

A STUDY OF THE IMPACT OF EXPATRIATE MANAGERS ON LOCAL MANAGERIAL CAPACITY DEVELOPMENT IN EMERGING MARKETS: THE CASE OF NIGERIA

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Abstract

This paper draws on the knowledge management and absorptive capacity theoretical framework to argue that there is a significant knowledge gap between nationals and the expatriate managers, which are important in building local managerial capacity and enhancing organizational performance in the emerging markets. The relationship between expatriates knowledge and capacity building was explored with a moderating factor of willingness to share knowledge and to some degree problems of skills adaptability to local environment. The data show that expatriates population in the study using the 9-box performance-potential grid may not necessarily be superior to all nationals but those expatriate managers with superior technical and managerial competence are essential for local managerial capacity building and development in the emerging markets. The regulatory agencies ability to monitor and ensure that only competent expatriates are employed was discussed.

Keywords: Knowledge management, human capital, managerial capacity, capacity building, expatriates' employment, performance management

INTRODUCTION

Globalization has reduced the world into a single market and the movement of labor from one part of the world to another is common. Key players such as the multinationals freely move people across the globe to meet technical and managerial personnel requirements. This demand in people movement is considered more critical in the emerging markets where it is generally assumed that both managerial and technical capacity is low. In Nigeria for example, while there are high numbers of graduates without job, employers have continued to import expatriates into the country because of complaints that technical skills of Nigerian graduates have deteriorated over the past decade (Dabaleni, Oni and Adekola, 2000). The objective of such manpower importation is based on the assumption that the ability to constantly exploit the global knowledge is a critical component of competitive advantage. Governments' approval for the importation of expatriates is often hinged on the premise that such appointments were temporary or fixed time in nature and that expatriates are obligated to develop the expertise of nationals as a key requires for expatriate quota application in Nigeria. Experience seems to suggest that key top and senior management positions in majority -if not all- major companies and Groups in Nigeria are filled by expatriates.

The Nigerian enterprises promotion decree of 1972 and 1977 were repealed and replaced by Nigerian investment promotion decree 16 in 1995, which sought to liberalize business ownership and operations. Foreigners have legal rights to own 100% of business in Nigeria, which was one of the initial pivotal policy drives of the Obasanjo's government to encourage inflow of direct foreign investment to Nigeria. Many of the companies started a buyout of Nigerian shares and new companies

have no obligation for local participation. A new trend that soon emerged and continues to grow is that key management positions that were filled by nationals started to be either made redundant or replaced by foreigners. There were a number of cases where Nigerian top management executives challenged the qualifications and competency levels of their expatriate boss leading to conflicts that were always settled by the boards of directors in favor of expatriates. While there is no immediate data to support, it is widely known that recent positions occupied by expatriates in the Nigerian private sector organizations are no longer limited to technical positions but include marketing, finance and human resources that hitherto under the Nigerian enterprises promotion Act were reserved for nationals. An emerging career ceiling for highly qualified and competent Nigerian professionals is becoming a major concern except for some Nigerians that have dual citizenship recruited from outside the country as experts. Some notable multinational groups have not made any executive board appointment for Nigerians since 1999. This position is opposed to the period between 1980 to 1999 when all executive directors in most of the multinational corporations. One major defense that has been used by the multinational corporations was lack of available competent Nigerian managers.

The strategic oil industry is one area that existing legislation attempt to control the recruitment of expatriates with some data to backup implementation. For example, in the Oil and Gas sector an attempt to regulate the size of foreign managers was included in Section 32 of the Nigerian Oil and Gas Industry Content Development Act, which stipulates that for each of its operations, an operator or project promoter may retain a maximum of five percent of management positions as may be approved by the Board as expatriate positions to take care of investor interests. The Progress Report of the Nigerian Content Development and Monitoring Board for 2014 revealed that in the first quarter of the year, out of 2,567 expatriate quota applications, only 1,032 were granted, while 1,113 were rejected. The Federal Government objective was to use the Nigerian Content Act to promote the development and utilization of local capacity, create employment for Nigerians in the oil and gas industry and drive the development of other sectors of the economy hence, companies operating in the industry and applying for expatriate quota are expected to show that the skills sought for are not available in country.

The objectives of the Expatriate Quota Policy include, filling the gap of inadequate supply of manpower, training of local manpower, attracting foreign investment and achieving transfer of technology, whereby two Nigerians are understudy of an expatriate position. The process has been grossly abused and corrupted by the operators not only in the oil and gas sector but generally by foreign companies that applies for technical and project quota positions only to use the positions for functions such as marketing, finance and human resource management. While government makes it compulsory for monthly expatriate returns that usually detail the quota position and the expatriate's detail occupying each position, there is no official monthly returns requirement for Nigerian understudy for each of the positions. As a consequence of poor control and supervision by regulatory authorities, quota returns are mostly inaccurate and the objective of capacity development grossly undermined.

The primary focus of this paper is to examine whether the appointment of expatriates will enhance local managerial capacity building that may lead eventually to adequate local technical and managerial competencies required to effectively and efficiently manage the large and medium size multinational companies operating in Nigeria.

STATEMENT OF PROBLEM

Knowledge is a key resource that firms must acknowledge, manage, and integrate to grow and create sustainable competitive advantage (Conner & Prahalad, 1996; R. M. Grant, 1996; Gupta & Govindarajan, 2000). Knowledge transfer, the process through which one unit (e.g., individual, group, department, or division) is affected by the experience of another (Argote & Ingram, 2000), is fundamental to organizational performance (van Wijk, Jansen, & Lyles, 2008). Within business and knowledge management, two types of knowledge are usually defined, namely explicit and tacit knowledge. The former refers to codified knowledge, such as that found in documents, while the latter refers to non-codified and often personal/experience-based knowledge (Nonaka, 1994). In practice, all knowledge is a mixture of tacit and explicit elements rather than being one or the other.

Specifically, the use of expatriate capabilities for knowledge transfer has been recognized as an important mechanism to monitor and evaluate the activities and behaviors within the subsidiary

(Tung, 1993; Harzing, 2001b). For instance, multinational companies in sectors like banking, oil and gas and telecommunication, manufacturing prefer to appoint their own foreign executives as a way of protecting their interests and to transfer corporate knowledge and develop operations abroad in a manner consistent with their values and objectives. This in turn through the accumulation, development, and reconfiguration of the organization's unique resources, capabilities and knowledge creates a competitive advantage (Cater, 2005).

These expatriates are sent to a foreign country with the intent to control their operations and to provide technical and administrative services (Jun, *et al.*, 2001). Existing literature recognizes many advantages of staffing these subsidiaries with expatriates over host country nationals. Compared to their locally hired counterparts, expatriates are generally believed to have a better understanding and a greater commitment to overall corporate goals (Doz & Prahalad, 1986; Kobrin, 1988). Expatriates' familiarity with the corporate culture and the control system of headquarters would result in more effective communication and coordination (Scullion, 1994) and are effective in replicating existing organizational specificities and the operating procedures in headquarters in the subsidiaries (Rosenzweig & Singh, 1991).

According to Dowling and Welch (2004) the other advantages of using expatriates for business abroad include the aspect of organizational control and coordination. Expatriates are better equipped with an understanding of the values, attitudes and priorities of the headquarters, (Phatak *et al.*, 2005) as well as familiar to the products and procedures of the company (Deresky, 2003). They further add that expatriates contribute to the establishment of company objectives and policies in foreign subsidiaries. In comparison to local managers, expatriates are generally better equipped for training local workers in new technology as well as corporate systems (Hutching, 2002). In addition, Collings *et al.* (2007) suggest that organizations understand that the use of people they know and who are integrated in the organization, when positioning people abroad is beneficial for them and especially when looking at minimizing organizational problems. There is a level of trust between these individuals and their superiors and it is more likely that they will strive for the organization's best interest in comparison to local managers.

A major concern in this study is to find out whether there are real significant differences in expatriates and local managerial competencies as well as to determine if expatriates appointments actually lead to managerial capacity development for local managers? Specifically, to:

1. examine the effect of expatriate managers on managerial capacity development in Nigeria.
2. examine how expatriates differ in terms of skills, knowledge and ability as measured along a performance-potential grid
3. establish the effect of expatriate capabilities on knowledge transfer and
4. Finally to offer suggestions for the solution of the problems of managerial capacity development in Nigeria and consequently, it should therefore be possible to reveal that if all expatriate managers have superior technical and managerial competencies when compared with those of the national managers they are likely to rate as superior over the nationals using the same assessment of potential-performance along a classification grid.

LITERATURE REVIEW

Capacity Building

Capacity building has been defined in several ways for example; Sanusi (2002) identifies it as the development of a workforce through the acquisition of technical and managerial efficiency and effectiveness in the overall performance of an organization. Capacity building could be interpreted as improvement in individual skills, knowledge and capabilities, strengthening of institutions, coherence in public policymaking and implementation and promotion an enabling environment for people and organization (Saussier, 2004). Capacity according to PEPFAR (2012) is defined as the ability of individuals and organizations or organizational units to perform functions effectively, efficiently and sustainably. On the other hand, it defines capacity building as an evidence-driven process of strengthening the abilities of individuals, organizations, and systems to perform core functions sustainably and to continue to improve and develop over time. Enhancing the leaning of the individual and groups in a way that boosts their ability to deliver sustainable superior performance is to build capacity (Utomi, 2003).

The UNDP defines capacity building as a long-term continual process of development that involves all stakeholders; including ministries, local authorities, non-governmental organizations, professionals, community members, academics and more. Capacity building uses a country's human, scientific, technological, organizational, and institutional and resource capabilities. Capacity building comprises human resources development, organizational strengthening and institutional strengthening of which education is a part and parcel (Varies and Beerens, 2002). The human resources development focuses on the supply of technical and professional personnel. According to Obadan (2005), the human dimension of capacity building is the process by which a nation develops and increases its human resource capabilities through the inculcation of relevant general and technical knowledge, skills and competencies to efficiently realize set goals. The aspect of organizational strengthening will focus on strengthening the management capacity of organizations, ensuring that the principles of strategic management are emphasized. The focus of the institutional strengthening places the organization at a point where it is able to develop and negotiate appropriate mandates *modus operandi* as well as appropriate legal and regulatory frameworks aimed at ensuring that they accomplish their set objectives (Oni, 2005). Thus the process of upgrading of human attributes that result in more effective and efficient outcomes through improved deployment of knowledge, creativity, systems and processes takes place at several levels which include primarily the individual, group, organizational and system levels.

Expatriate Managers and Knowledge Transfer

The expatriation literature frequently cites the need to transfer resources abroad as a primary reason for expatriating capable home-country nationals to foreign affiliates (Dowling *et al.*, 1994). MNCs use competent expatriates as a means of organizational development, aimed at increasing knowledge transfer within the subsidiary processes (Harzing, 2001b) through a “contagion” effect from the more advanced technology and management practices used by foreign firms (Findlay, 1978). De Gregorio (2003) adds that Foreign Direct Investment (FDI) may also bring in expertise that the country does not possess through which technological and managerial knowledge that is not readily available to domestic investors can be transferred.

For the transfer to be successful, mechanisms based on human resources are relied on (Nonaka & Takeuchi, 1995). Consequently, expatriate capabilities are a legitimate way of transferring embedded knowledge (Downes & Thomas, 2000). Expatriates with a given set of capabilities are employed in the MNCs as vehicles for the knowledge transfer from one unit to the other (Minbaeva, 2003). According to Downes and Thomas (2000) and Bonache and Brewster (2001) the greater the number of expatriates in a subsidiary, the more the knowledge that can be transferred as such, the practice of employing expatriates may be a strategic move on the part of MNC to increase the international experience and knowledge base of present and future managers (Boyacigiller, 1991). Thus, expatriation is a tool by which organizations can gather and maintain a resident base of knowledge about the complexities of international operations.

THEORETICAL FRAMEWORK

There is a theoretical paucity in the arena of capacity building. The lack of appropriate capacity building theory is creating a dilemma in its practical application. Eade (1997) suggested that our lack of an adequate theory of capacity building reduces our own capacity to engage in the practice. Capacity Building is much more than training and includes the human resource development, the process of equipping individuals with the understanding, skills and access to information, knowledge and training that enables them to perform effectively. Although most of the work on adaptive capacity (IPCC, 2001) relates to ecology, we adopt the context to include the potential capacity, or ability of a system to adapt to change stimuli or the effects of impacts viewed in the context of this study on the ability of national managers to adapt imported technical and managerial skills. In principle adaptive capacity has the potential to reduce the managerial gap or to increase its benefits while capacity building assumes that the expatriates have superior levels of competencies and are willing to transfer them to the national understudy managers.

RESEARCH DESIGN

The study adopted a cross sectional design which was quantitative in nature. It involved descriptive and analytical research designs to establish whether the changes in the independent variables affect the dependent variable. The independent variables were expatriate capabilities, knowledge transfer and competitive advantage while the dependent variable was managerial capacity development. We adopted a standard structured questionnaire for the primary data and a secondary data from the 2013 record of the performance evaluations based on the 9-box performance-potential matrix of a major multinational Group with cross business activities in all regions of the country. The data provide a platform to compare the performance of both local and expatriate managers in the sample. We used Chi Square to investigate the relationship and effects of each independent variable on the dependent variable of study in the Statistical Packages for the Social Sciences (SPSS vs. 17).

STUDY POPULATION

The study population comprised of expatriate managers of multinational companies (MNCs) given the fact that they attracts a sizeable concentration of expatriate managers in Nigeria and covers manufacturing, retails and services, telecommunication, oil and gas, and construction companies.

The Chi-Square (χ^2) as a non-parametric statistical tool is the analytical technique used in this study. It is of two types. There is the Chi-Square test of independent and homogeneity and there is the one that tests the goodness of fit. In each of the situations the procedure involves the comparison of expected and observed frequencies. In this study, the Chi-Square (χ^2) of goodness of fit would be employed.

Level of Significance

For the study, the level of significance is fixed at 0.05 alpha levels. This implies that the researcher is 95% confident that the decision taken is correct.

PRESENTATION, ANALYSES AND INTERPRETATION OF DATA

Table 1: Frequencies in Percentile of Respondent answers to questions

	Questions	No	Percentage [%] Distribution of Responses					Total %
			Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree	
1	Expatriates are better equipped than nationals to train local managers	40	42.5	30.0	12.5	10.0	5.0	100.0
2	I always transfer appropriate up-to-date knowledge and skills	40	52.5	47.5	0.0	0.0	0.0	100.0
3	I possess superior managerial and technical skills than the local managers	40	27.5	22.5	17.5	12.5	20.0	100.0
4	Language problems are a major source of frustration and dissatisfaction to expatriates	40	25.0	45.0	20.0	7.5	2.5	100.0
5	I normally exchange my knowledge and experience with local managers	40	32.5	40.0	7.5	10.0	10.0	100.0
6	I always provide feedback to others whenever I attend conferences and exhibitions	40	22.5	37.5	10.0	17.5	12.5	100.0
7	Organizational success is contingent upon expatriates ability to disseminate knowledge to locals	40	25.0	32.5	15.0	15.0	12.5	100.0
8	Appropriate incentive structures and proper knowledge transfer mechanisms are in place to ensure swift dissemination of knowledge to local managers	40	17.5	25.0	20.0	25.0	12.5	100.0
9	Technology and other techniques are always used to transfer knowledge to local managers	40	35.0	20.0	10.0	15.0	20.0	100.0
10	The organization identifies areas of skills and development for local managers	40	35.0	27.5	7.5	25.0	5.0	100.0
16	There are sufficient justifications for the replacement of managers for expatriates	40	20.0	32.5	15.0	17.5	15.0	100.0
11	Local managers have adequate training and technical skills to perform their functions well	40	12.5	20.0	17.5	32.5	17.5	100.0
12	The organization gives greater priority to the development of local managers capabilities	40	22.5	37.5	15.0	10.0	10.0	95.0
13	Trained local managers do not possess satisfactory technical and managerial skills	40	27.5	30.0	5.0	22.5	15.0	100.0
14	There is significant differences in the skills and knowledge of expatriates and local managers	40	22.5	35.0	10.0	20.0	12.5	100.0
15	There is no significant impact of capacity development of local managers	40	22.5	27.5	10.0	25.0	15.0	100.0
16	The expatriate managers bridge the managerial capacity requirement in the country	40	25.0	35.0	15.0	20.0	5.0	100.0

17	Expatriates capabilities and experience usually affect improves the performance of local managers	40	22.5	37.5	7.5	20.0	12.5	100.0
18	Local managers' performance effectiveness level is a valid measure of success of knowledge transfer	40	30.0	37.5	5.0	17.5	10.0	100.0
19	Management supports local managers' involvement in learning activities	40	20.0	15.0	12.5	30.0	22.5	100.0
20	Management actively seeks to address under-performance of local managers	40	20.0	37.5	15.0	12.5	15.0	100.0
21	The organization uses growth as a measure of managerial performance effectiveness	40	35.0	35.0	0.0	22.5	7.5	100.0

TESTING OF HYPOTHESES

Hypothesis 1

H₀: There are sufficient justifications for the replacement of Nigerian managers for expatriates

Chi-Square Test

There are sufficient justifications for the replacement of Nigerian managers for expatriates

	Observed N	Expected N	Residual
Strongly Disagree	2	8.0	-6.0
Disagree	10	8.0	2.0
Not Sure	3	8.0	-5.0
Agree	11	8.0	3.0
Strongly Agree	14	8.0	6.0
Total	40		

Source: *Field Survey, 2014*

Test Statistics

	There are sufficient justifications for the replacement of Nigerian managers for expatriates
Chi-Square	13.750 ^a
Df	4
Asymp. Sig.	.008

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 8.0.

Interpretation of Results

The table above gives a chi-square value of 13.750 with 4 degree of freedom and p-value of 0.008, which is considered less than 0.05. Hence we reject the null hypothesis at 5% level of significance and accept the alternative hypothesis. We therefore, conclude that there are sufficient justifications for the replacement of Nigerian managers for expatriates.

Hypothesis 2

H₀: The expatriate managers meet the local managerial capacity development in Nigeria

Chi-Square Test

The expatriate manager meets the local managerial capacity development in Nigeria

	Observed N	Expected N	Residual
Strongly Disagree	2	8.0	-6.0
Disagree	8	8.0	.0
Not Sure	6	8.0	-2.0
Agree	14	8.0	6.0
Strongly Agree	10	8.0	2.0
Total	40		

Source: *Field Survey, 2014*

Test Statistics

	The expatriate managers meet the local managerial capacity development in Nigeria
Chi-Square	10.000 ^a
Df	4
Asymp. Sig.	.040

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 8.0. The table above gives a chi-square value of 10.000 with 4 degree of freedom and p-value of 0.040, which is considered less than 0.05. Hence we reject the null hypothesis at 5% level of significance and accept the alternative hypothesis. We therefore, conclude that the expatriate managers meet the local managerial capacity development in Nigeria.

Hypothesis 3

H_0 : I possess superior managerial and technical skill than the local counterparts

Chi-Square Test

I possess superior managerial and technical skills than the local counterparts

	Observed N	Expected N	Residual
Strongly Disagree	8	8.0	.0
Disagree	5	8.0	-3.0
Not Sure	7	8.0	-1.0
Agree	9	8.0	1.0
Strongly Agree	11	8.0	3.0
Total	40		

Source: *Field Survey, 2014*

Test Statistics

	I possess superior managerial and technical skills than the local counterparts
Chi-Square	16.500 ^a
Df	4
Asymp. Sig.	.035

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 8.0.

Interpretation of Results

The table above gives a chi-square value of 16.500 with 4 degree of freedom and p-value of 0.035, which is considered less than 0.05. Hence we reject the null hypothesis at 5% level of significance and accept the alternative hypothesis. We therefore, conclude that expatriates assert that they possess superior managerial and technical skills than the local counterparts. How does the self-assessment match up to actual performance-potential classification of locals and expatriate managers? We relied on the 9-box potential-performance grid assessment of Nigerians and Expatriate managers in one of the multinational groups that has a history of operating in Nigeria for over 80 years that adopts expatriation of key positions in management, finance, operations, marketing, property and technical positions.

Table 2: Percentage Distribution of Managers Using the 9-Box Matrix

9-Box Classification of Performance-Potential Ratings	Exceptional Talent	High Performers with potential	High Performer	Talent	Performer with Talent	Performer	Potential Talent	Potential Performer	Under performer	Too early to Measure
% of Nigerian Managers n=260	5.88	5.88	11.76	5.88	17.65	5.88	11.76	11.76	11.76	11.76
% of Expatriate Managers n= 32	0.77	10.38	11.15	10.77	25.38	13.85	2.69	8.85	5.77	10.38

Source: 2013 PDF data for a Multinational Group in Nigeria

Performance in the 9-box was assessed based on technical skills, abilities and subject matter knowledge in job related field; ability to develop and maintain working relationships which incorporate the Group values while Potential incorporate the ability or capacity for growth and development into a leadership role and leadership is defined as one who guides, directs, influences and shows the way to others which underlie capacity building. The data showed that the distribution of managers performance for the top three levels of managerial performance and potentials show similar distribution with more Nigerians classified to be exceptional performers (i.e., 5.88%) than expatriate managers (i.e., 0.77%). There were more percentages of expatriates classified as high performers with potentials (10.38%) than Nigerian managers in the same sample 5.88% while both groups show similar distribution (i.e., 11% > but <12%) of managers with high performers. However, we also observe that 16% of the expatriates were low performers and they are not likely to possess the competencies that could actually develop the capacity of Nigerians where management as in this case found them to be less competent and productive in their jobs.

IMPLICATIONS OF FINDINGS

This research project primarily focused on the expatriate managers and to assess their effect on managerial capacity building in Nigeria. Multinational companies in Nigeria have been chosen as a research field for this study. The study population comprised of expatriate managers of multinational companies (MNCs) given the fact that it attracts a big portion of expatriate managers in Nigeria. This consists of registered MNCs such as telecommunication, oil and gas, and construction companies.

The study results support other research findings and literature on knowledge transfer that shows that implicit capacity building of local managerial capacity is highly dependent on the ability and willingness of expatriates to disperse skills, know-how, and capabilities in the existing knowledge base and new technology, in order to foster the transfer of new knowledge to local managers that could impact on capacity building process (Cantwell, 1995; Musasizi, 2010).

The results of the responses and test hypotheses showed a significant and positive relationship between the expatriate capabilities and knowledge transfer. This implies that the greater the capabilities of the Expatriate in terms of possession of technical skills and their willingness to share such with their subordinates, the more managerial knowledge will be transferred. The findings also showed that expatriates possess superior managerial and technical skills than the local counterparts. This is in agreement with Downes and Thomas, (2000) who assert that expatriate capabilities are a legitimate way of transferring embedded knowledge and thus Expatriates with a given set of capabilities are employed in the MNCs as vehicles for the knowledge transfer from one unit to the other (Minbaeva, 2003).

The findings discovered that the expatriate managers meet the local managerial capacity development in Nigeria. This relationship is enhanced by the fact that knowledge is transferred to local managers only if the expatriate transferring the knowledge has superior skills as compared to the local managers which he or she is willing to transfer and thus local managers would be more willing to learn from the expatriate. Both Delios and Bjorkman (2000) and Tsang (2001) also show that in the knowledge function that expatriates play, the greater knowledge and skills the expatriates possess, the greater knowledge and skills will be transferred to foreign subsidiaries. However, expatriates who are useful and valuable to overseas affiliates must have the genuine desire to impart years of hard-earned professional know-how to local employees and commit to localization (Rogers, 1999).

Furthermore the results of this study seem to sufficiently justify the expatriation of some jobs in Nigeria but what has not been shown is the degree of this justification and which positions better gained from expatriation. Some of the reasons are assumed under the corporate policies of the corporations and the legal framework under which approvals are obtained. However a major argument is the quality of local manpower whether this is adequate or inadequate. A general assumption is that quality of education has declined but a sizeable proportion of local unemployed population is graduates of overseas universities that may query the generalization of this assumption. Another assertion to justify the large inflow of expatriates is the productivity gap, which was seen to be higher amongst the expatriates than Nigerian managers. The distribution of the 9-box matrix that actually bear result on the performance-potentials of the managers does not give a conclusive proof of the productivity gap between the two groups, rather Bwala and Irefer (2012) highly controverted the productivity argument.

CONCLUSION

The study revealed a positive and significant relationship between expatriate managers and managerial capacity development in Nigeria. This implies that the more capable the expatriate management is the more managerial capabilities and efficiency will be transferred within the host country managers. These capabilities are in terms of experience gained over time, knowledge and skills in managerial, technical and technological aspects. However these are combined with their willingness to share the knowledge and to a less extent, adaptability to the current environment.

Given the findings that expatriate capabilities positively and significantly impact on the performance of MNCs, it means that MNCs gain a competitive edge over their rivals based on the quality of their human resources. The primary reliance on experienced and technically skilled expatriates in key managerial positions by the multinational groups is a key source of strategic competitive advantage.

Findings further showed that capacity building through knowledge transfer from expatriate managers is interrelated. This suggests that when the expatriate managers in this study work with and through the indigenous to accomplish assigned tasks, they build capacity for the local managers since they are fully involved in the activities of the management. Through this they get knowledge from the

experienced management hence ensuring that all human resources can add positive value to the economic development of the country and not management alone. However, when translated to on the job performance-potentials, the difference is less defined. This suggests that the recruitment process of expatriates must be thorough to ensure that only those with adequate skills and motivation to perform at a high level are recruited. Organizations must also be committed to a program of capacity development for local managers and make this a part of the assessment evaluation for the expatriates. Regulatory bodies responsible for quota approvals must also ensure that each expatriate position have identified local understudy with proviso for maximum years the quotas can be renewed for each positions. The current practice lacks quality checks that would promote the capacity development of Nigerian managers through the expatriation policy.

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