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Hypercompetition and the Future of Global Management in the Twenty-first Century

Michael Harvey ▪ Milorad M. Novicevic ▪ Timothy Kiessling

Executive Summary

In today's hypercompetitive landscape, organizations are moving from being multinational to being global in the strategic intent. There are a number of "drivers" of this globalization process, but it would be difficult to argue that globalization is not going to be an enduring phenomena. The consequences of this modification in the strategic orientation of organizations have implications for most every element in an organization. To gain an insight into the future of global organizations in the twenty-first century, a market-based perspective is utilized. In addition, the importance of organizational boundary spanners is also explored as a means to effectively compete in the global competitive arena. Inpatriation is viewed as a means to gain tacit knowledge at the headquarters level to ensure adaptation of corporate standard operating policies to effectively compete as a global network, yet with the flexibility to meet local competitor strategies and consumer demands. © 2001 John Wiley & Sons, Inc.

INTRODUCTION

Globalization is frequently associated with increased trade liberalization among nations that transforms the historic patterns of investment, production, and distribution of multinational corporations (i.e., MNC) (Hurry, 1993; Johansson & Yip, 1994; Porter, 1994). The globalization of markets has transformed the business environment to such a degree that some experts argue that the gap between the multilocal and global worldviews is so great that management must

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"unlearn" the past to be effective in the future (Slocum, 1997; Harvey, Speier, & Novicevic, 1999a). The conceptualization of "boundarylessness" (i.e., the capability to transcend the traditional borders of geography, culture, and economics, as well as those of time and space) of MNCs has become a necessary condition for global firms to effectively compete in the twenty-first century (Kefales, 1998; Kedia & Mukherji, 1999; Paul, 2000).

Many managers and academics alike feel that the omnipresence of the globalization phenomena fuels the growth of hypercompetition in the global marketplace. In the future, the changing nature of competitive conditions will necessitate that the management of global organizations to: (1) recognize that present competitive advantages are time sensitive, and therefore, will erode quickly; (2) renew strategies on a continuous basis recognizing their temporality; (3) adjust the conventional wisdom in management relative to shortening timeframes due to the "quickening" nature of competition; (4) redefine historic industry boundaries due to deregulation and nontraditional competitors entering the global organization's industries; and (5) assess the concept of timing and to utilize it as a competitive variable that is critical in the "creative destruction" of competitors' advantages (Grant, 1996; Lei, Hitt, & Bettis, 1996; Eisenhardt & Brown, 1998; Galunic & Rodan, 1998). Globally increasing rivalries in the marketplace are going to become the standard for the competitive landscape of the twenty-first century. Therefore, a global organization's management must reexamine the historic profile of its international managers and assess the pool appropriate to manage in this evolving hypercompetitive global market.

The objectives of this article are fourfold: (1) examine the "drivers" of global hypercompetition; (2) assess the impact of hypercompetitive global environment on developing corporate strategies; (3) use a market-based view as a means to better understand the nature of competitive strategies developing in the global market; and (4) explore the use of a new pool of boundary spanning managers (i.e., inpatriates) for staffing global network organizations in hypercompetitive environments. Each of these topics will be examined in the following sections of the article.

DRIVERS OF GLOBAL OF HYPERCOMPETITION

The underlying forces driving the globalization of markets can be classified into four categories, yet one must recognize that there is an interaction between the four groups of factors influencing the rate of globalization taking place. The four categories are:

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1. *Macroeconomic Drivers*—the universal availability of key production factors, converging production differentials among countries, increased flow of crossborder technology transfers, rapidly expanding and migrating global population, uneven fluctuations in exchange rates (particularly between developed and emerging economies);
2. *Political Drivers*—removal of many barriers to international trade (i.e., deregulation and opening of markets to foreign competitors), development of regional trading blocks (i.e., NAFTA, EC, ASEAN, Mercosur, and the like), diluted protection of intellectual property rights, encouragement of "inward" investment incentives both at the regional and individual country levels;
3. *Technology Drivers*—rapidly declining global communication, computation, and transportation costs, shortened product, and technology life-cycles, rapid growth of knowledge-based industries, and increased globalization of product and service offerings to consumers; and
4. *Organizational Drivers*—increased heterogeneity of firms in industries, "commodification" (i.e., facilitated access to factors of production through relationships) of corporate resources, increased competitive value of intangible corporate resources, quick consolidation of competitors, growing development of network organizations (Aldrich & Whetten, 1981; Griffin & Khan, 1992; Liebeskind, Oliver, Zucker, & Brewer, 1996).

This demand for strategic agility due to hypercompetition among global organizations necessitates a proactive management posture . . .

One of the derivatives of globalization of markets has been the resulting hypercompetition occurring in many of the industries that have moved into a global arena. Hypercompetition is being viewed as the continuous generation of new forms of competitive advantage through neutralizing, destroying, or rendering competitors' competitive advantage obsolete (D'Aveni, 1994, 1997, 1999; Gimeno & Woo, 1996). The primary thrust of hypercompetition arises from the proactive disruption of the marketplace "status quo" by the management of global organizations, recognizing that the only enduring advantage results from the ability to generate a continuous flow of new advantages. The underlying logic of the hypercompetitive strategy is that enduring competitive advantage may not come from a single strategy, but rather the ability to modify or adjust strategies more quickly than competitors. This demand for strategic agility due to hypercompetition among global organizations necessitates a proactive management posture to search continually for new sources of competitive advantage (D'Aveni, 1999). The question becomes, "how can a firm develop an effective staffing response to the growing globalization of hypercompetition?"

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HYPERCOMPETITIVE RIVALRIES AMONG GLOBAL ORGANIZATIONS

As organizations move into the twenty-first century, the traditional assumptions of enduring competitive advantage are being reexamined due to: technological change (i.e., the universality of information), comparable factor endowment (i.e., a majority of world trade taking place among advanced nations with similar factor endowments), and globalization of industries and resulting global tie among world trading partners (i.e., the availability of transportation, raw materials, machinery, and services decouple the firm from the factor endowment of a single nation) (D'Aveni, 1995, 1997). Contemporary researchers have described global competition as worldwide interactions requiring major resource commitments (i.e., through crossborder mergers, acquisitions, networks, and alliances) and the development of dynamic cross-border capabilities. Wherein, companies achieve competitive advantage through acts of innovation and reformulation of existing strategies (D'Aveni, 1999). In the global rivalries of the twenty-first century, innovation and change have become inextricably linked together and must be addressed proactively by the management of globally focused organizations.

The new competitive landscape is characterized as having a greater level of uncertainty, diverse global rivalries, rapid technological change, ubiquitous price wars, and seemingly continuous restructuring activities (Ilinitch, Lewin, & D'Aveni, 1998). The driving forces causing the hypercompetitive shift in global competition make it nearly impossible to use the recipe-based strategists' recommendations because one can not reverse: (1) the substantial resource commitments required for innovation/change to absorb the increasing knowledge intensity of modern industries; and (2) the risky outcomes of uncertain repositioning of the MNCs in the global business landscape (Thomas, 1996; Young, Smith, & Grimm, 1996).

Many researchers (Macmillan, 1988; Olivia, Day, & Macmillan, 1988; Williams, 1992; D'Aveni, 1994, 1995; Hamel & Prahalad, 1994) have challenged the sustainability of competitive advantages in today's deregulated and knowledge-rich global business landscape. The growing hypercompetition in global markets denudes the sustainable business models because competitive advantage is now based more on the changing economies of scope and less on the stable economies of scale. This shift arises from the increased strategic focus on intangible/invisible assets (Itami, 1987), as they are more mobile,

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less imitable, and more difficult to circumvent by substitution (Makadok, 1998).

The global hypercompetitive marketplace has modified the strategic focus of global organizations to shift from careful exploitation of given, tangible assets to agile exploration of new intangible assets, particularly in the global hypercompetitive marketplaces being served by the firm. The keys to this hypercompetitive shift are the dynamic capabilities of the firm, or the ease with which it can create/recreate new strategic assets (Thomas, 1996). The resulting emphasis on heterogeneity of resources affects the intensity of rivalry in the global business landscape in several ways: (1) firms tend to leap frog each other in their positioning within their markets (i.e., hypercompetition in the cost-quality arena); (2) in building their market-based resources (i.e., tacit market knowledge and local relational ties that are difficult for competitors to duplicate); (3) in the competitive creation and destruction of dominant positions in product or geographic markets (i.e., stronghold creation/invasion arena); and (4) in the use of attacks and counterattacks based on the size and financial differentials (i.e., deep pocket use/neutralization arena) (Gimeno & Woo, 1996).

. . . organizations may have to think "in the extreme" by learning while acting under extremely adverse conditions . . .

In hypercompetitive environments, the purpose of strategy is not to build and then defend a large sustainable competitive advantage, but rather to create a constantly changing series of small, temporary competitive advantages, thereby keeping competitors off balance by forcing them to be in a reactive strategic mode and become a follower in the global market place (Makadok, 1998). Sustaining a competitive advantage and leveraging current competencies is viewed as not being beneficial or practical, and instead incumbent leaders should create a series of unsustainable advantages under the discontinuous conditions of intense rivalry (Nault & Vandenbosch, 1996). The consensus seems to be that firms in volatile competitive environments should focus on their core competence (Prahalad & Hamel, 1990) as a means to apply it in more or less temporary arrangements with other firms (i.e., relational contracting or strategic alliances to enhance learning and better serve their marketplace) (Quinn, 1992).

As the globalization process intensifies, a firm in the hypercompetitive global market must be able to spontaneously reconfigure its assets and resulting strategies by combining integration, differentiation, and fragmentation (Auperle, 1996). In essence, there are two major issues in the development of global hypercompetitive strategies, which should be considered: (1) organizations must develop models that encourage the achievement of constantly contradictory

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goals when coping with adversity (i.e., flexibility through stability, diversification through focus), and (2) organizations may have to think "in the extreme" by learning while acting under extremely adverse conditions (Ilinitch, Lewin, & D'Aveni, 1998). This insight leads to the first research proposition:

> **Proposition 1:** The more salient the drivers of globalization in the firm's business landscape, the more intense the hypercompetitive rivalries of a global organization.

MARKET-BASED STRATEGIES OF GLOBAL ORGANIZATIONS

The utilization of relationships/alliances has emerged as strategic priority for many global organizations today (Day, 2000). Committed relationships are the foundation of the most durable advantages in hypercompetitive markets because they are socially complex for competitors to understand, to copy, or to displace (Day, 1994). As a result, marketers are adopting the perspective that customers and channels are not simply the objects of marketing's actions; they are assets that must be cultivated and leveraged (Hunt & Morgan, 1995). These assets can be conceptualized as market-based assets, or assets that arise from the commingling of the firm with entities in its external environment (Srivastava, Shervani, & Fahey, 1998).

A strategic market orientation refers to the organization-wide generation, dissemination, and responsiveness to market intelligence/learning (Kohli & Jaworski, 1990). In addition, it is necessary to develop a philosophy of management based upon a company-wide acceptance of the need for customer orientation, profit orientation, and recognition of the importance of relationships and communications in satisfying the needs of the market (Day, 1990, 1994). Firms employing market-based strategies seek to understand customers' (and other external stakeholders') expressed and latent needs and develop superior solutions to those needs (Kohli & Jaworski, 1990; Day, 1994; Slater & Narver, 1995). The market-based strategic orientation can appropriately be conceptualized as one of degree, on a continuum, rather than as a dichotomous variable (Kohli & Jaworski, 1990; Deshpande, Farley, & Webster, 1993; Slater & Narver, 1995). Drucker (1993) formulated the most succinct rationale for the relevance of the market-based strategic orientation of the firm:

> The single most important thing to remember about any enterprise is that there are no results inside its walls. The result of a business is a satisfied customer, inside an enterprise there are only cost centers. Results exist only on the outside. (Drucker 1993, p. 54)

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The global economy has created a new competitive landscape, one in which events change constantly and unpredictably (Ireland & Hitt, 1997). Even before the forces of global competition became clearly visible, there was a trend toward more flexible organizations forms that are difficult to capture with a traditional organization chart (Miles & Snow, 1984; Thorelli, 1986; Powell, 1990; Webster, 1992). This shift included a movement from transactional to relational exchange. Customers became relational partners as the firm undertakes to make long-term commitments of market-based assets to maintain those relationships emphasizing quality, service, and innovation (Anderson & Narus, 1991).

Market-based assets fall into two categories: (1) relational (outcomes of the relationship between a firm and key external stakeholders, including distributors, retailers, end customers, other strategic partners, etc.), and (2) intellectual (the types of knowledge a firm possess about the environment, such as the emerging and potential state of market conditions and the entities in it (Srivastava, Shervani, & Fahey, 1998). Market-based assets include: brand equity (Aaker, 1991; Keller, 1993; Shocker, Srivastava, & Ruekert, 1994), customer loyalty (Yi, 1990), and the reputation in strategic relationships (Anderson & Narus, 1991; Bucklin & Sengupta, 1993). These market-based assets become of particular strategic importance when competing on a global-scale basis. Particularly, when the country markets in which the firm is competing vary significantly in cultural, economic, and regulatory aspects (i.e., for MNCs growing in emerging markets such as India, China, and other countries in South East Asia). Having a more favorable configuration of both relational and intellectual assets than its competitors provides a global organization with a platform from which unique global market-based strategies can be derived and modified on a continuous basis. This insight leads to the second research proposition:

> **Proposition 2:** The more salient the firm's hypercompetitive rivalries, the more focused the shift of a global organization toward global market-based strategies predicated on its market-based assets.

GLOBALLY-INTEGRATED NETWORK STRUCTURES

Global business networks stress a value-creating outcome among the firms that have long-term cooperative perspectives (Blankenburg-Holm, Eriksson, & Johanson, 1999). In essence, what makes the network so important is the quality of relationships and shared values, with

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relationships defined as: nonhierarchical/long-term commitments, multiple roles and responsibilities, mutuality, and affiliation sentiments (Thorelli, 1986). Therefore, what differentiates the network organization is its density, multiplexity, reciprocity of ties, and shared value system defining membership roles and responsibilities (Powell, 1990). As networks add value, a firm's membership in a strategic global network can be thought of as its market-based asset (Achrol, 1991). The network membership becomes of value when the global organization is competing in a hypercompetitive global environment with multiple entrants coming from both the local and global market place.

The value creating network structure of relationships rests on the exchange of promises (Thompson, 1967), supported by the acts of pledges that bind the relationships (Anderson & Weitz, 1992), and build mutual commitment (Axelrod, 1984; Ring & Van de Ven, 1992), dependence (Blankenburg-Holm et al., 1999) and trust (Morgan & Hunt, 1994). Trust is considered the single most important variable influencing relational behavior, and it emerges when commitment reaches the highest stage of relationship bonding (Dwyer, Schurr, & Oh, 1987). Commitment and trust become imperative to encourage the network members to view potentially high-risk actions as being prudent because of the belief that their partners will not act opportunistically (Morgan & Hunt, 1994). Therefore, when both commitment and trust are present, efficiency, productivity and effectiveness will likely occur in the network relationships. Trust-based governance mechanism deters the perception of opportunism among the network members. As a result, the relational capital of the network increases, fueling the growth of the market-based assets of each organization. This willingness to trust, leads to the third research proposition:

Trust is considered the single most important variable influencing relational behavior . . .

> **Proposition 3:** The more focused the firm's global market-based strategies rivalries, the more numerous the alliance and networks relationships of a global organization aimed at effective structuring of the firm's market-based assets.

DEMAND FOR BOUNDARY-SPANNING ACTIVITIES IN GLOBAL ORGANIZATIONS FACING HYPERCOMPETITION

A major source of specific information relevant to both developing and implementing relationships in global networks (i.e., relational market-based assets) are organizational boundary spanners. Boundary spanners link an organization to its environment or other organizations by nature of their interactions with nonmembers (Thompson, 1967). Boundary-spanning communication is impera-

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tive when organizational strategies are being developed; given the boundary spanners are a source of new information and awareness of environmental changes (Weedman, 1992). Boundary spanning refers to the effective personnel interaction between an organization and other organizations and institutions in the external environment. These personnel linchpins assure an even flow of information between the two parties and improve the quality of the relationship, helping ensure the durability of the relational market asset. This vital transference of information among relational partners in global networks allows the parties to share strategic insights on the external market environment, to allow for the coordinated network strategies, and to establish a control process by which the global network can both assess its efficiency and effectiveness and modify its strategic posture continuously. When boundary-spanning managers are utilized in global relational networks, the quality of organizational market-based assets can improve, making them more difficult for competitors to replicate, particularly in the short-run (Conner & Prahalad, 1996; Teece, Pisano, & Schuen, 1997).

Dyer and Singh (1998) identify the sharing of knowledge as one of the primary assets to be derived in network relationships and one most difficult to duplicate. Von Hippel (1978) argues that a production network with superior knowledge transfer mechanisms among users, suppliers, and manufacturers will be able to "out innovate" production networks with less effective knowledge-sharing routines. This is of particular interest to global network organizations that can use this advantage to develop "momentary" market advantages in hypercompetitive markets. Boundary spanners accentuate the level of tacit knowledge and communication, thus providing the relational network with unique information and awareness of environmental changes and allowing it to make responsive changes in its strategies (Weedman, 1992).

These boundary spanners can also create a network of formal and informal communication channels and relationships that become invaluable assets in the diseconomies of time and space. Market-based assets provide the flexibility and uniqueness that are prerequisites to meet the challenges of global hypercompetitiveness. The role of boundary spanners is of increased relevance as the shift from an internal tangible resource-based perspective to an intangible market-based perspective becomes the critical means to compete based on the web of relationships. The increased demand for boundary spanners in global networks operating in hypercompetitive environments is the factor captured by the fourth research proposition:

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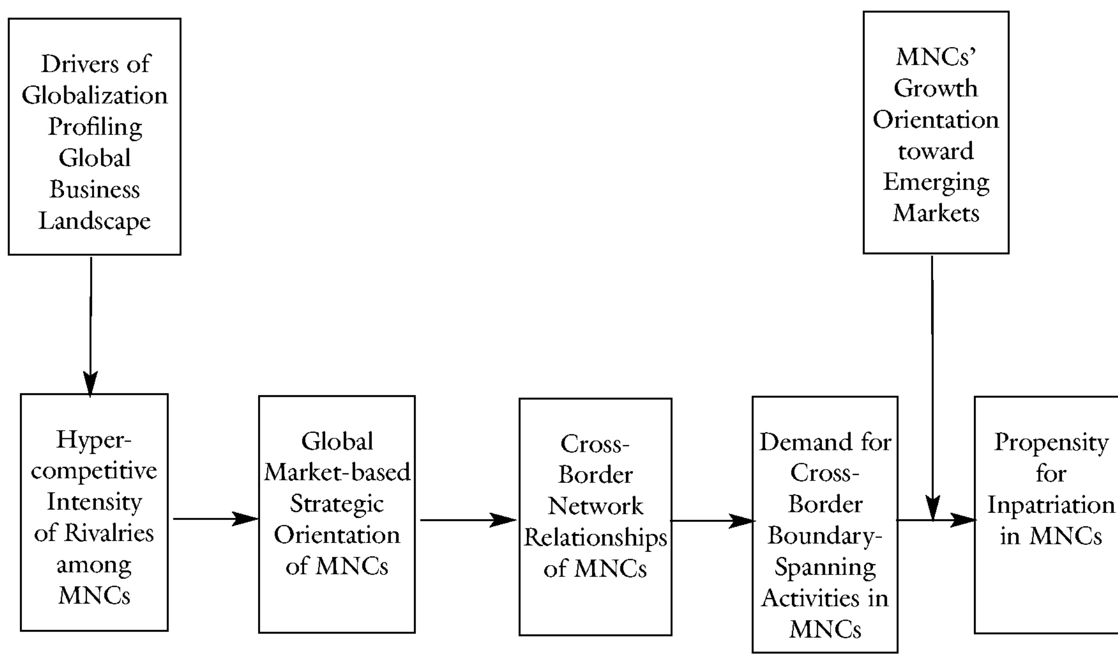
Proposition 4: The more numerous the alliance and network relationships of a global organization, the higher the demand for boundary spanning activities to support the dynamic capabilities of the firm, which are based on its market-based assets.

INPATRIATION AS STAFFING RESPONSE TO THE GLOBALIZATION OF MARKETS

The key to deriving strategies for the hypercompetitive global marketplace is the ability to attract, train, and retain a diverse managerial force that has local tacit knowledge of new markets and relational ties with key stakeholders in these markets. Such a dedicated and talented managerial pool may serve as a unique, valuable, scarce, and nonimitable resource bundle that can help the firm execute a flexible positioning strategy based on its timely committed market-based resources (Lado & Wilson, 1994), while embodying the human dimension in its architecture (Fiol, 1991; Lado, Boyd, & Wright, 1992; Hall, 1993). As a complement to the traditional pool of expatriates, a relatively new pool of global managers is created through inpatriation of managers [i.e., the transfer of foreign and third country nationals to the domestic headquarters of an organization on permanent/semipermanent basis (Harvey, 1993b)]. A model of complementary staffing with expatriate and inpatriate managers is presented in Figure 1.

Figure 1. Model of Global Hypercompetition Inpatriation in MNCs



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The composition of managerial resources becomes critical when attempting to effectively execute a globally dynamic strategy (Fiol, 1991; Lado & Wilson, 1994). The diversity of backgrounds is significant when developing and disseminating knowledge across the global organizations web of relationships. This capability is central in enhancing organizational learning, which in turn, can result in improved future flexibility (Fiol, 1991; Hall, 1993; Miller & Shamsie, 1996). Therefore, within the web of global firm's relationships in hypercompetitive environments, it is imperative to develop a diverse overseas management that has tacit knowledge relative to the strategies being developed and implemented. The development of cross-border managers and teams with a global mindset (i.e., a diverse set of experiences, perceptions, and insights into how to effectively compete in the global hypercompetitive marketplace) (Wieserma & Bantel, 1992; Taylor & Beechler, 1993) helps to insure: (1) that effective exchange relationships are developed with units and individuals beyond a firm's traditional boundaries (e.g., Bourgeois & Eisenhardt, 1988; Boeker, 1991; Porter, 1994); (2) that both strategy and context are dynamic (e.g., Barney, 1991; Collis, 1994; Levy, 1994); and (3) that value creation is emphasized rather than merely cost efficiency in the global strategy equation (e.g., Eisenhardt & Tabrizi, 1995; Stacey, 1995; Lengnick-Hill & Wolff, 1999).

. . . a talented, diverse managerial pool is needed to coordinate strategies globally . . .

The emphasis on value creation suggests striving for superiority of the firm's product or service offerings, which in turn, suggests that a talented, diverse managerial pool is needed to coordinate strategies globally, yet to adapt implementation on a local basis. In addition, the development of the web of globally dispersed external strategic relationships outside traditional boundaries of the firm requires a diverse group of boundary-spanning managers in a hyperdynamic global marketplace. Diversity in groups and teams is often portrayed as a positive force leading to effective functioning of the management team (Knight et al., 1999). Diversity supposedly leads to greater variance in ideas, creativity, and innovation, thus generating improved performance (Cox, 1993; Jackson, May, & Whitney, 1995). One specific means of increasing diversity in the management of global organizations is through the development of inpatriate managers.

The role of inpatriates, as a new staffing mechanism in globalizing the organization, is specific. Inpatriate managers play an important "linking pin" role between headquarters and the subsidiaries in the new, particularly emerging markets, that the organization is attempting to penetrate (Harvey, Speier, & Novicevic, 1999a, 1999b, 1999c). The

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inpatriate manager would be formally located in the domestic organizational structure, but would make frequent prolonged overseas trips to facilitate globalization of the firm activities. By locating the inpatriate manager in the home country, top management would not experience the loss of control generally felt and partially experienced when host country nationals with no headquarters experience are used. In addition, by having the inpatriate managers' domicile in the domestic organization, the process of multiculturalism can be activated, which contributes to the awareness of the global workforce diversity across the firm. By utilizing the subtle cultural input of inpatriates, the organization has undertaken the first strategic step in developing a multicultural strategic leadership group capable of developing a global learning organization, which is needed to compete in the global hypercompetitive marketplace effectively (Hofstede, 1980, 1984; McBride, 1992; Nemetz & Christensen, 1996; Aguirre, 1997; McMillen, Baker & White, 1997; Reynolds, 1997).

Inpatriates can provide a unique and valuable means for transferring the appropriate dimensions of the home organization's culture to the host country subsidiary. The culturally sensitive "exporting" of corporate culture (i.e., roles, norms, values, climate) to operations in emerging markets allows for social control to be exercised in an acceptable and effective manner (Schein, 1983). Rather than enforcing an "outside" organizational culture, the inpatriate's insights into the host country culture allows the organizational climate in a local subsidiary to evolve over time.

Inpatriate managers can also provide mentoring to high potential managers from host country nations to ensure a succession plan when new inpatriate managers are moved into the home country organization. It is important that inpatriates have a career path established allowing them every opportunity to become an integral component of the home country organization. To fully benefit from the multiculturalism created by the inpatriation of managers, they must be viewed as a part of the core global strategic management team and not as peripheral (Harvey, Speier, & Novicevic, 1999a, 1999b, 1999c; Harvey & Miceli, 2000).

As domestic managers need opportunities to develop international skills, expatriate managers could and should be used in conjunction with inpatriates. Continuing to provide the developmental type of expatriate assignment helps to ensure that the domestic managers can play a significant integrating role in the future of the organization. If managers were not expatriated, over time the global organization

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would become control dependent on the inpatriate mangers for their knowledge of global business (Kobrin, 1988). In addition, expatriates have to continue to play a central role in the strategic thrust of any global organization to effectively develop a core competency based upon differentiation or uniqueness of the organization's strategies (Goddard, 1997).

The need for a global experience base becomes more apparent when one considers the influence of top managements' background and their resulting corporate strategic perspective (Murray, 1989; Michael & Hambrick, 1992; Wiersema & Bentel, 1992; Shambharya, 1996). The "dominant logic," i.e., the attitudes, beliefs, and mindsets of top management, strongly influences the strategic thrust of the organization (Prahalad & Bettis, 1986). For example, career experiences in addition to functional orientation can be expected to have a significant influence on organizational outcomes (Hambrick & Mason, 1984; Stroh & Caliguiri, 1998). If domestic managers were not allowed to expatriate, their contribution to the firm's globalization strategy would be limited. The expatriates' contribution to the multicultural management team provides the control factor that most headquarters management required in the development of competitive strategy (Dadfer & Gustavsson, 1992; Granstrand, Hakanson & Sjölander, 1993; Welch, 1994). Inpatriate managers lead to the following proposition:

> **Proposition 5:** The higher the demand for boundary spanning activities in a global organization developing dynamic capabilities based on its global market-based resources, the more salient the role of inpatriates in conjunction with expatriates in the global firm.

SUMMARY/CONCLUSIONS

Frequently, global organizations have been conceptualized as either resource systems (i.e., resource-based view) or as activity systems (i.e., industrial economics), both of which lead researchers to think within a single paradigm. But, due to the irreversible trend towards globalization and the resulting global hypercompetition, the focus of many global organizations has shifted to flexible positioning in the global business landscape based on effective commitments of their market-based resources. The resulting market-based strategies entail the recalibration of organizational assets to allow their flexible commitments and the development of dynamic capabilities for dynamic positioning in the global business landscape. The management of market-oriented assets may become the primary competitive force in the twenty-first century (Day, 2000). Global organizations that

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achieve a global economy of scope (i.e., the dynamic capability to conduct business in a large number of countries employing a wide variety of business models) could become the ultimate winners as globalization of hypercompetitive rivalries among global organizations increases.

Given the growing importance attributed to the timely commitments of market-oriented assets, it becomes incumbent on human resource managers to develop pools of candidates for overseas assignments that have the ability to manage effectively the changing interface with the local environments. In the past, expatriate managers have been used as a default solution by many large MNCs striving to maintain control over the overseas operations. In an effort to identify new potential groups of candidates for overseas assignments, inpatriation has been proposed to fill this void. These managers are uniquely qualified to have market insights, yet are accepted at the headquarters organization. This staffing solution supports the development of market-oriented assets and strategic networks, while securing control over the overseas relationships.

In the past, expatriate managers have been used as a default solution by many large MNCs striving to maintain control over the overseas operations.

The future of global business may rest on finding and developing an adequate number of qualified global managers to lead the growth of global organizations in the more complex environments of emerging markets (Harvey, Speier, & Novicevic, 1999c). The gage of these managers will shift to externally focused capabilities (i.e., those of anticipatory "market awareness" and evolved relational skills to develop, maintain, and build relationships with an array of external institutions and stakeholders in host countries). The resulting market-based architecture of knowledge will thus become the ultimate value in a global organization.

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