increasing interest in smaller units of analysis. For example, recent research has focused on knowledge transfer relationships between subsidiaries and headquarters or between subsidiaries (E.g., Ambos et al., 2007; Andersson et al., 2002; Björkman et al., 2004), and

within and between intra-corporate teams (E.g., Hansen, 1999; Reagans and McEvily, 2003), which has provided a much more nuanced picture of MNC knowledge flows.

However, individual- and interpersonal-level microfoundations of knowledge sharing remain a major gap in MNC-related research (Argote and Ingram 2000; Felin and Hesterly 2007; Foss 2007), despite persistent calls for more individual-level research (e.g., Bartlett and Ghoshal, 1995; Gupta et al., 1999; Ghoshal, 2005). Indeed, Felin and Hesterley (2007) and Foss (2007) propose that individual-level analysis may provide better insights into knowledge-related issues within firms than aggregate-level approaches (whether corporate or unit level) assuming individual-level homogeneity, while Brass et al. (2004) suggest that inter-unit ties not only consist of but are also often a function of interpersonal relationships. In fact, Doz et al. (2001) argue that people are among the most important carriers of knowledge within multinationals, and Mäkelä et al. (2007) note that the knowledge sharing that occurs when managers working in different parts of the organization interact on behalf of their respective units in order to do their work is a central aspect of inter-unit knowledge exchange.

In this exploratory paper, we seek to address this research gap by examining the characteristics and roles of a potentially crucial group of individuals in multinational corporations, namely *boundary spanners* (Adams, 1976; Kostova and Roth, 2003), with regards to MNC-internal knowledge sharing. Building on previous work by Adams (1976), Callister and Wall (2001), and Richter et al. (2006), we define a group's boundary spanners as those who are perceived by other members of both their own ingroup and relevant outgroups to engage in significant transactions with outgroup members, facilitate intergroup transactions, and manage intergroup conflicts. Considering

the potentially crucial role boundary spanners play in collaboration between groups, management scholars have become interested in them surprisingly recently, and empirical research is extremely scarce (Kostova and Roth, 2003; Perrone et al., 2003; Richter et al., 2006). In the context of MNC studies, the concept had attracted hardly any previous research before Kostova and Roth (2003), who theoretically described the general dynamics of boundary spanners' activities in MNCs. We build on these studies, and seek to address the following research questions using empirical data from 145 in-depth interviews with parent company and subsidiary representatives from four Finland-based MNCs:

- (1) *What types of boundary spanners can be identified in multinational corporations?*
- (2) *What are their main characteristics?*
- (3) *What are their key roles, particularly with regards to inter-unit knowledge transfer?*

The paper is structured as follows. In the next sections, we review existing research on intra-organizational knowledge transfer, boundary spanners and social capital. We then present our data and methodology, and explicate our analysis techniques. In the Results and Analysis section, we discuss the types, characteristics and roles of boundary spanners as they emerge from the data. We close by discussing the implications of our findings for MNC management and international human resource management.

### ***Knowledge transfer in multinationals***

The MNC is commonly being viewed as a differentiated network characterized by flows of knowledge, capital and products, in which the capacity to create and exploit knowledge is seen as a fundamental organizational capability (Bartlett and Ghoshal, 1989; Nohria and Ghoshal, 1997). Consequently, the geographical dispersion of the MNC can be a source of advantage, as MNCs are able to access a wide variety of knowledge on a global scale (Doz et al., 2001; Westney, 2001). However, this geographical dispersion also poses inevitable challenges for knowledge sharing, as it leads to the presence of cultural and linguistic boundaries between its different units, and the people working within them (Bartlett and Ghoshal, 1989; Doz et al., 2001; Nohria and Ghoshal, 1997; Westney, 2001). Moreover, functional and other organizational boundaries become amplified when there is an added element of geographical distance (Mäkelä et al., 2007). In fact, Carlile (2004, p.566) has suggested that “instead of seeing the firm as a bundle of resources... it can be more completely described as a bundle of different types of boundaries where knowledge must be shared and assessed”, and this seems particularly true in the case of the MNC.

Within these structures, different demographic and organizational characteristics - such as nationality, mother tongue, gender and organizational status - among the members of an organization may generate faultlines across sub-groups (Lau and Murnighan, 1998), and contribute to the development of informal clusters which have the consequence of knowledge flowing better within than between them (Mäkelä et al., 2007). A key driver for this subgroup formation is that, according to social identity theory (Tajfel, 1982; Tajfel and Turner, 1986; Erez and Earley, 1993), group membership may be a source of positive self-identity for its members. The desire for positive group

distinctiveness in turn drives group members to “compare their ingroup with [an] outgroup and... perceive the ingroup as preferable, even if the ingroup and the outgroup are not in direct conflict”, leading to “a general denigration of outgroup so as to enhance self-identity and ingroup status” (Erez and Earley, 1993, p.78). Social identity theory has been used to understand group behavior generally within management and organization (e.g. Chattopadhyay et al., 2004; Kane, et al., 2005), and it may influence knowledge sharing in intra-MNC relationships (Barner-Rasmussen and Björkman, 2007).

Given the existence and significance of the various boundaries within the MNC, the question of how different MNC-subgroups can be brought into interaction with each other becomes of fundamental importance for those wishing to understand and possibly improve knowledge transfer in cross-border contexts. Individual boundary spanners play a potentially critical role in the overcoming of these boundaries, and will be discussed next.

### ***Boundary spanners***

The concept of boundary spanners in organization and management studies is often traced back to organizational psychology, specifically the work of Adams (1976). As noted above, we build on the work of Adams (1976), Callister and Wall (2001), and Richter et al. (2006), defining a group’s boundary spanners as those who are perceived by other members of both their own ingroup and relevant outgroups to engage in significant transactions with out-group members, facilitate intergroup transactions, and manage intergroup conflicts. In this context it is worth noting that some previous research (Ancona, 1990; Richter et al., 2006) considers boundary-spanning activities as mainly performed by group leaders, but we do not make any such *a priori* assumption and indeed

one of our findings is that important boundary spanners can be found also at other levels in the organization.

The notion of boundary spanning is, at least implicitly if not explicitly, present in key organizational sociology work, such as Granovetter (1973) and Burt (1992, 1997). Granovetter (1973) found that weak ties, i.e. acquaintance relationships, could create bridges between different social groups. Burt (1992, 1997), in turn, argued that individuals who are able to link otherwise disconnected actors – i.e., to bridge or broker structural holes – gives them access to better or privileged information and opportunities, and higher control, thus leading to a favorable position (Burt 1992, 1997). According to Burt (1992, 1997), these information benefits include access (to more and different information), timing (earlier access to information), and referrals (positive remarks to third parties leading to a better reputation).

In the field of management, studies focusing on boundary spanning individuals are much more limited, although the recent work of Kostova and Roth (2003), Perrone et al. (2003), and Richter et al. (2006) suggests that interest is on the increase. Richter et al., (2006) observed that boundary spanning individuals exhibit a dual identity being able to identify with both of the groups they bridge between, and that this facilitates effective inter-group relations. Perrone et al. (2003), in turn, focused on inter-firm relationships and found that individuals in boundary-spanning roles play an important role in inter-firm trust. While these scholars addressed organizational contexts in general, Kostova and Roth (2003) specifically focused on boundary spanners within the MNC. They suggested that boundary spanners within MNCs create personal contact networks to people in other units which colleagues from their own units can then benefit from, and that this micro-

macro process facilitates access to information across-units and the building of organizational trust. In addition to these studies that explicitly focus on boundary spanners, *de facto* boundary-spanning functions also figure in many studies on expatriates (E.g., Harzing, 2001; Mäkelä, 2007; Riusala and Smale, 2007), although this literature often tends to view expatriates as ‘headquarters representatives’ with a ‘control’ agenda, losing important semantic connotations to neutrality and reciprocity.

The existing literature seems to implicitly agree that one key driver behind the boundary spanners’ ability to bridge between different employee groups or MNC units is their social capital (see e.g., Kostova and Roth, 2003). We will now turn to discuss individual social capital and its role in organizational knowledge transfer.

### ***Social capital***

Following Bourdieu (1986) and Nahapiet and Ghoshal (1998), social capital can be defined as the actual or potential resources that can be accessed through membership in a group. Social capital is a theoretical umbrella that has been used in a variety of ways in a number of research fields, including both the private social capital of individuals as well as the public social capital of groups, organizations or even nations (Bourdieu, 1986; Burt, 1992; Coleman, 1988; Putnam, 1995; see also, Adler and Kwon, 2002 and Leana and van Buren, 1999). In this paper, we subscribe to the individual perspective on social capital, and focus on social capital embedded in bridging relationships that provide connections between different units of the MNC (Adler and Kwon, 2002; Burt, 1992, 1997; Granovetter, 1973; Nahapiet and Ghoshal, 1998).

Furthermore, Nahapiet and Ghoshal (1998) suggest that social capital can be viewed as consisting of three interlinked but distinct dimensions: structural, relational and



cognitive. The structural dimension refers to physical ties, including their structure and connectedness. The relational dimension, in turn, is related to behavioral assets and obligations embedded in relationships, such as trust, norms, expectations, and identification. Lastly, the cognitive dimension refers to shared paradigms, thought worlds and practice, including aspects such as shared goals, codes of conduct and systems of meaning in language (Boland and Tenkasi, 1995; Nahapiet and Ghoshal, 1998; Tsai and Ghoshal, 1998).

Key theoretical contributions to the stream of research on how social capital impacts knowledge transfer in the MNC are those of Nahapiet and Ghoshal (1998) and Kostova and Roth (2003); empirical ones include e.g., Tsai and Ghoshal (1998). Although the details vary, a positive relationship between social capital and knowledge transfer is a consistent finding of this research, suggesting that group membership, exclusion from groups, or the ability to bridge across group boundaries all have far-reaching implications for knowledge transfer inside multinationals. For example, Nahapiet and Ghoshal (1998) suggest that structural, relational and cognitive social capital facilitates the creation of new intellectual capital, contributing to competitive advantage. Tsai and Ghoshal (1998), in turn, found empirically that social interaction and social capital between the members of two units had a significant positive effect to inter-unit resource exchange and product innovation. While these studies focused on the unit level, Kostova and Roth (2003) proposed that the private social capital of individual boundary spanners can be transformed into public unit-level social capital, which crucially facilitates the achievement of work-related goals.

Proceeding now to summarize our literature review, we have presented the following argument. Knowledge sharing is an important challenge for MNCs, and based on social identity theory we can expect group membership to promote knowledge sharing inside groups. Furthermore, demographic and organizational characteristics are important factors in the formation of group faultlines, and the development of an ingroup necessarily implies the existence of outsiders (outgroups). However, individuals with relevant social capital can act as boundary spanners and help in bridging inter-group boundaries so as to enable knowledge sharing between them. We will now proceed to discuss the methodological aspects of our study, in which we examine the characteristics and roles of boundary spanners in relation to intra-MNC knowledge sharing.

### ***Data and methodology***

The data for this study come from a multiple case study of four Finnish multinationals and their subsidiaries in the two key emerging markets of China and Russia. Company A is a world-leading process manufacturer with 40 000 employees in 40 countries. The focal subsidiary of Company A was their operation in China, which includes regional headquarter functions for the Asia-Pacific region, major production facilities and a local sales and marketing operation. Company B is a leading manufacturing services provider in the communications technology field. Their workforce consists of 20 000 employees in 15 countries. The focal subsidiary of Company B was their Chinese subsidiary focusing on product development. Company C is a major producer of consumer goods with 15 000 personnel, and a focus in Nordic and Eastern European markets. Our focal subsidiary was their Russian operations. Finally, Company D is a chemical process manufacturer of close to 5000 employees with a focus

in European and Asian markets, and is world-leading in its niche despite their relatively small size. The focal subsidiary of Company D was their Russian operation, including both major production facilities and a regional sales operation.

The data collection took place within the context of a bigger research project on cross-border competence transfer, focusing on the case companies' efforts to transfer knowledge and competences between the parent company in Finland and different units in Russia or China. Within this research project, we conducted 145 interviews with top and middle managers at the focal subsidiaries, the corporate headquarters and within the HR organization, which were used as the main source of data for this study. The interviews took place in 2006-2007 in three different rounds, with the majority of the interviews conducted with local employees in China and Russia. The first included interviews in early 2006 with (N=54) relevant top, line and HR managers at the parent corporations. The second round took place in March-June 2006, with a third and final follow-up round in October 2006-February 2007. It included (N=91) semistructured interviews with top, middle and lower-level managers both in Europe and China/Russia. Furthermore, several other sources of data including observation, field notes, company-internal documentation, and internal and external archival data, were used both in order to understand the organizational contexts and the boundaries involved better, and for triangulation purposes.

The data collection was carried out by an 8-person team comprising native or fully fluent speakers of at least two of the following languages: Finnish, Swedish, English, Russian, and Mandarin, and interviews were conducted in all of these languages. A conscious effort was made to match interviewers and respondents so that all interviews

would take place in the respondent's preferred language. Especially with respondents lower down in the corporate hierarchy, this approach yielded information which could not have been accessed by interviewing them in English. As many interviews as possible were conducted in teams of two interviewers, to enhance researcher triangulation. The interviews lasted between 60 and 120 minutes, and all of them were transcribed word-by-word, yielding a total of some 1,800 pages of transcripts. The interviews conducted in Russian and Chinese were translated into English, in order to make them readily accessible to the whole research team.

The data analysis procedure took place as follows, with validity and reliability of the data as a key concern. Already between the interview rounds, the collected data were carefully re-read and discussed among the research team and preliminary findings were extracted. These were then iterated with representatives of the case firms in a series of seminars that formed an integral part of the research project. The importance of boundary spanners was a strong preliminary finding emerging early in the data collection process, and our discussions with the case company representatives confirmed that the issue was indeed relevant. Having ascertained this, we proceeded to explore the issue further, analyzing the interview transcripts as follows.

Starting from our definition of a group's boundary spanners as those who are perceived by other members of both their own ingroup and relevant outgroups to engage in significant transactions with out-group members, facilitate intergroup transactions, and manage intergroup conflicts; we searched the transcripts for examples of such behaviour. We were soon able to pin down key individuals who were identified by several respondents from both sides of a relevant boundary (in our data, most commonly that

between a subsidiary and its headquarters) as frequently behaving in this way or fulfilling functions of this type. We then analyzed more closely both relevant others' and the boundary spanners' own descriptions of their characteristics, roles, and behaviour. During the analysis process the data were carefully read and reflected on, by each of the authors independently. The data were then coded into the emerging themes and categories, and constantly juxtaposed with previous research as well as across the multiple interviews, thereby increasing the internal validity of the study. Furthermore, a case report was produced for each case company, as well as an overall report across all four companies, summarizing the main observations and findings emerging from the data, all of which were cross-checked and validated with company representatives. This created a retrievable database that maintains a chain of evidence.

### ***Results and analysis***

We started the data analysis process by identifying different types of boundary spanners in our data. While there are a number of different boundaries in multinational corporations, including those between functions and other organizational groups, we focused on boundary spanning across cultural and linguistic boundaries as these are associated with the geographical dispersion of the multinational operation. Furthermore, as the bulk of our empirical data is from the corporate headquarters in Finland subsidiaries in China and Russia, we focused on boundary spanners functioning across the boundaries of those. The different boundaries were indeed shown in our data to cause significant problems of coordination and knowledge transfer. Indeed, as Boland & Tenkasi (1995, p.355) explain, "They may use the same words..., but they will use them to see different things in different ways... They will look at the same phenomena..., but

will see different problems, different opportunities, and different challenges.” This problem of incommensurability is powerfully illustrated in the following quote from one of our Russian interviewees:

“Finns surprisingly enough don’t really know anything about Russia. I think that is a problem. And when you don’t know, you can develop whatever views... Finns create their own illusions for themselves and then they start believing in them... when they come here, they see a completely different situation.”

### *Types of boundary spanners*

Our data indicated that there seems to exist a hierarchy of boundary spanners who enable the crossing of cultural and linguistic boundaries in multinational corporations. The first type is composed of personnel in various liaison roles, who performed a boundary spanning function by engaging in significant transactions with another unit, facilitating intergroup transactions, and managing intergroup conflicts, particularly when the role included frequent face-to-face visits to the other side of the boundary. The importance of face-to-face visits in gaining a ‘real-life understanding’ of the realities on the other side of boundary is well illustrated by the following quote from a Chinese boundary spanner:

“We try to get these people to work together with us to develop ideas...We ask them to travel down here to meet the potential business partners, to visit the sites and so on, so that they can gain a real-life understanding... we run discussion rounds with the key people, so that they know what we are talking about and also that we [can] take their thoughts and material [into] consideration.”

The second type of boundary spanners included expatriates and repatriates who had gained an understanding of the goals, practice, and discourse of the other unit during their assignment. These assignments, characterized by extended shared experience and

intensity of interaction during the assignment, have in previous research been shown to enable the bridging over cultural and linguistic boundaries (Mäkelä, 2007). According to our data, long and short term personnel transfers were effective means of boundary spanning:

“We have project teams where more experienced MNC employees and locals will be working side by side so that local competences will be developed. The experienced Westerners are more like working pairs rather than owners of the things - in the way they are not replacing the local people, but coming to work aside with them.”

“We have people coming from Europe, from projects they have already executed there. They have an advisory role here... But it’s also the other way around: we also have one guy from Germany here with the purpose of getting exposed to what we are doing here. It should be like that, people should interact!”

The third type of boundary spanners, coming out particularly strongly in our data, were individuals who due to their previous experiences had acquired ‘multimembership’ (Wenger, 1998) in both groups the boundaries of which they were spanning. In other words, these ‘true boundary spanners’ were bicultural in the sense that they were deeply familiar with the culture and language of both the parent company context and home country and the subsidiary context at the same time. These people were linguistically, culturally and organizationally multi-competent and perceived to be so by others, beyond possessing extensive personal and professional experience in the other country. The following quotes describing one such true boundary spanner shows evidence of both the extent to which he had been accustomed to the parent company’s way of doing things and his local competence. This manager is the president of the Asia-Pacific operations in Company A; originally from the east of China, he got a scholarship to study at the University of Helsinki and migrated to Finland. He then worked for several years in different positions at the headquarters before being assigned back to his home country.

“I think Mr. X is a good example of how you should do these things. He has a background of being in Finland, then being in a kind of informal traineeship of different jobs within the company and now the head of sales and the head of the Asia Pacific office in China.”

“Honestly, personally I think he is quite Scandinavian [in his] style. [But] yes, he can understand [also the local culture].

“He is Chinese although he immigrated to Finland. But he still knows about the local culture. So I think this is a good thing.”

### *Characteristics of boundary spanners*

Having identified three hierarchical levels of boundary spanners within multinational corporations, we then proceeded to analyze whether these types were associated with different characteristics. Of the different characteristics, language skills, cultural understanding and social capital, came out as particularly relevant.

*Language.* According to social identity theory, languages and accents are prominent factors influencing group formation: for example, Tajfel (1982:26) underlines that linguistic distinctiveness is a mainstay in the revival or preservation of a separate ethnic or national identity, and there is evidence from many fields over a considerable period of time to support this (e.g., Lambert 1967, Triandis 1972, Eisenstein 1983, Erez and Earley 1993, Fiol 2002). Sharing a common language helps generate what could, in Burt’s (1992, 1997) terminology, be termed ‘bonding’ social capital. A shared language is thus likely to play an important role in group formation – or, in the multilingual organizations which multinationals almost by definition are (Barner-Rasmussen and Björkman 2007), in the formation of multiple in- and outgroups.



Language skills emerged as a key defining characteristic of the different types of boundary spanners. First, personnel in liaison roles were not typically fluent in the other unit's language, but communicated in English. In fact, the role of local language skills was often downgraded by management at headquarters, which may indicate a Western prejudice:

“I think [language] is in fact less of an issue in China than in many other places, as no-one expects the foreigners to be able to speak Chinese. It is much more important in for example the US, where you are expected to speak English and if you don't, it is a problem.”

This perception was, however, questioned by a number of local interviewees particularly in China, as Chinese employees have a tendency of not admitting that they don't understand in the fear of losing face. This may lead to significant problems of inaction, often undetected by Westerners:

“If there is a foreigner in the meeting, then the Chinese don't always understand what these foreigners are saying...they just pretend that they understand. This is because they don't want to give the impression their English is bad. Their answer is 'yes yes', but they don't really understand. Our foreigners here then think that their message worked clearly, and people understood what they should do. But when the Chinese go back, they cannot deliver a clear message...”

“The Chinese are, simply said, very polite, not good in English. They do not say 'stop' and they do not say 'I don't understand'. This has consequences. For example in Finland, as a Finn, you may be very successful with your presentations, you are professional and you are doing a good job. If you present something for a group of Chinese people, what probably will happen in most cases is that the Chinese don't understand what you are saying and you don't understand that they don't understand.”

Expatriates and repatriates also typically used English as their primary language of communication with locals, and this was commonly seen as adequate, although missing important nuances:

“In terms of language there shouldn't be any problems [in conducting business]. Of course sometimes when it goes to personal discussion, because of the language problem, the degree of intimacy is different. So [concerning] language and culture, of course the subtlety is there.” (*Local Chinese interviewee*)

Their ability to span boundaries on a deeper level, was, however, also questioned by some locals due to a lack of true language and cultural skills. This was more about knowing the tacit codes and systems of meaning than technical linguistic skills:

“...of course English is important, but how important is it?... If they send people to work in China, I would like to know how high their Chinese language skills are... [if] he/she doesn't know the local language, local customers, doesn't know how business operates here, what's the use of sending him/her here? To make decisions? (*Local Chinese interviewee*)

“Language is crucial in the sense that are you able to communicate with another group of people. But then in terms of normal communication, it's more about the skill, how you say your own words, how you listen to others. So that's a different set of abilities.” (*Local Chinese interviewee*)

Local language skills were a clear differentiating factor between the ‘true boundary spanners’ category as compared to the other two types. True boundary spanners were typically highly fluent in the languages of both sides of the boundary, and thus able to function as central bridges between the headquarters and the focal subsidiary. These people were not always located at the top of the organizational hierarchy but still playing a very crucial role in their organizations: for instance, an assistant or a coordinator might be a central ‘language node’ in relations between HQs and subsidiaries and without this ‘node’ the entire business communication process might be endangered. The importance of these true boundary spanners is illustrated in the quotes below describing the key role of an assistant/interpreter in Company C. She has extensive experience in working with Russian companies in Russia and Finland since the 1980s, is fluent in the Russian

language, and deeply familiar with Russian culture. Her initial task was to translate negotiations between Russian and Finnish, but this role has evolved drastically over time and she has due to her linguistic and cultural skills become the main ‘connecting link’ between managers in the Finnish and Russian organizations in a number of areas including manufacturing, marketing and logistics, as illustrated in the following quotes:

“We have been lucky enough to have a key person here, who has really been important. She has not only been an interpreter, she has been helping people in the Russian unit in many ways... She has really been much more important than people really realise.”

“I think that she is very good, because her experience with working with Russians is much longer than mine, of course she has an advantage, she speaks Russian and then her angle is a bit different.”

*Cultural understanding.* In addition to – and interlinked with - language skills, cultural understanding emerged from our data as an important differentiating factor for the ability to span MNC-internal boundaries. Liaison personnel were able to provide linkages between the headquarters and the focal Chinese or Russian subsidiaries, but a number of local interviewees pointed to their lack of cultural understanding as a limiting factor. Expatriates and repatriates had acquired some understanding of the local culture and markets, but this was also typically seen as inadequate:

“The expatriates and other people from headquarters don’t understand the Chinese market and the local partner(s). In our case, they first tried to “macro-manage” a local partner (broad guidelines and follow-ups, loose monitoring). Then they found there was something that went wrong and they went back to micro-management. But they neither found the right way nor the right person to deal with in the local [partner] organization. They are not familiar with the market and people but they still design the strategy. It does not work.”

Many of the problems are perceived to be due to lack of cultural understanding and cultural competences, as illustrated in the following quote:

“If you want the program to be successful, there are a few requirements: management skill, technological competence - and especially in China, cultural competence, communication and inter-personal skills, relationship with people. Finnish people don’t have all these skills. Any failure in any one of those skills will destroy the whole project.”

Similar to their language skills, the cultural understanding of both sides of the boundary that true boundary spanners possessed was a significant differentiating factor between them and other types of boundary spanners. Our data indicated that this knowledge of local culture and markets was an important facilitator for boundary spanning between headquarters and the focal subsidiary, as indicated by the following quotes from one such boundary spanner:

“I can discuss with local people and give them support to make their own decisions and really sort of give them the freedom and convince them to take the responsibility... partially because I am originally Chinese. If something goes wrong - that risk is the reason why local people do not want to take responsibilities or make decisions. I think I can understand the reasons behind it much easier than a foreign boss. For a foreign boss, that would probably take a longer time.” (*Chinese true boundary spanner*)

“The expatriate colleagues here, when they are not sure about certain things, if it’s related to culture, or business behavior, they would like to always check with me.” (*Chinese true boundary spanner*)

*Social capital.* As discussed, social capital refers to assets embedded in relationships, consisting of both the structural aspect of to whom the individual is connected to, the relational aspect of trust, norms and obligations, and the cognitive aspect of understanding the thought worlds of the interaction partner (Nahapiet & Ghoshal, 1998).

We will focus on the structural (number and composition of relationships) and relational (trust) aspects here, as in the context of our study the cognitive dimension comes very close to what has already been discussed under language and cultural understanding.

The extent of social capital on both sides of the boundary possessed by the boundary spanners came out as a key differentiating factor between the different types. It should also be noted that while we observed clear differences between the three types, there seemed to be more individual-level variation within the categories in terms of social capital than with language and cultural skills. In other words, managers in all categories have acquired differing levels of social capital due to differences in their previous assignments and other experiences as well as their own investments. First, the more social capital a liaison officer possessed on the other side of the boundary, the more effective he or she seemed to be as a boundary spanner. For example, several interviewees maintained that complementing formal meetings with informal interaction outside of work contexts – ‘going out in the evening with the locals’ – was an effective way to improve communication effectiveness and to strengthen personal relationships across boundaries:

“It is very important, this evening culture, in China. You have to have those dinners and discussions. If you skip that, then you will skip almost everything. You have dinners and discussions - also checking what has been understood and learnt on both sides. Because in the meetings you are usually quiet, you disagree without commenting much.”

As compared to liaison managers, expatriates and repatriates had the advantage of co-location over a longer period of time, which allowed them to develop both a larger number of relationships and more multiplex relationships. Multiplexity refers to multiple

contents within one relationship, including both work-related and outside-work interactions (Mäkelä, 2007). In addition, expatriates and repatriates were often highly connected across the whole multinational organization, which brought additional benefits to the focal units. This larger boundary spanning advantage of expatriates and repatriates is well illustrated in the following quote from a top HR manager:

”How the Chinese subsidiary has been connected to the global organization is really down to human resource arrangements. We have, for example, X, who came from [a key unit in the firm home country], he knows everyone and can connect people between Europe and Asia. Then we have Y, who’s worked in several positions both at headquarters and elsewhere. With this experience base you are automatically connected, you get invitations to certain forums and workshops; you can tap into knowledge flows and processes. It’s really dependent on people.”

Finally, although true boundary spanners, unless having had previous expatriate experience, often did not possess as much internal inter-unit social capital across the whole MNC as the previous category, they possessed higher levels of both subsidiary-internal and external social capital than the other two categories. In other words, driven by their insider participation in the local context, they typically had stronger ties with colleagues in the other unit and a better understanding of the needs and requirements of company-external parties (such as suppliers, customers and institutional players) than the other categories. This local internal and external social capital is potentially highly valuable, as illustrated by the following quotes from a true boundary spanner:

“Collaboration with authorities, you know in China, doing projects is pretty complicated and involves lots of negotiation with authorities – so if, in the top of the China organization, you have only a group of foreigners, who don’t deeply understand the mechanism or the thinking of the authorities, it’s quite difficult... in Finland or Germany... authorities are servants, you do not need to pay too much attention to them in terms of keeping the relationship.”

“The expatriate colleagues here, when they are not sure about certain things, if it’s related to culture, or business behavior, they would like to always check with me.”

*Roles.* Given our observation that there exists a hierarchy of boundary spanners in multinational corporations with different characteristics associated with each type, it is feasible to assume that they may be effective for different roles within the operation. Our first observation was that some boundary spanners were consciously assigned into role in which their boundary spanning abilities could be utilized. Obviously, liaison roles were typically born from such conscious decision making, although their characteristics (i.e., limited local language skills, cultural understanding and social capital) did not always make them fully effective as such. Interestingly, however, when true boundary spanners were assigned for liaison duties, their role often grew beyond their original assignment - due to their local language skills, cultural understanding and social capital - and they developed into critical links between the two units. The linking role of expatriates and repatriates has been well documented in previous research (E.g., Harzing, 2001; Mäkelä, 2007; Riusala & Smale, 2007), and our findings support extant research that one of their key functions (even if not the primary reason for their existence) is to span the boundaries of their home and host countries. True boundary spanners, in turn, were on occasion recognized as key resources for the company, especially if the boundary spanning ability was combined with high management potential, as was the case with the general director of Russia in Company D, who was picked to run the company’s internationalization into the Russian market. He is Russian by origin but had been living in Finland for a substantial period of time including both study and previous work experience in a

prestigious management consultancy. He speaks fluent Finnish and has extensive hands-on experience with Finnish national culture.

“I think I wouldn’t even have this position without Finnish. It was not a formal requirement, but I think that was a must at that point. Because even if you do a fantastic job, if you cannot convey this to top management, it means certain limitations.”

However, we also observed a potential true boundary spanner who was not recognized as such in the company: his cultural understanding was underutilized if not ignored, and as a result he grew increasingly frustrated and became a major dissident. Although we need more research to support this finding, it may suggest that boundary spanners may also have negative consequences if their unique skills are not appreciated and nurtured. This person had lived in Finland for 15 years and was a fluent speaker, and was part of a small group of people in charge of setting up an organization in China, the role of which was to develop and manage Company B’s collaboration with local Chinese product development companies. In the first quote he describes his role in the new Chinese operation, with which he was not entirely happy, and the second one is one of his many critiques of how his company operates in China:

“I have been in Finland for 15 years and in China for a long time. I am familiar with the Finnish work style...There is no another person like me that is so familiar with [Company B] and China. When I came here [to China], they couldn’t find a proper position for me, the company told me to be the program quality manager here, and they think it is a fairly important position.”

“They [the representatives of the home country] are not familiar with the Chinese market and culture. There is a funny thing. They [recently] set up a project for Chinese market research, the trend of the industry in China in the next two years. The project has a steering group. There are no Chinese people inside this group. Do you think it is funny? It is stupid. There are no Chinese people in this project.



They even do not know how many potential collaborators/competitors there are in China. How could they know what the Chinese market needs? There are five people in the steering group who are all from Finland and the whole steering group is located in the home-country of the parent company. If you want a project manager, any Chinese here is better than a foreigner.”

Becoming a linkage between the corporate headquarters and the focal subsidiary included a number of functions, such as transferring knowledge, facilitating inter-unit trust and becoming a change agent. While all three types of boundary spanners contributed to these roles, our data showed clear differences in their effectiveness to do so, in that expatriates/repatriates were more effective in their boundary spanning roles than liaison officers, and true boundary spanners were more effective than the other two groups. As an exception to this general rule, expatriates and repatriates seemed to possess the most MNC-internal social capital behind their wider set of previous assignments in the company. Having said that, true boundary spanners with previous expatriate experience were the most effective in this area.

In terms of knowledge sharing, the key role that the boundary spanners took (particularly so the true boundary spanners) was to promote communication between the headquarters and subsidiary, including not only a general flow of information but also sharing more tacit aspects of knowledge and interpreting differing frames of reference. As such, they functioned as language nodes and cultural interpreters as described in the examples above. Furthermore, in the process of doing so they became change agents transforming their individual social capital into the social capital of the whole unit (Kostova & Roth, 2003). The following quotes from Company D illustrate this role of being change agent in knowledge sharing well:

“In the beginning it was pretty much limited to me, maybe a couple of other people. But I tried very much that at least the whole management team would be this kind of contact nodes, because delegation of responsibilities and authority down in the organisation is important...And I think this is where during these two years we have made certain progress towards a kind of organisation which is much closer to the Nordic or Finnish type, with delegation of responsibility and flatter organisation... now also many functional meetings, like monthly meetings held [at the headquarters], our functional managers from here are invited there, and it has an effect that [meetings] switch from Finnish to English.”

Boundary spanners also functioned as effective facilitators of organizational trust, leveraging their understanding of the other context and their social capital at the other unit. By doing so, they functioned as mediators and change agents drawing upon their individual social capital, including both the number of ties and aspects of trust. At the same time, they again functioned as change agents, transforming their individual social capital into inter-unit social capital. For example, a true boundary spanner from Company D described to us how he helped solve a culturally driven conflict situation between the headquarters and the Russian subsidiary by suggesting a joint off-site conference in which issues could be openly discussed with special emphasis paid to resolving cultural differences between Russians and Finns.

“We discussed [cultural differences and trust issues] in the beginning of this year. I don’t think we should focus too much on the cultural differences - because it’s the corporate culture that we’re trying to build here, not Finnish culture... it’s not the cultural differences, which of course exist... perceptions that people in Finland and in Russia have about the other nation, which is driven by historical reasons, different kinds of prejudices and so on... I think we should be focused on building the common corporate culture and taking the best of both national cultures in it. That should be the aim.”

Finally, at the most effective level, boundary spanners can, due to their ability to understand both contexts and give adequate credibility to both local and headquarters

perspectives, become change agents in strategic questions and contribute to the development of organizational dynamic capability. This potentially hugely valuable role that key individuals can contribute to, is particularly relevant for emerging markets in which change is fast and success may depend on altogether different factors than in the more established Western markets, as illustrated by the following quote from a true boundary spanner in Company A below:

“We have to change our mindset. We have to look at the things from the China perspective and do things differently. A practical example, when talking about investment projects, is that from setting up the project team, then down to the negotiation with the suppliers, the equipment and so on, we need to re-engineer the process... I think we have changed our ways of communication [with key decision makers] during the last couple of years. First of all, we now try to bring, whenever we have identified some good business ideas, we always try to bring it to the knowledge of the management group in a persistent way: presenting the opportunity that we have identified and arguing that we don't know how we should deal with it but we have sort of a hunch that this could be something. And then we try to get people who should be involved on board to develop the idea...it is too much to ask for a business area leader in Europe, who has been working there twenty years, to judge on what's happening in China.”

The different types of boundary spanners, their characteristics and roles are summarized in Figure 1 below.

INSERT FIGURE 1 ABOUT HERE

## **DISCUSSION**

This paper contributes to the international management literature in three ways. Firstly, we link existing research on knowledge transfer in multinationals and the role of social capital and social identity therein, to research on boundary spanners. This enables

us to contribute to the literature by presenting a relatively rich and nuanced empirical picture of intergroup and interunit knowledge transfer behavior in cross-border settings, thus building on previous theoretical work by e.g. Kostova & Roth (2003).

Our second contribution is to address the lack of empirical research on individuals in MNCs, and specifically on boundary spanners and the roles they play. Our analysis uncovers several important characteristics of boundary spanners, notably the importance of cultural skills, social capital, and linguistic skills. The latter point links to a growing body of research whose findings include that corporate language policies do influence the power of groups and units in MNCs, and that such groups are indeed often language-based, as could be expected based on social identity theory (e.g. Marschan, Welch and Welch 1997; Marschan-Piekkari, Welch and Welch 1999a, 1999b). The linguistic aspect of true boundary spanners' activities can also be interpreted in terms of individuals acting as 'language nodes' (Marschan-Piekkari et al., 1999a).

Our third contribution is the typology of boundary spanners in and of itself, which highlights that a hierarchy of boundary-spanning roles exists and that instead of treating boundary spanners as a homogenous group, one should perhaps approach the issue in terms of 'degrees' or 'levels' of boundary spanning, or as a Russian-doll structure where there are inner and outer circles of boundary spanning activities. Also, while previous research has focused on the role of group leaders, we find important boundary spanners also at other hierarchical levels. People in clearly subordinate positions at HQ – e.g. executive assistants or coordinators – can wield considerable power in the management of a foreign subsidiary because their cultural and linguistic skills have earned them the

trust of foreign subsidiary managers. Whether these 'secret kingpins' are recognized and appropriately rewarded appears to be a key HR issue.

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Type of boundary spanner	Characteristics	Roles for intra-MNC knowledge sharing
Liaison officers	<p><i>Language:</i> Fluent in English, but typically not in the other country's native language</p> <p><i>Cultural understanding:</i> Superficial understanding of the other unit's national and organizational culture, primarily based on visits and/or cultural training</p> <p><i>Social capital:</i> Limited social capital in the other unit, which is driven by the individual's investment in face-to-face and informal interaction with the local employees. Very limited external social capital to customers, suppliers and institutions in the other country.</p>	<p>These roles were fulfilled to some extent by all boundary spanners, but true boundary spanners were significantly more effective in doing so due to their language skills, cultural understanding and social capital:</p> <p><i>Channel of knowledge transfer:</i> -Language node in sharing information and tacit knowledge -Cultural interpreter in facilitating the overcoming of different frames of reference</p> <p><i>Trust builder:</i> -Facilitating the development of inter-unit trust by becoming a mediator and drawing upon his/her social capital in the other unit</p>
Expatriates and repatriates	<p><i>Language:</i> Fluent in English, typically some knowledge of the other country's native language</p> <p><i>Cultural understanding:</i> An improved understanding of the other unit's national and organizational culture, based on hands-on experience of working with the locals for a period of time</p> <p><i>Social capital:</i> A relatively high level of social capital in the other unit, driven by shared hands-on experience and multiplexity of relationships with the local employees. Still limited external social capital to customers, suppliers and institutions in the other country, although levels may vary. High levels of inter-unit social capital within the MNC driven by previous assignments.</p>	<p><i>Change agent:</i> -Transcending individual social capital into organizational social capital -Facilitating the development of a shared corporate culture -Facilitating dynamic capability in emerging markets</p>

True boundary spanners	<p><i>Language:</i> Highly fluent in the other country's native language.</p> <p><i>Cultural understanding:</i> An insider view of both units' national and organizational culture, based on extended personal and hands-on experience of living and working in both countries.</p> <p><i>Social capital:</i> A high level of social capital in the other unit, driven by insider-participation in the local context. Typically high levels of external social capital to customers, suppliers and institutions in the other country, although this may vary based on previous experiences.</p>	
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Figure 1. A hierarchy of types, characteristics and roles of boundary spanners in multinational corporations.