

2. Internationality as a strategic human capital resource: a review, synthesis, and agenda for further research.

Abstract

The internationalization of top management team members has recently gained momentum, yet little is known about the role of international experience as a human capital resource (Ramaswami, Carter, & Dreher, 2016) or about the role of nationality diversity in TMT processes (Kaczmarek & Ruigrok, 2013). This paper aims at reviewing, organizing, and synthesizing different literature streams to develop an overarching framework of different types of international exposure. This includes theoretical models, mixed levels of analysis, and measures previously exploited in the literature. Opportunities for future research that contribute to our understanding of the consequences of TMT internationalization are proposed. The proposed review serves not only to address the current state of the literature but also to challenge the notion of internationality, leveraging on the multilevel framework of strategic human capital developed by Ployhart and Moliterno (2011). This helps to open the black box of the upper echelons theory, thus answering to the challenges presented by recent scholars (Lawrence, 1997).

2.1. Introduction

One way of managing the increasing internationalization of companies is to promote managerial internationality, which can be developed along three different trajectories: nationality, international education, and international work experience (Schmid & Daniel, 2006).

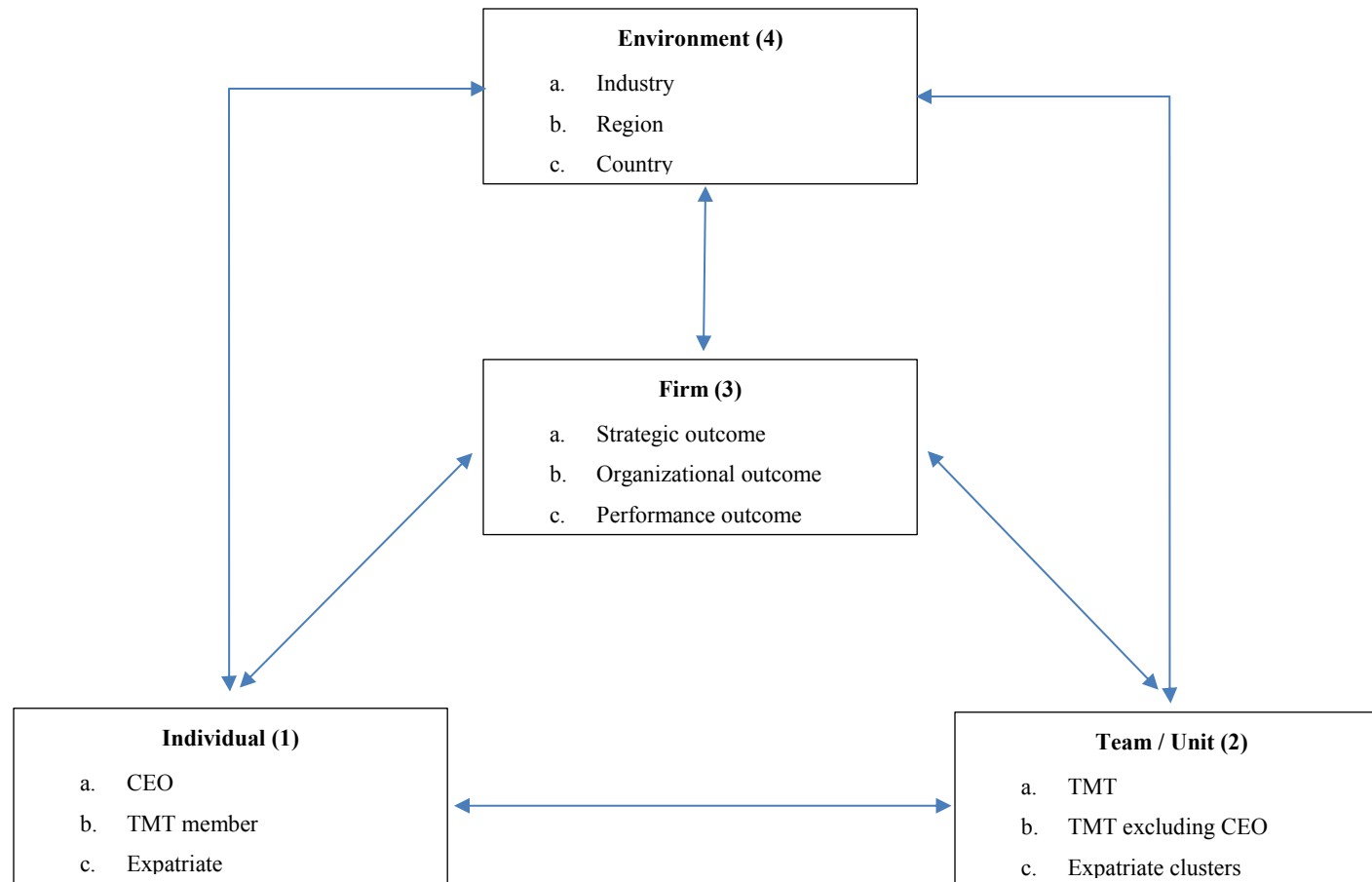
Since the time scholars began to recognize the importance of managers' internationality, the literature in this area of research has burgeoned. Several theoretical perspectives, mixed levels of analysis, and multiple measures have been employed by scholars: all in all, partially contradicting results have been provided. Several research questions like "To what extent is TMT nationality diversity beneficial to foreign expansion?" and "Under what conditions is international experience different from national origin?" remain unaddressed. Indeed, Ramaswami et al. (2016) noted that the literature on expatriation and career success is fragmented. There is a need to develop an overarching framework that reconciles the various elements of executives' internationality and provides directions on how scholars from different disciplines can develop a consistent understanding of the multifarious notion of internationality.

This review and synthesis of extant research on managers' internationality is motivated by various factors. First, the field would benefit from an overview of the different relationships addressed by extant research, as scholars continue contributing with novel and diverse models (Nielsen, 2010a). There is a need for an overarching framework that integrates the different insights, maps out the differences among different levels of analysis, and provides alternative directions for future research (Hambrick, 2007).

Second, to overcome the exploitation of mixed levels of analysis and different measures of internationality, this study intends to develop the concept of "international human capital" as referred to foreign nationality, international education and work experience, and cultural variety. Consequently, it aims at contributing to the literature by adapting a strategic human capital perspective (Ployhart & Moliterno, 2011): the latter has embraced a multilevel perspective, in line with the suggestions of Cannella and Holcomb (2005), who recognized its

multilevel nature. While the upper echelons theory focuses on the relationship between top managers' demographics and firm-level outcomes, leaving the "black box" unopened (see for example Lawrence, 1997, in the theoretical perspectives presentation), strategic human capital perspective has been proven innovative in that it opened the black box leveraging on the concept of the emergence enabling process. Finally, studies from multiple fields have sometimes failed to build on previous knowledge coming from different domains. There is a dearth of the integration of previous literature that appears, so far, fragmented in terms of both theories and methodological arguments. By synthesizing extant knowledge in an overarching framework, the proposed thesis contributes to our understanding of the notion of executive internationality and its importance.

Figure 7: Framework for understanding TMT internationalization



Source: Author

2.2. Scope of the review

A number of choices were made to establish the structure of the review process according to the above-mentioned purposes. First, due to the multidisciplinary nature of human capital theory, the choice of papers includes journals belonging to the “Management” and “Business” categories according to InCites Journal Citation Reports 2015 (Thomson Reuters, 2015). Using the same approach of Olie (2010) and Schoonhoven and Woolley (2005), who included journals with an impact factor of 2.7 or above, 34 journals were selected. However, since there are several other important papers characterized by an impact factor of less than 2.7 (e.g., Journal of World Business, Human Resource Management Review), all journals characterized by the latest³ impact factor of 2 or higher were included: this resulted in a list of 64 journals with high-quality standards. While interesting papers can be found in journals with a lower impact factor, it was deemed necessary to limit the scope of the review by focusing on the most influential journals.

Second, the time frame of the literature review was established to include the last 53 years of research, allowing for an exhaustive analysis of all papers published between January 1962, when Becker first developed human capital theory, and December 2014, which allowed including the very early stages of development of the theory.

Finally, the focus was set on a specific characteristic of top management teams: TMT internationality. Thus, papers for the analysis were selected using EBSCO Discovery Service that refer to “foreign nationality”, “international education”, “international experience”, “international assignment”, or “foreign assignment” in their abstract. These specific keywords were chosen with a double purpose: on the one hand, they allow three different aspects of an individual’s internationality to be captured. On the other hand, avoiding any reference to an executive position or membership enables a broader perspective. This allows consideration of earlier stages of international exposure that would otherwise be excluded *de facto* when focusing only on internationality when the research object was already appointed to the TMT position.

³ Impact factor values were retrieved on November 17th, 2015.

These choices enhanced a thorough assessment of the theoretical perspectives, methodologies, and findings applied to the papers discussing nationality, international education, and experience constructs⁴. Compared with the other dimensions, international education has received less attention due to its explanatory power. This is coherent with Finkelstein and Hambrick (1996), who proposed that education may not play a significant role in executives' strategic choices because they have generally completed their education many years before being appointed. In any case, Nielsen (2010b) proposed that the internationalization of the TMT is a multidimensional construct, where each dimension matches a specific level of the interpretation process. Similarly, Beamish and Calof (1989) reported that international business education is significantly correlated with some firm-level outcomes such as international performance. Finally, some scholars (Tihanyi et al., 2000) have shown that international experience, also provided by education, allows executives to accumulate knowledge of foreign cultures and business practices. Due to the lack of common ground, international education was included to propose a comprehensive concept that encompasses any possible internationality aspect.

Out of 165 eligible papers published in the above-mentioned 64 journals, the application of the above mentioned criteria led to a total of 40 papers, with more than half published in the last 10 years (for details about publishing journals and years *vid* Table 1 and Table 2). This confirms that the attention of scholars has recently been growing: as organizations become more and more internationally exposed, the importance of executive internationalization becomes increasingly assessed.

This paper proceeds as follows. Section 2.3 briefly introduces the strategic human capital framework presented by Ployhart and Moliterno and clusters each paper according to its level(s) of analysis and the involved relationships among them. Section 0 draws theoretical implications and suggests possible venues for future research.

⁴ Papers where nationality, international education, or international experience were considered control variables only were excluded.

Table 1: Journals included in the literature review

Name	Acronym	Impact factor	Number of papers
Academy of Management Journal	AMJ	6.448	6
Journal of Management	JOM	6.071	3
Journal of Applied Psychology	JAP	4.799	1
Personnel Psychology	PP	4.490	2
Journal of Management Studies	JMS	3.763	1
Journal of Business Venturing	JBV	3.678	3
Journal of International Business Studies	JIBS	3.563	7
Strategic Management Journal	SMJ	3.341	2
Journal of Organizational Behaviour	JOB	3.038	1
Human Relations	HR	2.398	1
Journal of World Business	JWB	2.388	8
Human Resource Management Review	HRMR	2.179	2
Asia Pacific Journal of Management	APJM	2.091	1
Journal of Engineering and Technology Management	JETM	2.060	1
Strategic Entrepreneurship Journal	SEJ	2.000	1
Total			40

Source: Author

Table 2: Distribution of papers

Year	# of papers
1962-1994	4
1995-2004	13
2005-2014	23
Total	40

Source: Author

2.3. A multilevel perspective on human capital: summary

Ployhart and Moliterno (2011) proposed an innovative approach to appreciate the emergence of human capital resource in organizations. Assuming that “individuals possess a stock of skills, knowledge, and experiences that can be leveraged for organizational and/or personal benefit” (Ployhart & Moliterno, 2011, p. 127) and focusing on the organizational practices that leverage on the individual level, they introduced a multilevel theoretical model that connects the level where human capital resides with the level where it becomes a resource valuable to the firm. This is in line with recent papers in strategic management literature that favour a multilevel perspective (e.g., Nielsen & Nielsen, 2013; Oxelheim, Gregoric, Randoy, & Thomsen, 2013).

In their study, Ployhart and Moliterno leveraged the concepts of knowledge, skills, attributes, and others (KSAOs, *cf* bottom frame in Figure 3). These represent individual-level characteristics, which they clustered according to content (cognitive: general cognitive ability, knowledge, skills, and experience; noncognitive: personality, values, and interests) and specificity (firm-generic vs. -specific).

The three components of internationality on which this review focused are examples of KSAOs: nationality falls within noncognitive firm-generic KSAOs because it is unlikely to change during a lifetime (Nielsen & Nielsen, 2011) and international education and work experience fall among cognitive KSAOs due to their contribution to the information-processing capacity of the individual and to a better understanding of processes and facts (e.g., Carpenter & Fredrickson, 2001).

The process by which internationality components emerge from the individual to the unit level, thus becoming human capital resources, is called the “emergence enabling process”. Ployhart and Moliterno theorized its articulation into two components: complexity of task environment and emergence enabling states (*vid* Figure 3). The complexity of the task environment (i.e., the coordination required by unit’s tasks) is further articulated into four dimensions: temporal pacing (the synchronization of unit members’ behaviour to perform a task), dynamism (the stability or uncertainty of the

environment in which the task is performed), strength of member linkages (the interaction required among members), and workflow structure.

Top management teams operate in complex task environments, and firms generate a multifaceted decision-making setting (Sanders & Carpenter, 1998), which leads to the emergence of both cognitive and noncognitive KSAOs, with the focus directed to the supply side of the emerging enabling process. The latter entails “how unit members act, think, and feel” (Ployhart & Moliterno, 2011, p. 135) and needs to be aligned with the complexity of the task environment to enable the emergence of a human capital resource (Barney, 2001).

The emergence enabling states are classified into behavioural processes (To what degree are the unit members interdependent? What are their actual behavioural actions?), cognitive mechanisms (the unit’s climate, memory, and learning), and affective psychological states (the feeling from being part of a group depends on not only tenure but also other characteristics such as national origin or common functional background). Finally, while firm-specific KSAOs have already been recognized as leading to human capital resource at the unit level (e.g., Grant, 1996; Zhang & Rajagopalan, 2004), Ployhart and Moliterno’s model casts light on context-generic human capital and its role as source of human capital. They argued that the combination of human capital cannot be easily reproduced and that the emergence enabling process is unique to the unit, due to the fact that the single components of human capital are combined according to their interaction. Thus, individual-level context-generic human capital (e.g., foreign nationality) emerges as a resource at the unit level, leading to context firm-specific human capital resources.

Successful international assignments are linked to the human capital resource required to enter the C-suite. Firms that fail to internally develop managerial international experience may be obliged to “buy” these skills outside, or they might not be able to successfully perform internationalization initiatives (Mendenhall, Kühlmann, & Stahl, 2001). Below, we screen the selected papers according to the conceptual model presented in Figure 7 and following the indications of Ployhart and Moliterno (2011).

The following section addresses each relation displayed in Figure 7 and applies Ployhart and Moliterno’s model to individuals’ internationality.

2.4. Strategic human capital model applied to executive internationality

Each article was analysed according to the following variables: primary theoretical perspective, hypotheses or suggested propositions, internationality measure, and level of analysis. The pattern followed by the literature can be synthetized as follows: individual-level variables concerning internationality are regarded as resources, and the papers actually leverage on RBT. At the team level, the main theoretical framework turns out to be the upper echelons theory, which is coherent with the premises of Hambrick and Mason (1984). Finally, the firm level encompasses different theories such as transaction cost economics (TCE) and information-processing constructs.

Past literature has shown that internationalization traits are relevant. For example, international experience has a significant impact at different levels of analysis such as individual (e.g., Gregersen, 1992), team (e.g., Bouquet et al., 2009) and firm (e.g., Daily, Certo, & Dalton, 2000). Moreover, although only two papers focused on nationality (Nielsen & Nielsen, 2011; Oxelheim et al., 2013), they highlighted the different impacts that national origin and international experience have on firm-level outcomes. Finally, a preliminary conclusion from the literature review is that managerial internationalization matters more under conditions of firm internationalization, such as global strategic posture (Carpenter et al., 2001), degree of internationalization (Daily et al., 2000), or international interdependence (Roth, 1995), which is consistent with information-processing capability and the organizational learning arguments.

2.4.1. Individual level (relationship focus: 1)

2.4.1.1. Noncognitive KSAOs

The earlier papers in our analysis focused mainly on expatriates and on the impact of single assignments on their career. They were limited in terms of level of analysis and scope. Expatriate individuals, which can be clustered according to the scheme proposed by Cerdin, Diné, and Brewster (2014) (i.e., self-initiated expatriates, assigned expatriates, and qualified immigrants), represent the international talent pool from which firms can draw. Focusing almost exclusively on the depth of international

experience, and operationalized as the number of months/years spent abroad, the initial literature argues that extensive international experience has mainly negative consequences for two reasons. First, overseas assignments are more valued abroad than in the home country (Harvey, 1989) or parent company (Gregersen, 1992), where they are often undervalued. Second, this point of view is actually mirrored by expatriates themselves, who consider their country's nationals to be parochial and their home country to be backward looking (Adler, 1981). This misalignment may not be a matter of extensiveness of international experience but instead due to the differing value attributed by the firm and by individuals to KSAOs.

Stahl, Miller, and Tung (2002) focused on the consequences of international assignments characterized by uncertainty and flexibility, very similar to the concept of "boundaryless career" (Arthur & Rousseau, 1996). This paradigm has become a pattern for international managers, especially in cases of negative repatriation experiences and active searches for jobs outside the incumbent firm (Suutari & Brewster, 2003). Stahl et al. (2002) argued that the international assignment is valuable for expatriates' personal improvement (or "personality", following KSAO's definition) but in many cases not for firms. The majority of expatriates are, in fact, dissatisfied with the consideration their firm attributes to the assignment abroad and to the compensation assigned for pursuing it. These findings are in line with the theoretical argument of Takeuchi, Marinova, Lepak, and Liu (2005), which, leveraging on dualistic adjustment (i.e., adjustment to the new environment of the assignment, and the adjustment when returning to the home country), presents expatriates' adjustment in terms of early return, turnover, internal transfer, and extension requests, subsequent to the international experience. The negative consequences at the unit level of extensive international experience confirm that the "more is better" adage may not be true at the unit level because human capital becomes a valuable resource only when adopting a contingency approach (Barney, 2001).

Two aspects are relevant to expatriates: on the one hand, how they conceive their home country and on the other hand, how the firm recognizes international experience. Gregersen (1992) argued and found support for the fact that the value of international

experience attributed by the company represents an organizational factor that, paired with financial consideration, is positively associated with commitment to the parent company after repatriation.

Within a sample of British expatriate academics, Richardson and Mallon (2005) found that international experience value perception is indeed important, especially for self-directed expatriates. Ren, Bolino, Shaffer, and Kraimer (2013) contextualized the stress factors of repatriation via a job demands-resources model and suggested that when expatriates' compensation and career advancement opportunities are not aligned with their interests and expectations, they experience career dissatisfaction. Thus, they proved that psychological job demands strongly affect repatriates' career satisfaction.

Expectations and adjustments of repatriates, not only of expatriates, have been deemed relevant. Black (1992) supported that individuals whose expectations are met report the highest levels of repatriation adjustment and job performance. In the same year, Gregersen and Black (1992) argued that non-job factors such as adjustment to the general environment of a country of assignment positively affect organizational commitment (more precisely, foreign operation commitment). In other words, the expectations that individual develop affect their commitment to local and host organizations. They subsequently play an important role in affecting the cognitive and affective enabling states, whose alignment with the environment is key for the emergence of valuable human capital.

Finally, Ren et al. (2013) studied how job resources (i.e., perception of how valuable (a) IAs are to expatriates' careers, and (b) IAs are for firms) moderate the relationship between job demands and career satisfaction. They found that repatriates who regard their international assignment as valuable in the long term have a more optimistic view about a short-term low salary and that when repatriates notice that the firm regards their international assignment as important, their career dissatisfaction increases as a result of being underemployed.

While spouses are deemed relevant for the success of the expatriation process (Punnett, 1997), they are rarely included in the process (Black & Stephens, 1989). There are few

cases, all concentrated in the first cluster of analysis, focusing on this topic (Black & Gregersen, 1991; Harvey, 1997; Harvey & Buckley, 1998; Punnett, 1997). Spouses' opinions about an international assignment, their "self-pre-departure training", and their social interaction with host country nationals are all positively related to their interaction adjustment (Black & Gregersen, 1991).

Punnett (1997) clustered spouses into three groups (i.e., working female spouses, non-working female spouses, and male spouses) and provided suggestions regarding spouses' needs: closer attention to gender and working expectations, administrative support in the foreign country, and predeparture training. Dual-career couples have constant concerns and expectations prior to and upon repatriation to their home country and often do not regard the training and social support offered by the company as adequate (Harvey, 1997; Harvey & Buckley, 1998).

Three papers focus on different noncognitive aspects, all of which are related to the concept of motivation. In line with Ployhart and Moliterno, who argued in favour of an adjustment over time of the emergence enabling process, Janssens (1995) found evidence for a significant relationship between time spent in a host country and intercultural interaction. Leveraging on the social learning perspective, Janssens (1995) argued that culture shock does not seem applicable and that instead, motivation to integrate and social learning help explain the positive relationship between time spent in a host country and intercultural interaction.

The individual motivation of expatriates, conceived as newcomers, serves as the base of a paper by Firth, Chen, Kirkman, and Kim (2014). Leveraging on their motivational framework, they found that early work adjustment is strongly connected to the motivation to engage in the assignment and argued for the time dependency of motivational states and experiences of stressors. Moreover, they found support for the argument that adjustment rates predict subsequent attitudes.

Finally, Cerdin et al. (2014) looked at qualified immigrants (QIs) instead of expatriates, because they represent a small but growing portion of MNCs' workforce. They proposed a theory of motivation to integrate, which is the algebraic sum of both gains and losses derived from the migration experience. They suggested that motivation to integrate

mediates the relationship between motivation to migrate and international mobility outcomes, such as life satisfaction, job satisfaction, and career success. Their contribution lies in recognizing QIs in IB and the importance of the motivation to integrate in the relationship between expatriate antecedent and adjustment.

2.4.1.2. Cognitive KSAOs

Takeuchi, Tesluk, Yun, and Lepak (2005) advanced knowledge of international experience, distinguishing between current and past experience. The latter is subsequently divided into two dimensions: domain specificity (work vs. non-work experience) and cultural specificity (US vs. non-US). They were successful in showing that both work and non-work interactions with foreign countries and cultures significantly affect the adjustment experienced by expatriates.

In their expatriation study, Stahl and Caligiuri (2005) found that the use of problem-focused coping strategies is effective for improving both work and non-work adjustment, with a prominent consideration of country of assignment: the beneficial effect of problem-focused coping strategies (compared to emotion-focused ones) is higher when cultural distance is higher. We can conclude that, under certain conditions, expatriates that exploit their cognitive KSAOs adjust better than those using noncognitive KSAOs.

Ren, Shaffer, Harrison, Fu, and Fodchuk (2014) studied both reactive demand-based and proactive resource-based pathways to expatriate retention and showed that both embeddedness and adjustment affect expatriates' plans to remain abroad, which, in turn, leads to actual retention. Their two studies emphasize the role of resource acquisition and embeddedness of expatriate teachers, which represent two examples of cognitive KSAOs.

In a recent study, Park (2010) proposed that the international experience of cross-border joint ventures' employees has a positive impact on the extent of their knowledge acquisition: this is cross-level in nature as IE resides at the individual level while absorptive capacity refers to the firm level. In other words, "international learning experience has a positive influence on building confidence for future learning, and it

ultimately helps to speed up future knowledge acquisition.” (Park, 2010, p. 62). Human capital resource thus complements absorptive capacity by theoretically arguing how context-generic cognitive KSAOs (i.e., past international experience) can be successfully applied in the international joint ventures.

2.4.2. Firm level (relationship focus: 3)

Carpenter, Pollock, and Leary (2003) found a negative relationship between venture capital (VC) backing and firm internationalization in high-technology IPO firms, which may seem to argue in favour of risk adversity. However, leveraging on agency and behavioural perspectives, they argued that VC firms are risk inclined indeed, when their backing is complemented by non-executive or executive international experience. International experience is operationalized as the number of board and TMT outsider members with at least one year of either international work experience or education. This is an example of a cognitive KSAO that, according to the outsider nature of individuals, can also be defined as context generic. The emergence of human capital resources occurs only if the behavioural state (i.e., the coordination and communication between VC and board/TMT) can cope with the complexity of the task (i.e., internationalization).

Milanov and Fernhaber (2014) found that domestic alliance partners represent a key network resource for ventures when their partners' international experience is taken into account. The prior experience of VC firms' TMTs (operationalized through a binary variable that measures whether any member of the TMT has ever overseen a position abroad, worked actually abroad, or in a foreign company) can similarly be replaced or compensated for through internationally experienced domestic partners. Leveraging on organizational learning theory, Milanov and Fernhaber argued that the international experience of domestic alliances positively affects foreign sales to total sales (FSTS). Adopting the lenses of the human capital resource model, cognitive KSAOs, mainly firm-generic, but possibly firm-specific, emerge through the behavioural process state.

Maekelburger, Schwens, and Kabst (2012), leveraging on transaction cost economics (TCE), exploited a measure of IE that comprises both TMT IE and firm IE. They argued that international experience weakens the effect of asset specificity on the foreign market entry mode decision, supporting the findings of Delios and Henisz (2000). In other words, cognitive KSAOs linked to international experience and foreign networks can help protect specific investments and reduce perceived environmental uncertainty abroad. Similarly, support was found for the negative moderation of cultural proximity on the asset specificity and foreign market entry relationship. In other words, Maekelburger et al. (2012) argued that international experience, supported by cultural proximity, handles the effects of complex decision-making tasks, which favours more effective cognitive mechanisms.

Finally, a paper adopting a contingency perspective addresses the positive interaction of TMT IE on the relationship between international attention (i.e., how HQ executives collect and process information and agree upon globalization initiatives) and firm performance (Bouquet et al., 2009). This is in line with the behavioural processes and the cognitive mechanisms that allow for the emergence of IE, as proposed by Ployhart and Moliterno (2011). The authors suggested that researchers should focus on the “scanning activities of managers, and on the communications and interactions they have with themselves and other organizational participants” (Bouquet et al., 2009, p. 124).

2.4.3. Individual and firm levels (relationship focus: 1-3, 3-1)

The theoretical contribution promoted by human capital resource can be intrinsically applied to cross-level models. This section focuses on individual- and firm-level relationships, while the subsequent sections concentrate on team and firm interactions.

Leveraging on multiple commitments research, Gregersen and Black (1996) found that the consideration that firms show of IE and the overseas adjustment of employees positively affected the organization commitment of Japanese repatriates. The organizational consideration of IE, although it does not represent a KSAO per se since it does not reside at the individual level, affects the psychological state in that it favours

trust towards the firm and, indirectly, cognitive mechanisms, thus enabling the emergence of human capital resource. In a previous paper, Gregersen (1992) argued that organizational factors (i.e., financial compensation and international experience consideration) positively affect commitment to a parent company. This is similar to Stahl et al. (2002), who indicated that expatriates are critical of both the consideration attributed to and the compensation associated with expatriation.

Black and Gregersen (1991) found that organizational-level variables (i.e., firms seeking the opinion of spouses, company-provided predeparture training, and culture novelty) are all related to spouse adjustment.

In their theoretical paper, Dickmann and Harris (2005) adopted a dual dependence perspective, aimed at tackling the “international career capital” construct, considering both the individuals and the organizational contexts in which they operate. International career capital consists of three dimensions of knowing (Cappellen & Janssens, 2005; Defillippi & Arthur, 1994; Eby, Butts, & Lockwood, 2003): knowing why, knowing how, and knowing whom. *Knowing why* represents the motivation and the personal interest behind an international career; *knowing how* is connected with the skills, knowledge, and competences related to an international assignment; and *knowing whom* is linked to the network within and beyond organizational boundaries. Leveraging on the concept of “boundaryless career” (Defillippi & Arthur, 1994), Dickmann and Harris (2005) proposed that individuals perceive international work benefits as equivocal: they understand that international assignments provide them with skills and insights (i.e., “know why”), but have difficulties using them in their new jobs with other employers. This seemingly contradicts the human capital resource model: actually, context-generic KSAOs may emerge as resources (only in cases of fit between task complexity and enabling states) not directly, but indirectly through the development of context-specific KSAOs.

Roth (1995) found a significant influence of CEO international experience on the performance of highly interdependent firms. Interestingly, the model does not work when considering the “plain” supervision of international activities, instead of the above-mentioned work experience abroad. This paper is an example of how resource-

based approaches have so far focused on context-specific KSAOs: the authors argued that CEOs that have experienced foreign assignments are better equipped to contribute to firm performance as they understand international competitive advantage (Kogut, 1989).

Daily et al. (2000) argued and found support for the positive relationship between CEO international experience and firm performance, both directly and moderated by DOI and outside succession. They used a composite of depth (i.e., total years in such assignments) and breadth of international experience (i.e., number of international assignments) rather than exploiting binary variables (e.g. Sambharya, 1996). They highlighted that international experience entails strategic leadership capabilities, which is a context-generic KSAO.

A positive relationship between CEO international experience (measured as number of years) and firm performance was also found by Carpenter et al. (2001). Leveraging on resource-based arguments, the authors contend that international experience is indeed a resource, supporting the hypothesis that both TMT IE (i.e., the whole top management team excluding the CEO) and a firm's global strategic posture positively moderate the above mentioned relationship. They found no reflection of CEO IE on their compensation. This was supported only when a company has high levels of global strategic posture, and the authors argued that IE is only one of many rent extraction possibilities of CEOs.

Finally, Sousa and Bradley (2008), adopting resourced-based and contingency paradigms (which are multilevel in nature), indicated that the level of managerial overseas experience leads to a lower degree of price adaptation (e.g., application of price discounts to foreign markets), that, in turn, negatively affects firm export performance. In other words, their structural equation modelling confirmed that the greater the managerial international experience, the higher the performance of the firm in foreign markets.

A recent meta-analysis confirmed the validity of the relationship between CEO international experience and firm multinationality. Kirca, Hult, Deligonul, Perry, and Cavusgil (2012) found clear support for the upper echelons theory and suggested that

KSAOs may also affect each other. For example, they proposed that IE stimulates cultural intelligence (i.e., a general cognitive ability).

In a similar venue, Herrmann and Datta (2006) analysed the impact of CEO experience on entry mode selection. They argued that older CEOs with longer tenures are risk-adverse, while internationally experienced CEOs enhance their information processing capability and risk propensity. They exploited the upper echelons theory in order to link executive demographics to firm level outcomes: although they are different in nature, human capital resource and UE are similar in that they are intrinsically multilevel as both begin from the individual and move to the unit, and exploit demographics.

Interestingly, the emergence enabling process (e.g., temporal pacing, strength of members' linkages, and climate) proposed by Ployhart and Moliterno (2011) is similar to the newly introduced concept of structural interdependence (Hambrick, Humphrey, & Gupta, 2015).

2.4.4. Team and firm levels (relationship focus: 2-3)

Exploiting a sample of Canadian firms and leveraging on the upper echelons theory, Reuber and Fischer (1997) showed that internationally experienced TMTs affect FSTS via the mediating effect of strategic partnerships and speed of exporting. They measured IE with two binary indicators characterized by positive high correlation: CEO IE and teams' experience in selling to foreign markets.

An analogous measure, which is a binary variable for international experience or education, and theoretical argumentation were exploited by Tihanyi et al. (2000) to advance a positive relationship between TMT IE and international diversification.

Carpenter and Fredrickson (2001) argued that the likelihood that firms are highly global increases when their TMTs have high IE. The latter was measured as a percentage of a team's IE years out of total career. The linearity of the relationship is coherent with the premises of the upper echelons view: different knowledge, skills, and social networks linked to international experience may allow firms to tackle the complexity and high information-processing requirements associated with increasing global strategic postures.

Bruneel, Yli-Renko, and Clarysse (2010) addressed the interaction effect of firm-level international experience on the relationship between team-level international experience and DOI. They found that congenital learning matters more when the firm has few years of internationalization experience. In other words, learning from partners is used as a substitute for a lack of firm-level international experience: this is coherent with the theoretical argument of the emergence of human capital through cognitive mechanisms. The international experience of TMTs represents a stock of resources that allows the firm to take better informed decisions. For example, the percentage of TMT members with IE is positively linked to the likelihood of receiving investments, when firms have a wide geographic scope (Patzelt, zu Knyphausen-Aufseß, & Fischer, 2009).

TMT IE proved to be a determinant of European ventures' foreign IPOs (Hursti & Maula, 2007). In other cases, the timing of the decision represents the focal point: Zucchella, Palamara, and Denicolai (2007) argued that the previous international experience of entrepreneurs significantly affects the decision to internationalize early. Although not statistically confirmed, their efforts to address not only work experience but also other specifics such as languages, trade fairs, and education represents an interesting novelty. This result is in line with the argument proposed by Andersen (2006), who advanced that entrepreneurs' international experience leads to internationally oriented family firms.

Only two papers considered nationality, aside of international experience, as an aspect of foreign exposure. Nationality can be conceived as a demographic characteristic affecting the thinking of executives and influencing firm-level outcomes, and as context-generic KSAOs. On one side, Nielsen and Nielsen (2011) argued that TMT international experience and TMT nationality diversity have different effects on the risk perception of foreign market entries: while internationally experienced TMTs are more risk inclined, nationality diverse TMTs are more conservative and risk adverse and thus prefer shared-controlled entry modes. They advanced the argument that international experience provides TMT members with a sense of confidence due to knowledge and a network of contacts, while nationality diversity leads to constructive debates and cognitive conflicts within the TMT.

On the other side, Oxelheim et al. (2013) studied the internationalization of corporate boards of non-financial Nordic firms and found an overall positive association with the internationalization of firms. Differentiating between foreign nationals and nationals with international experience or education, Oxelheim *et al.* argued that foreign nationality is associated with financial internationalization of a firm (i.e., foreign ownership and cross-listing on foreign stock exchanges) and the need of foreign shareholders for monitoring. Moreover, they found support for the matching of nationalities between foreign owners and foreign directors. Finally, they advanced that more internationalized firms have a higher share of both foreign nationals and nationals with international experience on their boards. These two types of board internationalization appear to be complements rather than substitutes, partially contradicting the conclusions proposed by Nielsen and Nielsen (2011) at the TMT level.

2.4.5. Environment and individual levels (relationship focus: 4-1)

The only paper that connects the individual and environment levels is one written by Patzelt (2010). In his work, he showed that capital markets give a higher amount of money to the ventures if CEOs are equipped with international experience. Moreover, he found that when CEOs possess management-focused education, they tend to fill knowledge gaps by hiring specialists among for TMTs. Interestingly, the same did not occur when considering international experience. This could suggest the non-interchangeability of international experience, which is in line with the mindset of Ployhart and Moliterno (2011): cognitive context-generic KSAOs (i.e., individual international experience) via the development of context specific knowledge, skills, and experiences emerged as international human capital.

2.5. Discussion of findings and future research suggestions

Ployhart and Moliterno leveraged on the concept of emergence suggested by Kozlowski and Klein (2000): they imagined “a phenomenon [as] emergent when it originates in the cognition, affect, behaviours, or other characteristics of individuals, is amplified by their interaction, and manifests at a higher level, collective phenomenon” (2000, p. 55). This is in line with the conceptualization of all three internationality components this thesis talks about. Below a critical discussion of the review outputs and future research opportunities are provided (*vid* Table 3): they are organized around five main topics, each referred to a specific point emerged from the literature review analysis and associated with research opportunities.

2.5.1. International human capital: a need for further conceptualization

The aim of this review was to contemplate the various aspects of individuals' internationality, a concept we could refer to as “international human capital”. First, country origin, together with international experience, was considered in the studies of Oxelheim et al. (2013) and Nielsen and Nielsen (2011). Both papers highlight the fact that new measures of internationalization are needed that take into account not only the composition of a team in terms of foreigners and members that have experience abroad but also the length of their international assignments.

Second, international education proved to be the second-least exploited component of internationality, due to its limited explanatory power: six out of 46 studies included it for measuring individual foreign exposure (e.g., Herrmann & Datta, 2006; Takeuchi, Tesluk, et al., 2005). It is interesting to note that it has never been used alone, but always associated with international assignment experience, to measure whether / how long / how many team members have been exposed to a foreign environment.

Finally, international work experience undoubtedly resides at the individual level and represents a cognitive KSAO. Due to the high task complexity faced by managers, both in terms of required inputs and outputs, human capital resources are more likely to emerge under conditions of behavioural, cognitive and affective emergence enabling states. Nevertheless, the literature has so far disregarded these conditions, as well as the emergence enabling process (*cf* the black box Hambrick (2007) refers to in his update

of the upper echelons theory), focusing on KSAOs. International experience has been measured in several ways that can be clustered in three groups: dummy variable, proportion (or total number) of years of work experience abroad, and proportion (or total number) of team members with international experience. Exploiting a binary variable (e.g., Reuber & Fischer, 1997) allows researchers to take into account whether any member of the team has interacted with a foreign environment, disregarding both the length and breadth of the experience. In other words, a dummy is useful to answer whether the international experience is important, but not the extent to which this dimension matters: that is the reason why the theoretical supporting arguments were referred to RBV. Exploiting the other two measures (e.g. Bouquet et al., 2009; Carpenter & Fredrickson, 2001) represents a more refined way of assessing the extent of international experience but inevitably neglects breadth.

A more comprehensive measure of international experience would simultaneously take into account the number of countries and the length of time spent in each one advocated by Rivas (2012). This could be achieved by exploiting an intrapersonal or interpersonal diversity of international experience (Blau, 1977). The Blau's index is a well-established measure in that it allows differentiation between a single, short experience and multiple, longer experiences. This is an important aspect as new forms of international assignments (e.g., shorter-term assignments) are emerging (Collings, Scullion, & Morley, 2007). To capture the full information potential and avoid using simplistic indices, which could lead to significant distortions (Bolino, 2007; Sommer, 2013), this index gauges the extent to which an individual has had a highly diversified international career:

$$Blau_Index_{IE} = 1 - \sum_{i=1}^n p_i^2$$

where n is the number of countries in which an individual has worked, and p_i is the relative proportion of the individual's career spent in a country, similar to the work of several scholars involved in intrapersonal experience diversity research (Cannella, Park, & Lee, 2008; Dahlin, Weingart, & Hinds, 2005). Some scholars (Slater & Dixon-

Fowler, 2009) have advocated the need for understanding the interplay between the two main components of TMT internationality: nationality and international experience. In fact, adopting a cognitive diversity perspective, managers with extensive international experience and a different national origin allow this individual to add to the TMT a different set of perspectives and problem-solving schema (Athanassiou & Roth, 2006).

Another benefit of this conceptualization is the inclusion of both the interaction of KSAOs and the emergence enabling process, especially in cases of teams, groups, or departments: as suggested by Castanias and Helfat (1991), “the human capital of the entire top management team is important to the firm” (p.664). When considering only one individual (e.g., the CEO) no interaction occurs (e.g., Carpenter et al., 2001; Herrmann & Datta, 2006). The measures used so far do not take into account that human capital resource resides at the unit level but originates at the individual level. Not only does a binary variable or an average disregard the aggregation of individual KSAOs, but it also neglects the degree to which task complexity requests interdependence and coordination among members. Ployhart and Moliterno (2011), in their description of the emergence enabling process, cited TMT environments and proposed that the higher the task complexity (as in the case of internationalization strategies), the higher the unit-level value of the emergent human capital resource. This may occur via exploitation of “the variability of KSAOs within the unit” (Ployhart & Moliterno, 2011, p. 145). This is in line with Hambrick et al. (2015), who suggested considering structural interdependence since it reconciles the mixed results of studies concerning the effects of TMT composition on organizational outcome.

Further, researchers should include (e.g., exploiting confirmatory factor analysis, structural equation models) other nuances such as cultural distance (Georgakakis, Dauth, & Ruigrok, 2016) or geographical clusters (Ronen & Shenkar, 2013). International experience is inherently a multidimensional construct (Clarke, Tamaschke, & Liesch, 2013). Integrating different aspects of international experience (as suggested by e.g., Athanassiou & Nigh, 2002; Lee & Park, 2008) would allow for a more comprehensive construct and avoid oversimplification. It is relevant to include a

measure of culture due to the fact that executives in developmental assignments typically achieve higher levels of competence thanks to their experience (Dragoni, Tesluk, Russell, & Oh, 2009). Ronen and Shenkar (2013) operationalized a clustering into the 12 following zones: Anglo, African, Arab, Confucian, East Europe, Far East, Germanic, Latin America, Latin European, Near East, Nordic, and others.

2.5.2. Multifaceted conceptualization of internationality

This review builds on the suggestion of Ployhart and Moliterno (2011) that human capital resource in general, and internationality in this case, is multifaceted in nature for a number of reasons. First, searching for the keywords specified in Section 2.2 resulted in papers that focus on different levels: individual, team, and organizational. While it is straightforward that nationality and education can be held by individuals only, international experience can be interpreted according to a twofold perspective: when considering individuals it refers to their life or working experience in a country other than the one in which they were born (e.g., stating that previous international experience is at the individual level); when considering the firm, it refers to its activity outside national borders. This second cluster of papers was excluded due to the following two reasons. On the one hand, they contain the source of knowledge of foreign countries at the firm level (see for example Delios & Henisz, 2000) and disregard other sources of knowledge, such as individuals' past experience, which are at the core of the present analysis. On the other hand, measuring international experience as "a function of the extent to which a firm has operated in international markets previously" (Kirca et al., 2011, p. 54) accumulates, *de facto*, the experiences of individuals year after year, disregarding the impact of employee turnover. Thus, out of 165 papers initially identified, 31 were excluded. Furthermore, it suggests that internationality evolves across different levels in that, while representing an individual level characteristic, we described its emergence to the unit level. The upper echelons theory long argued that executive demographics affect strategic choices, and ultimately performance, but failed in describing how this process works: the emergence enabling process proves useful for this purpose.

Second, applying the process presented in Figure 7, this review highlights the fact that out of 247 tested hypotheses or suggested propositions, 97 and 28 hypotheses, respectively, focus on the individual or the firm level solely. The other hypotheses describe various cross-level relationships, thus supporting the above-mentioned multilevel perspective and the “cross-level origins of the human capital resource” (Ployhart & Moliterno, 2011, p. 144). A similar idea has been advanced by two scholars. First, Roth noted that “the other members of the firm’s dominant coalition will have characteristics that would compensate for a CEO’s limitations” (1995, p. 226). Second, Hambrick (2007) stated that strategic management research should consider the TMT and not be limited to the individual.

All in all, this review supports that executive human capital has to be regarded as a multifaceted and multilevel construct. This allows for taking correctly into account the emergence enabling process, as the interaction among executives is usually very high during the mandate. One example could be to consider the overlaps of international experience among the members of the TMT: having had international assignments in the same country could represent common knowledge on which executives shape strategies. Failing to do so will lead to obtaining a biased and partial perspective. Another example could be to bundle together different attributes of internationality such as international work experience and foreign origin.

2.5.3. Value of international human capital

Different papers analysed by the present review leveraged on and contributed to the RBV (Carpenter et al., 2001; Daily et al., 2000; Sousa & Bradley, 2008). Essentially, the authors argued that IE is a resource that improves firm performance. Coherently, they operationalized this resource as a binary variable (Roth, 1995; Zucchella et al., 2007) or by focusing on IE length (Carpenter et al., 2001; Daily et al., 2000). The main argument of RBV is that resources generate sustainable competitive advantage when they are valuable, rare, inimitable, and non-substitutable. There is little consensus about the value of international experience (Gregersen et al., 1998): in fact, only one paper, written by Carpenter et al. (2001) considered the value of IE. Interestingly, the direct relationship between CEO IE and total compensation is not supported (although it

becomes significant when excluding TMT IE as a control variable), while the positive moderating effect of global strategic posture on the above is. Further research is needed, as suggested by different authors. Understanding whether and under what conditions executives matter is “centrally important for advancing theory and research on executive compensation” (Hambrick & Quigley, 2014, p. 473). Moreover, more effort should be devoted to explaining more variance, targeting new contexts, and addressing different types of companies (Carpenter et al., 2001). The stream of papers reviewed in the present work that focus on expatriates found negative adjustments and embeddedness as a consequence of international assignments (Gregersen & Black, 1996; Ren et al., 2014). A brief note should be spent on the role of spouses, whether males or females. Further research is needed that includes spouses in modelling the impact that international assignments have on individual-level as well as firm-level outcomes. Finally, addressing different contributions of IE matured inside or outside of a company may prove relevant: research could address whether international experience acquired within the firm weights more than the one acquired outside or even in another industry. This will lead to a better understanding of the value of IE, and international human capital in general, beyond the “resourceful” perspective adopted so far.

2.5.4. Uses and applications of international human capital

While the previous literature has argued that an alignment between managerial characteristics and firm strategy is beneficial for the latter’s performance (Gupta & Govindarajan, 1984; Thomas, Litschert, & Ramaswamy, 1991), no paper emerged from the current literature review that directly linked international human capital and firm strategy. Attempts at this line of thinking include those by Tihanyi et al. (2000) and Reuber and Fischer (1997), who related international experience or education with degree of internationalization. Both leverage on the upper echelons theory and operationalize IE as a binary variable finding a direct and mediated effect (by foreign strategic partnerships). Nevertheless, they do not relate knowledge of a specific country (or geographical region) possessed by an individual and the actual set of countries (or geographical regions) where a company is present.

Appointing executives with a particular set of characteristics, experiences, and skills may allow companies to deal more successfully with a specific environment (Sanders & Carpenter, 1998). This would answer the call for a better understanding of whether firms with more internationally exposed TMTs are more successful abroad than their competitors (Hennart, 2011).

Finally, firms and individuals have a different perspective of international assignments (Dickmann & Harris, 2005). The way firms value international assignments does not “literally” represent a KSAO since it does not reside at the individual level. However, it has an effect on whether and how KSAOs emerge at the unit level. Including the way firms make use of IE, for example by matching the knowledge supplied by executives and the knowledge demanded by the firm, would contribute to our understanding of their value as well.

2.5.5. Longitudinal setting

This final point addresses an important methodological aspect. The review shows that cross-sectional analysis was used in all but five papers. According to several scholars (see for example Carpenter et al., 2004; Finkelstein et al., 2009) there is a need to exploit the longitudinal analysis in future research, to shed light on the evolution of individuals’ demographics and take into account that “at the unit level the human capital resource is constructed and reconstructed via the repeated aggregation (e.g., staffing and turnover cycles) of employees [...]. While one individual’s cognitive ability does not change, a unit’s cognitive ability human capital will change over time” (Ployhart & Moliterno, 2011, p. 135).

This would also answer the call made by scholars (e.g., Kaczmarek & Ruigrok, 2013; Nielsen, 2010b; Van Veen & Marsman, 2008) to better understand the causality issues between executive and organizational characteristics.

Table 3: Shortcomings and future research opportunities

Shortcoming	Opportunity
Single-level approach (individual, unit level). The question “How individual KSAOs lead to firm-level outcomes?” is unanswered	Adopt a multilevel perspective
ND, IEd, and IE are mainly treated separately	Adopt a comprehensive measure of international human capital
HC at the unit level is equated with the aggregate KSAOs of individuals	
Which internationalization component matters more? Under what conditions?	
Cross-sectional methodology	Longitudinal methodology
Members’ interdependence is disregarded	Include interaction among members
Disregarded compensation variables	Total compensation as a dependent variable
What kinds of international human capital are more valuable?	
The role of spouses in expatriates’ adjustments has been overlooked	Operationalize their effect on IE success.
IE has been articulated along few directions (e.g. space and time)	Study the nature of IA: internal vs. external; within vs. outside of the industry; past vs. current, etc.

Source: Author