

Expatriation Strategies for Project-Based Industries

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Abstract

Effective use of expatriates by multinational enterprises (MNEs) can be instrumental to a project's success, but achieving it is a challenge, given significant institutional differences in developing countries. Literature on expatriation covers a comprehensive range of subjects, and the novel category of freelance expatriates in the international construction industry is gaining academia attention. This paper adds to existing studies by: (1) identifying the institutional settings of international construction markets in developing countries and specific challenges that traditional expatriation strategies fail to address; (2) presenting case studies on freelance expatriates' work on three high-speed rail projects in China and Taiwan; and (3) developing a strategic framework integrating expatriation and contextual factors—the client's intentions, expatriate selection with institutional adaptabilities, and institutional bridge—that can be used to deploy freelance expatriates effectively in project-based industries like construction.

Key words: Expatriation strategy, Freelance expatriates, High-speed rail projects, International construction, Local institutions

Introduction

The international construction market is expanding with globalization and the rise of developing countries. Revenue generated in foreign markets by the top 225 international contractors in 2006 and 2007 was \$224.40 billion and \$310.25 billion respectively (Reina, 2008). Markets in developing countries like China are deemed the most attractive by international contractors (Bon and Crosthwaite, 2001). However, these construction multinational enterprises (MNEs) are still far from fully recognizing these opportunities and reaping their benefits because misunderstanding, misjudgment, and conflicts born of institutional differences impact performance of global construction projects (Orr and Scott, 2008) and increase risk and cost (Chua et al., 2003; Orr, 2005). Construction MNEs desperately need talents much if it provided by expatriates to cope with high levels of uncertainty inherent in global projects, where actors across institutional systems have to complete complex tasks cooperatively. Yet current studies provide few strategies addressing these challenges.

Although the sweeping trend toward globalization has led to a wide range of research on expatriation in fields like human resources and international business management—covering topics such as compensation, orientation, training, and re-expatriation—strategies connected with their implementation context, such as the industrial and institutional environment of host countries, have been understudied. In particular, freelance expatriates, major global manpower in the international construction sector, have not been studied at all.

This set of empirical case studies aims to broaden the field of expatriation theory with an investigation of freelance expatriates in global projects of the international construction sector, and with a preliminary framework of expatriation strategies that integrate local context.

Expatriation in the Business World

With the sweeping trend toward globalization, the number of U.S. expatriates has grown at a double-digit annual percentage rate since 1997 (Harrison et al., 2004). As a result, research on expatriation flourishes in fields like human resources and international business management. After a review of approximately 60 research articles within 25 years on expatriate adjustment, Harrison et al. (2004) report that the focus of these studies is on the international assignment of managers and technical employees. They consequently define expatriates as "employees of business organizations, who are sent overseas on a temporary basis to complete a time-based task or accomplish an organizational goal." They further point out that a category of expatriates—those who are self-initiated entrepreneurs working in foreign countries—is left out of current research. Focus groups in previous studies are mostly expatriate managers sent to subsidiaries in foreign markets (Aycan, 1997; Black, 1988; Edstrom and Galbraith, 1977; Kraimer et al., 2001; Mendenhall and Oddou, 1985; Riusala and Suutari, 2004; Shaffer et al., 1999), professionals sent to bank branches (Boyacigiller, 1990), and others including supervisors of expatriates in MNEs (Kraimer et al., 2001; Tung, 1987). Profiles of these expatriate managers or professionals are presented by Tung with data from 408 expatriates of 49 U.S. MNEs (Tung, 1998a): 75 percent of these are above the middle management level; 84.6 percent have stayed with their companies over six years; they are from diversified backgrounds ranging from

management/administration (28.3%) and marketing/sales (14.2%), to engineering (10.6%) and manufacturing (4.6%).

The fact that these expatriates are senior employees leads MNEs to focus on internal HR systems and policies such as training (Tung, 1998b), acculturation (Aycan, 1997; Black et al., 1991; Mendenhall and Oddou, 1985), compensation (Reynolds, 1997), repatriation (Black et al., 1992), and inter-units integration such as knowledge transfer to subsidiaries (Riusala and Suutari, 2004). Recent research starts to emphasize the connection between expatriation strategy and its implementation context. Roberts et al. (1998) do provide a salient framework covering challenges facing eight large MNEs such as Amoco, GM, and IBM, strategies, corresponding implementation points, and a diagnostic framework, but business environments and host-country context are left out. As Schuler et al. (2002, p. 41) suggest, "IHRM (international human resource management) should be studied within the context of changing economic and business conditions. The dynamics of both the local/regional and international/global business context in which the firm operates should be given serious consideration."

International Construction Markets in Developing Countries

Expatriates in global construction projects work closely with local firms such as the client, the contractor, and the Joint Venture (JV) partner. Thus, their performance directly affects the client's perceptions toward and satisfaction regarding the MNEs they represent, which, in turn, affects future business opportunities. However, expatriates in this sector are seldom seniors of MNEs.

Entering international markets is a fundamental mechanism for large construction firms to grow their revenues and mitigate demand fluctuation inherent in the industry. Contracting global projects worldwide allows those companies to hedge the risk of market recession in some regions (Carrillo, 1994). The resulting fluctuation of specialist workforce requires these firms and their expatriate employees to possess high mobilization capabilities (Gunnarson and Levitt, 1982). A new category of expatriates, freelancers, has emerged to fulfill these needs.

Freelance expatriates examined in an ethnographic case study are described as "an intermediary community" (Mahalingam and Levitt, 2005). They are employed in global projects on a contract basis and possess specific engineering expertise upon which they build up their resumes and their "expert" knowledge authority. Companies hire them for their valuable experience and technical expertise to reduce overhead and training costs and to increase mobilization capability. The professional community of freelance expatriates working mostly in Asia, "helped solve the inter-group or inter-organizational conflicts" regardless of the technical positions of those freelance expatriates, but their leverage varied, depending on their structural positions (i.e., hired by the contractor, the consultant, or the client) (Mahalingam, 2005, p. 235).

Unlike other international business endeavors, a global project remains not only diversified and complex in nature but requires extensive resources and investment in a very limited time frame. In addition, global construction projects are often deeply "embedded" in the context of host countries. A high level of local knowledge and local connections are required for the projects' success (Orr and

Levitt, 2006). Obtaining these essential elements relies heavily on human resources, yet expatriation strategies addressing these inherent characteristics of global projects have not been defined.

Projects are short-term, featuring diverse teams that will be disbanded at the end of the projects. As a result, there will always be a variety of cultures, values, and practices within projects, with little chance to acculturate; a need for coordination and trust, with little time to cultivate trust; and a high degree of reliance on local institutions, with limited understanding of them. During the lifecycle of projects, different actors come and go, performing their part of the work, which renders their relationships dynamic and transient (Ibrahim, 2005). Consequently, while participants of global projects desperately need trust and cooperative relations with which working side by side in order to cope with challenges in the face of difficult conditions and unforeseen uncertainties, within a very limited time-frame, the prerequisites for trust and cooperation are simply not in place. This fact is amplified when developed country firms enter the markets of developing countries. While the increasing demand for infrastructure in these countries provides tremendous opportunities for international construction firms, they also pose many novel challenges.

Economic development has polarized the countries of the world to the degree that development itself is often perceived as a major characteristic of Western economies. The distinct paths of economic development between developed and developing countries reflect their distinct ways of living, social activities, resources, policies, cultures and values. Since international construction firms have evolved mostly from firms who started out in developed countries, markets in developing countries with unfamiliar and distinct institutions pose considerable challenges for them. Given these characteristics of international construction markets, we cannot directly apply traditional expatriation strategies that address inter-unit integration and operation and that are necessary foundations for long-term benefits of expanding in a foreign market, especially in global construction projects in developing countries.

Methodology

Case studies are the most appropriate method to explore freelance expatriate's work in global projects because this research design is suitable to exploit the dynamic relation between context and the phenomenon observed (Eisenhardt, 1989; Pinsonneault and Kraemer, 1993), especially for investigating the phenomenon “within its real-life context” when “the boundaries between phenomenon and context are not clearly evident” (Yin, 2003). In addition, this design can help explain the results of data analysis, discover the relation and the connection between variables, and enrich the illustration of the context in my descriptive model (Yin, 1981; Yin, 2003).

The three selected cases, one in Taiwan and two in China, are the first high-speed rail projects undertaken by local governments that do not possess the experience or technology required for this type of project. All three projects are similar in terms of type of project and technical aspects, but expatriates are employed differently in terms of positions and the level of authority they have in these projects.

Research data presented herein was from three main sources: open-ended interviews, observation, and secondary archival data. Open-ended interviews were face-to-face with expatriates and locals who worked with the expatriates, including their local assistants and JV partners, and they lasted from 20 minutes to 90 minutes. The theme of my interviews covered expatriates' work including their motivations, experience, working networks, interactions with locals, difficulties, and perceived client's intentions and priorities. I also asked expatriate informants to describe their responsibilities, daily tasks, and ways of tackling challenges.

The interviews and field investigations for the China cases were conducted in August and September, 2007; due to confidentiality, only note-taking was allowed. For the Taiwan case conducted in December of the same year, digital-recording in addition to note-taking were fully granted in all the interviews. Case information and number of informants are summarized in Table I.

INSERT TABLE I ABOUT HERE

During the period of time in which I conducted the interviews, I followed expatriates while they visited jobsites, had meals with locals during breaks, and participated in formal meetings when allowed. Throughout this, I observed those expatriates' interaction with other project members in foreign settings. In the meantime, secondary archival data including formal organization charts, budgets, schedules, internal memos or letters, emails, newspaper articles and other project-related publication were collected through my personal networking and painstaking search. Some follow-up information was gathered via email contacts.

I followed the systematic process recommended by Eisenhardt (1989) and Miles and Huberman (1994) using the NVivo 7 coding software. Several constructs emerged in the iterative coding process, which represent subtopics in my interviews. To compare and contrast the three cases, I used statistics generated from NVivo to demonstrate the frequency (i.e., number of coded segments) of discussions regarding each of the constructs. Due to the fact that the number of interviews is different in each case, I standardized the numbers of coded comments by dividing them by the total number of coded comments for that group of participants (i.e., the total number of coded comments in each column) and transformed them into percentages. This standardization highlights participants' perceived priorities and allows the relative weights of subtopics in each project—these subtopics' salience to each of the participants—to be compared.

Note that the constructs and numbers demonstrated in the NVivo Tables (Table II and III) are neutral. Either positive or negative, every comment of every interviewee related to the construct in question counts as one instance regardless of the length of the discussion.

Project Background

Project information and research findings are represented with redacted data in order to protect the confidentiality of the participants. At the request of informants in these two China cases, and, in ac-

cordance with my IRB human subject protocol, the specific project names are replaced by: "PDL A" and "PDL B."

The Case in Taiwan

The Taiwan high-speed rail (THSR) project used the Build-Operate-Transfer (BOT) contractual method: the Government awarded a 35-year concession to a private conglomerate in order to solicit a capable team and to attract investments from the private sector. Based on the BOT model, the Taiwan High-Speed Rail Corporation (THSRC) was formed by several private corporations as the client in the project, to execute the whole project from the initial design and construction phase to the final operation phase.

The BOT model introduced market logic into this high-technology project: project financing was the major concern. The 54% syndicated loan (Bowe and Lee, 2004) came with a high interest burden. The sooner operations could begin, the sooner THSRC would begin to recoup its investment and ease its significant interest burden. This concern not only led to a realistic plan minimizing all kinds of maintenance costs and safeguarding the reputation during the operation phase but to a strict and tight schedule requirement. Given the challenge, THSRC decided to build a highly effective team, staffing it with a large number of expatriates coupled with capable international contractors.

THSRC embraced the international professional network. The freelance expatriates it hired worked in a wide variety of roles as engineers, quality surveyors and managers, occupying critical positions with decision-making power that determined project performance. The peak staffing in 2003 in the THSR Construction Management Division alone consisted of 1,309 employees belonging to 39 nationalities, including Taiwanese, and 484 of whom were expatriates. Besides, THSRC awarded contracts for civil engineering work to twelve international companies that also employed freelance expatriates.

The Case in China

High-speed-rail systems are named "Passenger Dedicated Lines" in China. The construction phase of these two Chinese cases started in 2006. It signaled the onset of an ambitious railway development plan that intended to upgrade the railway sector to international standards. For China, the major goal of cooperation with MNEs in these projects was to cultivate independent capabilities for future development. MNEs formed JV groups with local companies as consultants and employed freelance expatriates to fulfill their contractual tasks.

PDL A

The expatriates in PDL A held a working philosophy: "We are only responsible to the client with whom we have a direct contract." Their positions in PDL A were those of consultants and project managers. One expatriate defined their situation: "Here we are an isolated entity."

These ten expatriates resided in capital cities with their families, and they excelled in scheduling, safety and risk management, interface management, etc. Three of them spoke Chinese at various

levels of fluency and expressed the intention to learn more. They shared an office building with the client and their JV partners but, still, had to press the client to get the information necessary for their document review and consultant work. During my stay, they just got specifications for a "Commissioning Test" after having demanded them for two years. Moreover, they failed to connect with the locals. They usually went home during a two-and-half-hour lunch break instead of having lunch with the locals. They assigned their assistants mostly to paperwork like the translation of technical documents and letters. They were also asked to produce progress reports by the client, but they seldom visited the jobsites to collect first-hand data. Their local JV partners neither supported their work nor helped them communicate with the client.

PDL B

The expatriates in PDL B held a somewhat different working philosophy: "We support the client by supporting the contractors because they are the ones who do the actual work and make things move." To do so, they traveled along the 118-mile line, visiting every jobsite monthly. They provided training sessions and explained their technical suggestions in detail to the contractors. They also delegated responsibilities to their Chinese assistants and trained these young engineers in how to analyze problems and in ways of getting the job done. Their hard-work was recognized by the local participants. Some contractors appreciated their involvement and respected them as the contractors' voice, which would otherwise be smothered. The expatriates were independent from the traditional hierarchy and, therefore, at times voiced inconvenient truth without worrying about negative consequences.

Findings

In this paper, two crucial results generated from NVivo coding are presented. Other detailed results and interviews are in my dissertation (forthcoming).

Client Intentions

The client's intentions can vary from country to country and project to project. Especially in large construction projects, the client is mostly a governmental agency and, therefore, political interests are involved.

In all these cases, technological expertise and experience were unanimously emphasized as the fundamental reason for the expatriates' employment. However, regarding non-technical aspects, opinions of informants in the two PDL cases and in the THSR case were different (see Table II). For instance, only in the two PDL cases did participants state that the client seemed unclear about the outcome they expected from employing the expatriates. In THSR, conversely, the client reported that they wanted a high-quality product under time pressure, and expatriates' responsibilities were well-defined. The lack of a clearly defined job description for expatriates in the two PDL cases was illustrated by a story told by one expatriate in PDL B. He was the first one who arrived at the project office at the onset of his employment. One local staff member of their JV partner greeted him and told him that he could sleep or stay all day in the room next to the office and would be informed

when something important happened. The client did not specify the inputs and performance they desired from expatriates and thus their tasks, authority, and responsibilities were vague, which led to frustration and disappointment on both sides resulted from unmet expectations.

The non-technical or symbolic purposes of expatriate employment were reported in all three cases. In PDL A and PDL B, informants suggested that expatriates were a buffer for the changes brought by rapid development. They could be blamed for possible failure and undesired consequences resulting from conflicts among existing systems during the transformation, which were unavoidable given the distinct nature of the advanced project systems and international standards. An expatriate's local assistant commented:

Assistant: "The foreigners' involvement will then, from MOR [the Ministry of Railways] officials' perspective, feed some confidence to local participants like designers, contractors, REs [resident engineers], the client and MOR, to help them solve technical and management problems they could not foresee, and also bear responsibilities for them."

Conversely, THSR's non-technical purpose was threefold, according to the vice president and senior vice president:

1. They estimated the human resources required in the master planning and found that the amount of available and qualified local talent was much less than they needed.
2. They considered how to recoup investment during the 35-year concession and how to attract the best international contractors, who possess the capabilities to finish the project with high quality standards and on a tight schedule.
3. They needed a credible and capable team that differentiated this project from previous infrastructure projects managed by Taiwanese government agents, so that the international contractors reduced the riskiness of their bids. In the senior president's words, "We have to make the contractors believe that we have a strong team that can take responsibility. That affected the contractors' estimating and bid price."

INSERT TABLE II ABOUT HERE

Major Difficulties: Communication and Cultural Differences

Major difficulties that keep expatriates' work from being effective and efficient were communication and cultural differences. Communication problems between people of different countries were inevitably entangled with cultural factors. My informants mentioned not only the communication difficulties but the challenges of grasping precisely the source of misunderstandings. Three factors hindering communication emerged in the coding (Table III): language, no response, and knowledge gap. *No response* was reported only in PDL A and PDL B but not in THSR due to distinct industry structure and institutions. The other two factors, *language* and *knowledge gap*, were deemed critical in all three cases.

Language

The language barrier faced by most expatriates obviously results in poor communication, especially in places where few locals possess sufficient English skills. Compared to China, Taiwan had much more extensive English education. However, language was still a significant issue for participants in THSR. The management in the THSRC made special efforts in project organizational design, for instance, English was the official language for the project and they established a special process to check critical documents and agreements to ensure accuracy. Originally, THSRC used English as the official language to facilitate communication between the client and international contractors. However, the requirement unintentionally discouraged local employees from committing to the project, thereby inhibiting knowledge transfer. Moreover, English proficiency became a necessity in personnel selection for key positions and therefore determined power distribution. The vice president of the THSRC stated in the interview that if he could start all over again, he would translate only the crucial documents into English.

On the other hand, Chinese was used predominantly in PDL A and PDL B. The problem of the expatriates not speaking Chinese applied not only in social situations, but in professional ones as well. For example, expatriates were challenged on some of their criticisms and comments regarding current Chinese regulations and codes. Locals complained that expatriates argued without fully understanding the content and implications of these regulations; they voiced their complaints not realizing how much information might have been left out in the translated versions of domestic regulations. The fact that information was lost in translation led to misunderstanding among project participants and to considerable frustration. An expatriate in PDL A commented:

Expatriate in PDL A: "Even though [the conversations are] translated word by word, and the meaning remains the same, English still misses a great deal of [contextual] information. We do not understand precisely what [Chinese project participants] mean or what they want us to do. Sometimes they want us to do something but actually mean something else; we thought we understood, but in fact, we didn't. And we usually found out only when the results were rejected."

My observations in the PDL cases indicated that participants were often unaware that information had been lost in translation, and interpreted the situation according to their own logic, which resulted in misunderstandings or prejudice that affected their future interactions with each other. Below, a translated excerpt of notes taken in a meeting of PDL B demonstrates how this unawareness worked in communication and subsequently influenced interactions. This meeting was held by a JV leader with his colleagues, including an expatriate and his assistant, right after a formal meeting with the client.

The expatriate told me that the client "knew nothing about the project" but enjoyed making long speeches, which were merely meaningless ceremonial statements. The JV leader, on the other hand, took the client seriously. He interpreted the client's criticisms as warnings and discussed corresponding actions, one by one. The meeting lasted for nearly three hours. Finally, the expatriate turned to me: "I don't understand why they spent so much time on this issue. Didn't the issue get solved last time?" Then he concluded: "You know, it is because the client knows nothing about this." When I

walked out of the meeting room, one of the JV colleagues told me that expatriates do not understand Chinese institutions, which renders them unable to participate in the discussion.

In THSR, conversely, expatriates reported that because of their awareness of such problems, a detailed checking procedure was set up to minimize misunderstanding of information in important documents, and this procedure in fact further reduced ambiguity in mutual agreements. An expatriate in THSR commented:

Expat in THSR: "...I have to say that the standard of the final documentation is usually pretty good and there is a series of checks, and if there is ambiguity in the document then it will generally be rejected until the ambiguity is removed."

No Response

Major hurdles that generated enormous frustration for expatriates in both PDL A and PDL B was that they had little decision-making power and no direct communication channels reaching the client. The structure of the Chinese railway industry was characterized by hierarchical authority reflecting the socialist system and the long military history. The expatriates' impact was limited by the fact that all they could do was to send letters to the client and resign themselves to getting no feedback at all. At the time of my interviews, expatriates in PDL B had issued more than 500 letters without any response from the client.

Knowledge Gap

Communication problems due to knowledge gaps were much more pronounced in PDL A and PDL B (expatriates: 20% and 50%, local: 40% and 38%) while only 25% of local references in THSR fall into this category (Table III). Local participants in the two Chinese cases lacked knowledge of common practices in international construction, causing gaps in knowledge between the locals and expatriates. For example, the "critical path method" (CPM) is commonly used for scheduling and planning in international construction practices. This method involves logical linking between activities, sequencing of construction operations, and prediction of time and resources required. The analysis in this method determines project duration and progress, and identifies which chain of activities through the network has the least slack — the so-called "critical path." Local participants in PDL A and PDL B were not using this method and, therefore, they were not on the same page when talking about the project's progress with expatriates.

The question of whether cultural differences were the cause of the communication difficulties facing project participants was difficult to answer. Some of my informants attributed barriers of mutual understanding to cultural differences while others claimed that their awareness of this issue prevented them from being affected by it and that a number of other factors were to blame.

INSERT TABLE III ABOUT HERE

Discussion

The case studies illustrate freelance expatriates' work and identify three non-technical elements (clients' intentions, expatriate selection, institutional bridge) critical to freelance expatriates' performance, as well as two strategies to bridge institutional differences (organizational arrangement and ties between expatriates and local networks).

Clients' Intentions

The clients' intentions and expectations around introducing international participants determine the positions, responsibilities, and authority appointed to them. For infrastructure projects, in which clients are mostly governmental agencies, the clients' intentions transcend the organizational level and rise to the nation-state level. Political concerns thus enter infrastructure projects. Political actors often push for the acceleration of projects at the expense of quality and safety, in order to take credit for the speedy completion. For example, PDL A and PDL B were announced to the world as part of an important national development plan. For this reason, the pressure to meet deadlines in these infrastructure projects was intense

Commonly, the client adopts international standards and invites international teams in order to attract foreign investment. As cited by Bartley (2007, p. 298), "increased flows of capital across national borders...create a demand for global governance institutions that would provide the transparency and predictability that capital itself needs." However, once the equality and coordination concepts promoted by professionals of MNEs impact the power hierarchy in the host countries, power re-distribution, resistance and compromised outcomes are predictable (Bartley, 2007). Consequently, some ambivalence and ambiguity may reside in the clients' attitude toward the MNEs.

Expatriate Selection

Expatriate selection in THSR followed common human resource practices—advertising, reviewing resumes, and interviewing—based mainly on technical requirements and expatriates' working experience. Performance of these expatriates was not judged to be entirely satisfactory: the executive vice president observed that about 50% of the expatriates did not perform well enough to fulfill the client's expectation; the assistant vice president further commented that about 20-30% of them were not adequately qualified and about 10% of them should be replaced by local engineers. Both stated that they should have consulted multiple references for those expatriates' reputation.

On the other hand, expatriate selection in PDL A and PDL B started with a search by experienced MNEs from their expatriate database. Expatriates who were to lead the expatriate team in the project had to be interviewed by their local JV leaders. The JV leader in PDL B looked for matches not only in terms of technical expertise but also in terms of similar working philosophy, and the result was to his satisfaction.

As proposed by Mendenhall and Oddou (1985), expatriate selection procedures should not only focus on "technical competence"; "cultural-toughness" of host countries should also be taken into ac-

count. Thus, MNEs should add expatriates' previous acculturation and institutional adaptability into their expatriate database. References may be the most credible source of such information because freelance expatriates' reputation is passed on by word of mouth in their professional community.

Institutional Bridge

Due to tight timeframe, close-working relationships across institutional systems, and the fluctuating demand inherent in global construction projects, MNEs in this sector rely on freelance expatriates for fast mobilization. Drawing on the three case studies presented here, the two strategies discussed below can be employed to bridge the gap between different institutional systems.

Organizational Arrangement

Setting up boundary-spanning mechanisms can shield expatriates from institutional pressure and allow them to concentrate on their professional work. For example, in THSR, the Public Affairs Department was to deal with the media, the social groups, the political opponents, and underground groups involved. Government pressure and interference were skillful handled by Nita Ing, chairwoman of the THSRC. Moreover, the special checking process reduced ambiguity and misunderstanding in critical document and increased the awareness of the institutional differences, which facilitated constructive communication rather than judgments out of misperceptions.

Ties between Expatriates and Local Networks

Findings in the case studies suggest three functions of the ties between expatriates and local networks. First, a good understanding and nuanced awareness of local knowledge, culture, practices, regulations and codes, environmental information, living costumes, etc. are critical for the success of the global projects (Orr and Levitt, 2006), and ties between the international actors and local networks are helpful to gain this useful information. Second, the relational ties promote the credibility and legitimacy of the international actors, which increase the acceptance of their ideas and proposals by the locals. Third, the linkages channel resources including decision-making power that is instrumental to the execution of their work.

As elaborated in next two paragraphs, the case studies also suggest that the key to building such relational ties is the institutional intermediary who is aware of the gap between two distinct sets of institutions and able to proactively and continuously bridge communication between participants of both sides. More importantly, he/she has a certain level of understanding to both institutional systems, especially the local prevailing logics that not only define the meaning attached to a relationship or a connection between participants, but also govern the resources available to the connections (Owen-Smith and Powell, 2008). MNEs should actively search for and employ institutional intermediaries as liaisons in global projects to support expatriates and enhance their professional performance.

Institutional intermediary: the locals

Some MNEs employ local assistants for expatriates as interpreters to overcome the language barrier. In fact these local assistants can play a very significant role. In the present case studies, four different

types of local assistants offered very different kinds and levels of support to expatriates (see Table IV).

In THSR, local senior engineers were employed as vice managers or engineers to assist expatriates' work. They possessed not only experiences of working in global projects and sufficient English skills, but a wide relational network with local industrial communities and related governmental departments. As a result, they were able to negotiate and coordinate with local institutions regarding conflicting interests. Examples were the re-installation of utility poles on the route of the High-Speed-Rail, and the design of stations that were co-constructed or shared with the Taiwan Railway and the Mass Rapid Transit System where significant coordination work was needed for. Expatriates did not have to deal with pressures outside the technical concerns.

In PDL A, one group of expatriates hired local English majors as their translators while the other group hired Engineering majors, some of whom had master's degrees from abroad. Lacking engineering background, the assistants of the first group of expatriates did not understand the content of the documents they were assigned to translate. For the same reason, their communication with both expatriates and other contractual parties was also weak. Project participants understood that translation screens out some information because language contains heavy cultural attachment. However, what was left out of the translation of the English-major assistants really worried expatriates and their JV partners, because that could damage their professional credibility.

The assistants of the second group of expatriates, who were trained engineers, were assigned heavy translation work and were told what should be done. Accompanying the expatriates to the jobsite, they took notes and translated the conversations only when necessary. They chatted with each other often regarding things that were irrelevant to their work and asked questions like, "what is this construction method?" revealing that they were unfamiliar with their project jobsites.

Several young engineering majors were hired in PDL B. One of them was a capable and devoted engineer who held a UK engineering master degree. He skillfully softened the tone when translating the expatriates' harsh criticism, which might have been considered rude and humiliating in the Chinese culture. Through his familiarity of the project and frequent communication with the contractors, he helped the expatriates understand the contractors' difficulties. He stated that to make the most of the expatriates' participation, individuals like him needed to learn as much as they could. Expatriates in PDL B were willing to delegate; they treated their assistants like colleagues and gave them "why" questions, to lead them to understand the expatriates' way of thinking. These four cases suggest that local assistants' entrepreneur quality and expatriates' leadership are critical for local assistants play the role of institutional intermediary.

Employing his powerful location in the project network, the JV leader in the same case served as another type of institutional intermediary that increased other individuals' acceptance of the expatriates' ideas by communicating and explaining these ideas. He stated that he interviewed the expatriates and found matches in terms of working philosophy, principles, and attitude. He looked for someone who could impact the system positively by bringing western thinking and advanced knowl-

edge to the team. Moreover, he would privately resolve the troubles caused by the expatriates. The JV leader had a personal relationship with people in the governmental agency and therefore was able to clarify misunderstandings incurred by the expatriates' outspoken candor. Local participants as such who are open-minded and learned from the expatriates actively can be the institutional agents that introduced changes by making sense of the connections with expatriates (Scott, 2001).

Note that the assistant, the JV leader, and the expatriates in PDL B had a match in terms of a working philosophy, which laid down a solid foundation for them to appreciate each other in the face of disparate interests, and some genuine disagreements.

INSERT TABLE V ABOUT HERE

Institutional intermediary: the expatriates

In THSR, the expatriates' linkage role was more evident and powerful because of their professional network built within the project organization. This was due to the large number of expatriates and international contractors employed in the project. Their large numbers allowed them to form communities and to talk things through in a way that circumvented the time-consuming red tape procedures.

However, from my interviews with 12 expatriates, there was very little evidence that they saw themselves in intermediary or mediating roles. On the contrary, their strong professional ideology was often the cause of conflicts' because they tended to ignore the influence of cultural factors. Therefore, the existence of the expatriate network alone does not guarantee the existence of the mediating catalysts that are able to bridge across institutional gaps; expatriates' structural positions matter (Mahalingam, 2005), and intermediary characteristics have to be in place. Mahalingam's (2005, p. 238) field investigation of the Delhi metro system in India provides such an example. At the onset of the projects, many expatriates left the project out of frustration resulting from the clients' bureaucratic and unreasonable behavior. A senior expatriate was employed as the project director and selected a corps of expatriates who were able to win the trust of the client and work within the client's organization. By building rapport with the clients, the expatriates gained leverage for getting their recommendations accepted by both the client and the contractors. They thus were able to mediate conflicts in the project.

Contingent Expatriation Strategy for Global Projects

Based on the findings discussed above, I developed a tentative strategic framework of expatriation in global projects addressing the linkage between expatriation and local context. The first part is a clarification process for MNEs to assess the client's intentions and to list clear criteria regarding qualified candidates. MNEs should build up a multi-dimensional expatriate database in order to take institutional adaptabilities into account.

The second part is assessment and deployment of expatriates. MNEs need to evaluate expatriates' technical expertise and capabilities due to client requirements and they also need to assess expatriates' institutional adaptability by comparing the institutional systems from the host country with that from the expatriate candidates' previous projects and evaluate how they adapted to each of them. Finally, if institutional matches are not found, institutional bridges must be arranged to mitigate the potential differences.

INSERT FIGURE 1 ABOUT HERE

Conclusion

Freelance expatriates are key actors on projects in the international construction market, and their performance is sensitive to local context, especially when the institutional differences between their home country and the project's host country are significant.

Freelance expatriates, however, are a previously understudied category of expatriates, and the link between expatriation strategies and their implementation context is far from complete (Schuler et al., 2002). This study adds to extant expatriation theory by filling the novel theoretical category with field investigation of freelance expatriates' work, demonstrating the interrelationship between their work and its domestic context. This study forges the link between expatriation strategies and their implementation context by developing a contingent framework that integrates key contextual elements that emerged in three, in-depth case studies in China and Taiwan: the client's intentions, expatriate selection (with institutional adaptabilities), and institutional bridges. More importantly, it incorporates the link between expatriation and its domestic context in the process of database-building, matching, and bridging.

Expanding traditional expatriation strategies, the framework proposes three steps for MNEs' to implement when deploying expatriates to these kinds of global projects:

- (1) Clarify the client intentions for the role, organizational setting and authority of expatriates,
- (2) Establish a multi-dimensional expatriate database, and
- (3) Either align the selection of specific expatriates with the host country institutional context, or else bridge the institutional gap through organizational arrangements and institutional intermediaries.

The higher the level of uncertainty about the host country environment, the more important it is to select the right people, because more non-routine decisions will have to be made by these actors. Additional empirical studies are thus needed to enrich our understandings of the dynamic process of strategy implementation within a foreign host country context, and to further link expatriation strategies and their local context. Our ongoing research will continue to search for key variables that

discriminate between particular industry and local contexts, as well as strategies to assess the client's intentions and to bridge the institutional differences within that specific context.

In-depth case studies permit exploring the dynamics of interactions between MNEs and local actors within a given host country context in enough detail to understand the kinds of micro-behaviors being exhibited in that context. However, small numbers of in-depth case studies —just three for this study—limit possible claims about the generality of the findings. The proposed framework for implementation of expatriation strategies serves as an initial tentative conceptualization for further studies of expatriates in international, project-based industries, so we can begin closing the gap between theoretical strategy and empirical implementation.

Table I. Summary of 3 Cases Used in this Study

<i>Projects</i>	<i>PDL A</i>	<i>PDL B</i>	<i>Taiwan High Speed Rail</i>
Top Speed	300 km/hr (186 mile/hr)	200 km/hr (125 mile/hr)	300 km/hr (186 mile/hr)
Duration	40 months	43 months	58 months
(Civil work)	(2005 Sep.-2008 Dec. excluding commissioning)	(2005 June-2008 Dec.)	(1999 March-2004 Dec.)
Tunnel , Bridge	17% Tunnels 49% Bridges	45% Tunnels 20% Bridges	13.6% Tunnels 72.8% Bridges
Cost	RMB 36.95 billion (USD 4.63 billion = 10 million/km)	RMB 17.07 billion (USD 2.1 billion = 11 million/km)	NTD 480.6 billion (USD 15 billion = 43.48 million/km)
No. of Expats (Civil work)	10+	3	484 (23.38% of a total of 1309 employees in Construction Management Division at peak)
Positions of Expatriates	Consultant	Project Supervision (Project Management)	Both in the Client's and the contractors' organizations
Contract Arrangement	Total Price	Total Price	Fixed lump-sum contract Design-Build
No. of Contractors (Civil work)	13	12	12
Interviews (Total: 39)	Expatriates: 5 Locals: 4	Expatriates: 4 Locals: 16	Expatriates: 6 Locals: 4

Table II Construct statistics (percentage): The client's intentions of hiring expatriates

<i>CONSTRUCTS</i>	<i>PDL A (%)</i>	<i>PDL B (%)</i>	<i>THSR (%)</i>	<i>Expatriates (%)</i>	<i>Locals (%)</i>
Concepts vs. Standard	0	17	22	15	18
Institutional	29	26	17	20	25
Quality Job	0	0	22	5	11
Technology	57	39	39	45	39
Unclear	14	17	0	15	7
Purpose of Hiring	100	100	100	100	100

Table III Construct statistics (percentage): Source of communication difficulties

	<i>PDL A (%)</i>		<i>PDL B (%)</i>		<i>THSR (%)</i>		<i>Total (%)</i>	
	<i>Expatriates</i>	<i>Locals</i>	<i>Expatriates</i>	<i>Locals</i>	<i>Expatriates</i>	<i>Locals</i>	<i>Expatriates</i>	<i>Locals</i>
Language	60	50	40	50	100	75	62	56
No Response	20	0	20	13	0	0	15	6
Knowledge Gaps	20	50	40	38	0	25	23	38
Communication	100	100	100	100	100	100	100	100

Table IV Comparison of local assistants in three cases

<i>Case</i>	<i>Expats' Assistants</i>
THSR	Intermediary managers/engineers: senior engineers who have worked in large global projects.
PDL A	Group 1: English major; locally educated Group 2: Engineering major; studied abroad or locally educated
PDL B	Engineering major; studied abroad or locally educated

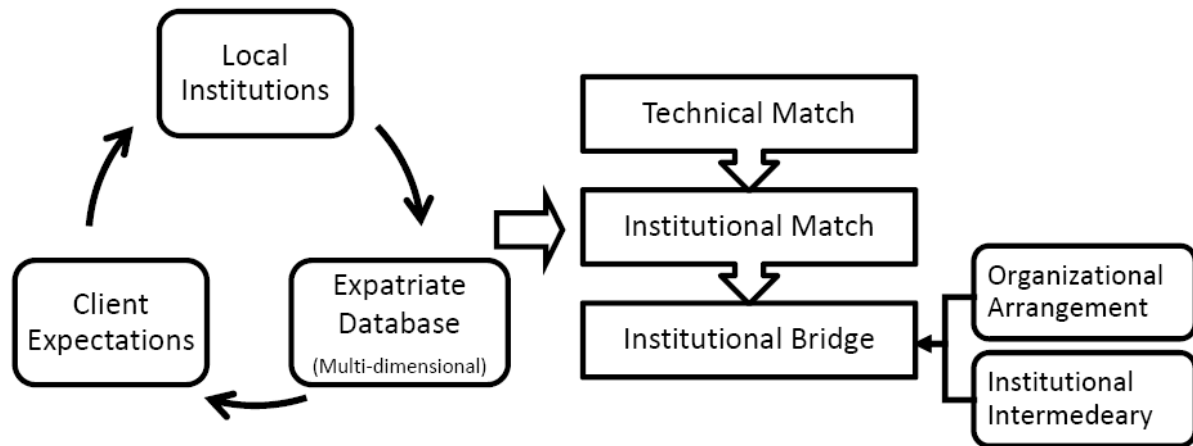


Figure 1 Framework of contingent expatriation strategy in global construction projects

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