

Study explores effects of overseas business activity through experiences of expatriates

May 10 2024



Expatriates experience both positive and negative effects of boundary-spanning activities in multinational enterprises. Credit: KyotoU/Trais

In international business, companies frequently dispatch their employees

overseas as expatriates. They are crucial for linking the headquarters with foreign branches and their subsidiaries and bridging cultural, language, and business practice gaps.

Traditionally, the focus has been on these positive effects of [expatriates](#) engaging in boundary-spanning activities. These include formal and informal communication, coordination across diverse cultures and organizational practices, and building business networks and trust within and outside the companies. However, the risk of excessive workload and stress, for example, has often been ignored.

Now, a study by Kyoto University and Hunan University, analyzing data from expatriates and local employees at Chinese multinational subsidiaries, has revealed that expatriates' boundary-spanning activities could also have adverse effects. The work is [published](#) in the *Journal of International Business Studies*.

"Our findings suggest that while boundary-spanning is beneficial to the company for building valuable social capital, such as fostering trust and a sense of belonging and loyalty among expatriates and local employees, it can also lead to role stress," says leading author Ting Liu of KyotoU's Graduate School of Management.

This stress may cause emotional exhaustion for expatriates, leading to local employees viewing them as outsiders. The study highlights the risks of boundary-spanning and calls to action the need for careful management.

This research included three datasets collected in 2022, with the initial two datasets used to develop a scale to measure expatriates' boundary-spanning activities. The third dataset—the main focus—consisted of 177 pairs of expatriates and local coworkers from the energy engineering sector in various Asian countries.

"Our study sparks an essential dialogue about the trade-offs between the gains for organizations and the costs borne by individuals," adds co-author Tomoki Sekiguchi, also of KyotoU's Graduate School of Management.

It highlights the contrast between the benefits organizations receive from expatriates, such as creating international networks, and the personal toll these roles take, including stress and exhaustion.

"Therefore, it is crucial for [multinational companies](#) and global managers overseeing overseas subsidiaries to grasp not only the [positive outcomes](#) but also the potential drawbacks of expatriate boundary-spanning activities," says co-author Jiayin Qin of KyotoU's Graduate School of Economics.

"By understanding these dynamics, the companies can strive to amplify the benefits while mitigating the [negative impacts](#), ensuring a healthier balance for all involved," concludes co-author Yaxi Shen of Hunan University's School of Business.

More information: Ting Liu et al, Expatriates' boundary-spanning: double-edged effects in multinational enterprises, *Journal of International Business Studies* (2024). [DOI: 10.1057/s41267-024-00690-x](https://doi.org/10.1057/s41267-024-00690-x)

Provided by Kyoto University

Citation: Study explores effects of overseas business activity through experiences of expatriates (2024, May 10) retrieved 9 September 2024 from <https://phys.org/news/2024-05-explores-effects-overseas-business-expatriates.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private

study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.