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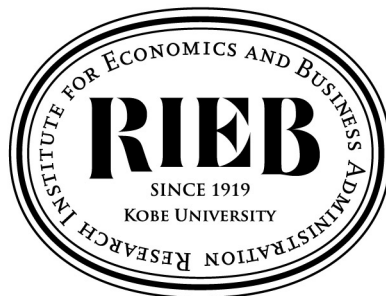
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**Work Practices of German
Expatriates in Japan during
Covid-19 Pandemic Situation**

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Abstract

By interviewing several German expatriates in Japan, the author received a general picture of their experiences and the status quo of the pandemic situation in the country. Since the spread of Covid-19, the majority of German expatriates in Japan were forced to work from home. With almost zero in-person contact with local managers, expatriates reported that it was difficult for them to have a direct impact on the performance of their subsidiaries. A further concern was that the number of expatriations was expected to decline in the near future. This was because their headquarters would have realized that by communicating with subsidiaries through the electronic media directly from headquarters, there could be substantial cost savings (at least for the short-term).

In applying the principal-agent theory and network theory, it became apparent that expatriates were facing a challenging situation in the current pandemic. Whereas relationships with headquarters were strengthened, networking with local Japanese managers tended to be weak or even non-existent. However, expatriates may become even more efficient in the future because electronic communication with headquarters leads to streamlined procedures, enhanced performance and better financial results. Earlier research indicated that it was important to have adequate overlap time for incumbents to acquaint successors with the local business so that there would be a smooth and successful transfer. In view of the Covid-19 pandemic, it might be necessary to increase this time span.

Work Practices of German Expatriates in Japan during Covid-19 Pandemic Situation

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1. Introduction

The deadly effects of the Covid-19 pandemic have been felt all over the world in terms of human losses and serious damage to the economy. Although the rollout of vaccines had initially raised hopes that the pandemic would be brought under control, new variants of the virus had caused new surges of infections. At the time of writing (April, 2021), the pandemic in Japan was still ongoing and even spiking, with Osaka asking the central government to declare a “State of Emergency” (Japan Times, 2021). Taking such a situation into consideration, this research revolved around the Covid-19 pandemic in Japan, focusing on German expatriates at Japan-based subsidiaries.

Two theories were applied to explain the situation of German expatriates in Japan. The principal agent theory was used in the discussion on conflicts of interest (Jensen and Meckling, 1976), especially regarding information asymmetry that could be attributed to the incompetence of expatriates (Bebenroth and Froese, 2020). The second theory, viz. the network theory, was used to explain differences in expatriates’ behaviors that were impacted by the Covid-19 pandemic. Because Covid 19 is new, there has been no research on its dire effects on Japan, especially with regard to the working style of German expatriate managers in Japan. Accordingly, the following research questions were formulated:

1. How does the Covid-19 pandemic affect German expatriates in Japan?
2. How might German MNCs change their policies concerning expatriate assignments when the pandemic ends?
3. How might the overlap time of the incumbent and successor be affected?

Data were collected from interviews with six German managers who were on assignment in Japan at the time of the study. Each interview lasted around 1.5 hours and was undertaken via skype or zoom. The study period was from the end of December 2020 until the end of March 2021. Several propositions were made regarding the duration of overseas assignments, successions and the overlap time of the incumbent and successor.

The paper is organized as follows: The Covid-19 pandemic situation is investigated from the perspective of German expatriate managers. The principal-agent-theory and network theory are discussed and their application in the study context explained. After the new expatriate working style has been examined, the focus is on the overlap time of incumbents and successors. A conclusion is drawn at the end of this paper.

2. Covid-19 Situation

2.1. Covid-19 Situation in Japan

Overall, Asian countries had relatively fewer cases of Covid-19 infection caused by the SARS-CoV-2 virus compared to the US, Europe and other parts of the world, e.g., Brazil (Watanabe, 2020). Strategies to combat the virus infection also differed in Asian countries. While Singapore and Hong Kong implemented rapid and strict quarantine rules and contact tracing, South Korea undertook early mass testing and quarantine measures. Japan neither engaged in extensive testing nor enforced strict contact tracing. The Japanese government also did not impose strict lockdown measures similar to those implemented in Germany, Italy or the UK. The Japanese way of lockdown was (and still is today) referred to as a “state of emergency”. From the first lockdown period from April 7 to May 25, 2020, a reduction in contact rate of 80% was deemed necessary to control the outbreak (Kuniya, 2020). For instance, Japanese restaurants were advised to close after 18.00 in the evenings.

Historically, the Japanese government could only request shop owners to close as it had no legal authority to mete out punitive measures to those who did not comply with government guidelines. In Osaka, for example, several pachinko parlors did not comply with governmental requests to close temporarily. It was reported that the local government in Osaka saw no other choice than to publicly name and shame those defiant pachinko parlors to force them to abide by the government guidelines (Asahi Shimbun, 2020). Nevertheless, it was necessary to provide appropriate information to encourage people to change their behavior (Watanabe and Yabu, 2020). With the worsening pandemic situation, a so-called Covid-19 virus law was passed on Jan. 21st 2021 to enable the government to take action against shop owners who refused to comply with government guidelines regarding Covid-19 restrictions (Nippon, 2021).

A relatively moderate rate of infections and a low death rate had been reported for Japan. For example, until 25th 2021 there were 8.929 people reported who died in Japan connected to Covid-19. It was almost one tenth the number in Germany that was reported at 75.212 (Coronavirus Tracker, 2021). However, even if the number of infected citizens in Japan remained comparatively low, the Japanese government, institutions and its citizens were very concerned about the impact of the Covid-19 pandemic. For instance, the pandemic had led to a higher rate of depression as acknowledged recently by Japanese researchers (Yamamoto et al. 2020). Actually, the small number of infections is a surprise to people who are not very knowledgeable about Japan. The country has a high population density in Tokyo and some other regions such as Kansai (over 6,100 persons /km² in Tokyo). Also, there is a large percentage of elderly citizens, and therefore, many high-risk individuals over 65 years of age (about 26%). Insiders to Japan, however, know that Japanese are very amenable to social distancing, and that they have been wearing face masks long before the outbreak of the Covid-19 pandemic. There are several explanations for this. For example, every year, influenza makes it necessary for millions of Japanese to wear masks in order not to infect or be infected by others. Also, each spring is hay fever season in Japan. Many Japanese wear masks during this period because they are allergic to pollen from pine trees (Iwasaki and Grubaugh, 2020). Therefore, the practice of wearing face masks in public is quite widespread.

The Covid-19 pandemic situation has naturally also affected the working behavior of German expatriates who are currently on assignment in Japan. When interviewed, several expatriates expressed surprise about the Japanese government's way of dealing with the pandemic situation. As an illustration, the German expatriate Interviewee No. 4 expressed his feelings on governmental restrictions:

“Es geht hier kein Ordnungsamt rum oder sonst was und verteilt Strafzettel oder Bussgelder oder hast Du nicht gesehen. Das Ganze funktioniert hier in Japan sehr stark ueber den Sozialdruck. Man muss sagen, dass Japaner aus meiner Sicht deutliche diszipliniertes sind und Maske tragen“.

2.2. Re-entry restrictions

As an island country in the early stages of the pandemic, the Japanese government thought that the situation could be brought under control by limiting physical cross-border travel. Restrictions were placed on foreigners' entry to the country after April 7th 2020, and again recently before Olympic Games are due to start in Tokyo in July (Japan Times, 2021). Unlike in other G7 countries and even OECD countries, this ban not only affects tourists or short-term visitors to Japan, but also long-term residents in Japan; they are the ones who work and pay taxes in Japan (Bekes, 2020).

Interviewee No. 2, a locally hired German who was a top manager at a German firm in Japan reported that he went back to Germany in September 2020 for a four-week period. He made this trip to Germany as he had expected even greater difficulty in re-entry after autumn because of a possible new increase in Covid-19 cases in Japan. In contrast, Interviewee No. 3, who had been expatriated to Japan for a 3-year period, decided not to leave the country in the summer of 2020. His decision was based partly on quarantine measures that were imposed on travelers returning to Japan. Therefore, Interviewee No. 3 decided not to leave Japan as he did not want to spend three days being quarantined in a hotel assigned by the airport, and then a further 11 days in isolation at home (provided he tested negative for Covid-19).

The travel ban for residents and professionals was pivotal to this research. At the beginning of the pandemic, foreign expatriates in Japan had the option either to continue their assignment or leave Japan before departure became logistically difficult. All the 6 German interviewees did not use this exit option; they continued to stay in Japan. Interestingly, Japanese government officials had long argued that there were not enough testing capacities available, and hence they felt they were justified in imposing restrictions on the re-entry of non-Japanese and other professionals to Japan from early May 2020. As Japanese returnees did not face any quarantine for the first few months of the pandemic, there were complaints from the foreign community in Japan of discrimination against non-Japanese (Bekes, 2020). These days, however (April 2021), Japanese returnees have to be quarantined, just like any foreigner.

3. Theories

The investigation of the Covid-19 pandemic situation of German expatriates in Japan was underpinned by two theories, viz. the principal agent theory and the network theory.

3.1. Principal agent theory

The principal agent theory is one of the most adopted theories in studies of organizational behavior (Eisenhardt, 1989; Bebenroth and Froese, 2020; Wiseman, Cuevas-Rodríguez, & Gomez-Mejia, 2012). The theory provides solid grounds to explain organizational changes, expatriate staffing, and leadership successions (Giambatista et al., 2005; Gong, 2003; O'Donnell, 2000). In a nutshell, the principal agent theory describes the relationships between principals (owners) who delegate work to agents (managers). The theory suggests that the delegation of work causes goal incongruence through conflict of interests and information asymmetry. This leads principals and agents to run into moral hazard as they have different goals in the pursuit of self-interests to maximize their own benefits (Jensen and Meckling, 1976). Economic incentive misalignments can occur between headquarters (as the principal) and its foreign subsidiaries (as agents) (Brock, Shenkar, Shoham, and Siscovick, 2008), between expatriates (as agents) and headquarters (as the principal), or between expatriates (as principals) and local managers (as agents). This dilemma of goal incongruence, however, can also result from incompetence of expatriates as agents, i.e., their performance does not meet the expectations of headquarters (Bebenroth and Froese, 2020).

In this study, the principal-agent theory was applied in the investigation of the relationships between expatriates and headquarters, and with the locals as well. The theory was also used to ascertain how much the working situation had changed for expatriates. It must be pointed out that it is not a new issue that expatriates have to adjust or adapt to local conditions for every appointment at a subsidiary in a little-known country. However, for the local Japanese, before the outbreak of the pandemic, it had always been rather routine to have expatriates coming to their offices, especially at subsidiaries of bigger German firms in Japan; expatriates were routinely replaced by other (new) expatriates from the headquarters (Bebenroth and Froese, 2020). Hence, for Japanese locals at the subsidiary, the introduction of a new boss from Germany had always been a routine procedure, as was familiarizing him/her to the new working environment. Even family and housing arrangements for the expatriate manager were seen as routine processes to be carried out by the Japanese employees.

However, with the Covid-19 pandemic still posing a public health hazard, most German expatriates in Japan spend most of their working hours in their home office. They have hardly any contact with the local (Japanese) managers. Theoretically, different misalignment incentives evolve, with headquarters having more contact and also more control over their expatriate managers as there is much more contact via Zoom or other electronic media. As the relationship between expatriates and local managers weakens, it is more difficult to follow what Japanese managers do at the

office or at their homes from where they work, especially when expatriates use Zoom or Skype meetings with their local managers. It is difficult to understand them, to build trust in them, or to even exert control when there is a lack of physical presence/contact between expatriates and local managers/employees. As the author could not find any expatriate who arrived in Japan later than April 2020, the data were based on his own network of expatriates. Moreover, none of the interviewed expatriates knew about any case of succession after the outbreak of the Covid-19 pandemic.

3.2. Network theory of expatriates

There is a long tradition demonstrating that a good network is fundamental for success in business. It is not yet clear, however, if wider but weak network ties or just a few but strong ties are better for the firm's performance (Granovetter (1973). The idea that numerous weak network ties can outperform few but strong ties has been brought up as the so-called weak ties theory (Granovetter, 1973). Expatriates are aware that their advantage lies in having a strong network with headquarters. Many German companies send their managers to Japan to keep a strategic connection with their subsidiaries (Bebenroth and Pascha, 2008; Bebenroth, Pascha and Schuermann, 2007). Furthermore, these expatriates serve local subsidiaries even after they return to the headquarters, as mentioned by Interviewee No. 6.

“Also wertvoll ist immer die Verbindung und das Netzwerk ins Headquarter. Dann natuerlich die Eigenschaft, die Bruecke bilden zu koennen zwischen der japanischen Niederlassung und dem Stammhaus“.

According to several interviewees, their relationships with headquarters were strengthened owing to the Covid-19 impact on working conditions. Not only did expatriates report a higher volume of communication with headquarters via electronic media but locally employed Germans in Japan also had much more frequent contacts with their headquarters via intensive use of electronic communication. In addition, the hesitation of colleagues to set up online meetings decreased. Both Interviewees No. 2 and No. 3 reported speaking more often to colleagues all over the world via Zoom online, including colleagues with whom they had not spoken to before the outbreak of the Covid-19 pandemic. Both interviewees were also convinced that these colleagues, under normal or non-Covid-19 circumstances, would have waited until meetings in person were set up.

In terms of the network theory, the expatriate network seemed to have been impacted drastically by the Covid-19 pandemic. Networking with headquarters was strengthened (through all the Zoom meetings), as were relationships with supervisors; new networks were established at headquarters by electronic communication. In contrast, the network with locals shrank, and was often not functioning the way it did before as a result of lack of physical contact with the locals. Also, the business network of expatriates to third subsidiaries worldwide was no longer the same as before; there was more contact but only via the electronic media. German expatriates in Japan said that they had widened their networking with

workmates all over the world without having any physical meeting. It is doubtful, however, if the expatriates would meet these new acquaintances in person when the Covid-19 pandemic is over. Similarly, it seems unlikely that the network would remain stable over time. Therefore, although expatriates in Japan increased their flexible business network worldwide, it is not deeply rooted but is based on so-called “weak signals”.

4. Expatriate working style

It can be said that Covid-19 pandemic has resulted in almost every employee adopting a different working style. Like many office workers worldwide, many German expatriates in Japan seem to spend most of their time working from home, which in Japan is called “teleworking”. Interviewee No. 4 reported:

“..seit April (2020) bin ich mehr oder weniger eigentlich, einmal die Woche, einmal alle zwei Wochen, oder sogar nur einmal im Monat, unterschiedlich im Office (subsidiary). Also ich bin fast nur im Homeoffice und arbeite eben mit Computer“.

Interviewee No. 1 found himself in a similar situation since April 2020. He was assigned as an expatriate to a German automotive company in Japan and arrived shortly before the Covid-19 pandemic broke out. Teleworking for him started some months after he arrived at the subsidiary located in Kawasaki, Japan. He mentioned that he had never worked from home before. However, from March 2020 onwards, just like all the other interviewees, he rarely went to the subsidiary office, perhaps less than once a month. This meant that he spent almost all his office time working from home.

Interviewee No. 2, a locally hired top German manager for a German firm (established in Japan around 20 years ago) realized that not only was his place of work changed to his home, but his working style was also no longer what it used to be. He reported that his extensive travels over the last year came to zero except for a few trips to Tokyo. These days, he spent most of his time holding online meetings from home with colleagues in various parts of the world, and not just in Germany. He pointed out that in this regard, teleworking was disadvantageous to him as global time differences meant that he had to be available almost 24 hours a day:

“Frueh morgens ruft mich staendig das Stammhaus an – und abends dann die Amerikaner“.

Interviewee No. 2 further missed meeting in person with local Japanese colleagues. He considered such contacts necessary for long-term functioning to keep up group performance at his firm. In addition, he noticed that the behavior of Japanese workers had also changed substantially, e.g., they did not go out anymore for drinks with colleagues after work. Interviewee No. 5 supported this observation:

“Es gibt ja jetzt keinerlei „Nomikais“, also dass man sich abends ab und zu mal trifft und etwas trinken geht. Das ist corona bedingt...“

Several interviewees reported, however, that German expatriates in Japan, as well as Japanese locals, often did not enjoy working from home. The decision to work from home in Japan was made by group consensus to help decrease Covid-19 infection risk by isolation. In other words, the whole industry seemed to have decided to get a substantial number of employees to work from home, while societal pressure not to follow the ambitious target of isolation in Japan was high. Japanese cultural norms were thought to lead to a more efficient control of the virus infection. Moreover, some interviewees opined that Japanese managers were normally not in favor of working from their home.

There are several reasons for that. Besides the fact that there is hardly space in many Japanese homes, Japanese managers have difficulty handling their employees in an efficient manner with this practice. Furthermore, Japanese managers feel the need to be physically present for their teams to fully understand their decisions. To stay out of a team at the home office is viewed as no longer being an important member of the decision-making process. Therefore, at least before the Covid-19 pandemic, it was common in Japanese offices that all employees were expected to at least demonstrate their industriousness by being present at the workplace. The manager could then easily speak with each employee face-to-face, being able to control employees and to receive intimate feedback on necessary critics. However, he would hesitate to chastise an errant employee via electronic communication because there is no natural feedback possible to expect. In this respect, interviewee No. 4 mentioned:

“Also diese Expat-Geschichte ist aufgrund von Corona in diesem Jahr sehr sehr stark egal geworden. Wobei man klar sagen muss, dass viele – also in meinem Unternehmen – aber insgesamt sehr sehr viele in japanischen Unternehmen ueberhaupt (Japaner, Anmerkung des Autors) kein Freund sind von TeleWork. Ganz und gar nicht. Durch Corona aber dazu mehr oder weniger zu gezwungen wurden“.

Considering the discussion thus far, the following propositions can be made:

Proposition 1: The Covid-19 pandemic and home office lead to longer working hours by having increased electronic communication at almost any time of the Japanese working day, including before and after official working hours.

Proposition 2.1: While misalignment and information asymmetry problems (principal-agent view) of expatriates with headquarters decrease, misalignment and information asymmetry problems with locals increase.

Proposition 2.2: While relationships of expatriates (network theory) with the headquarters strengthen, relationships with locals weaken.

4.1. Termination and succession

4.1.1. Holding patterns

Succession of expatriates is a normal procedure that is initiated when the HR manager decides to bring home expatriate managers to work at the headquarters. The normal length of an expatriate term is 3 to 5 years. This time span arises from the idea that expatriate managers need to have at least three years to positively influence the subsidiaries without distancing themselves too far away from headquarters. Also, this time span is considered long enough to receive returning profits of their investments. Interviewee No. 2 confirmed this view with a Japanese proverb: "Ishi no ue ni mo san nen" (translated: "One needs to sit on a stone and wait for three years before something pays off").

There are two kinds of expatriate successions. Expatriates can be replaced by other expatriates, but they can also be replaced by locals. When locals (in this case normally Japanese) take over the lead of the subsidiary succession, it is also called job role localization (Pegram, Falcone and Kolios, 2019). Locally hired Germans can also be replaced by expatriates. Interviewee No. 2 was one of these rare cases where he was replaced by a German expatriate. Interviewee No. 2 is still attached to his Japanese subsidiary but nowadays he is more involved with global strategic issues connecting the Japanese entity to other subsidiaries. One advantage for the firm is that this kind of succession provides fresh German expatriates (without much knowledge about Japan) with ongoing support at the local entity. Consequently, subsidiaries can be better connected to the German headquarters again while having local support to bridge Japanese and German strategic aspects.

It is not fully known if expatriation stints end up helpful or harmful for a career back at the headquarters (Bolino, 2007). There are studies arguing that expatriates would often remain in a so called "holding pattern" during their international assignments (Itani, 2011). In such cases, expatriates would suffer disadvantages against other managers at the headquarters who prefer not to be sent abroad to subsidiaries for more than some weeks or a few months. Managers with a strategic intention of not getting out of headquarters may get promoted earlier than expatriates because they are not "out-of-sight and out-of-mind" as expatriates are (Feldman and Harvey, 1993). This "holding pattern" can result in major career disappointments for expatriates even before leaving for the assignment abroad. Also, studies find that younger expatriates face more difficulty when they try to reintegrate themselves, especially in cases of organizational downsizing at the headquarters (Itani, 2011). Antal (2000) found that career expectations were higher before repatriation than after. However, with the outbreak of the Covid-19 pandemic, there is elevated communication intensity by the heavy use of electronic communication, and this could lead to lowering the "out-of-sight and out-of-mind" impact for expatriates. Hence, the following is proposed.

Proposition 3: As restrictions to curb the Covid-19 pandemic lead expatriates to have more frequent electronic communication with their German headquarters, the "out-of-sight and out-of-mind" scenario becomes a less severe career threat.

4.1.2 Assignment span and loss in position

Previous research indicated that expatriates did not always remain in their position abroad for the originally planned duration. Long before the outbreak of Covid-19 pandemic, several reasons had been cited in the literature for expatriates shortening their stay at the subsidiary. One of the reasons was that they could not perform on the assignment as well as expected. Another reason, however, was that it was a directive from headquarters to transfer them home, or to another destination because their expertise was needed more urgently at another place in the global network (Caligiuri, 2000). Premature expatriate return, therefore, should not be automatically associated with expatriate failure. Headquarters sometimes may have no other choice than request for their transfer should the need arise. Also, their spouse and family can influence the timing of the return to headquarters. It was, therefore, not uncommon for expatriates who changed their span of assignment to leave earlier than previously agreed upon (Lee, 2007). However, expatriates might also delay their return to headquarters for their own specific reasons. For example, a project by Interviewee No. 1 was originally set up for a time span of two years, ending in Dec 2021. Owing to family reasons, he requested to further extend his tenure at the Japanese office. However, the German headquarters requested him to finish his assignment in Japan as scheduled and then to immediately return home. The reasons for headquarters to shorten assignments or not to extend current assignments could be financial constraints due to the economic impact of the Covid-19 pandemic. It is realistic to assume that headquarters aim to save money by requesting expatriates to return home earlier (or at least not later than previously agreed upon). It can be expected that German MNCs might from now on shorten expatriate assignments. Therefore, the following is proposed:

Proposition 4: German MNCs with higher financial losses might shorten expatriate assignments to Japan because of the impact of the Covid-19 pandemic.

Some of the interviewees believed that expatriate positions would not be filled even after the Covid-19 pandemic is over. Interviewee No. 1 opined that his headquarters seemed to be down-sizing their global expatriation program activities even when the end of the pandemic was still not in sight. The pandemic had made the headquarters more aware of cost-saving measures, such as by not sending their managers overseas. It was likely that heavy losses indirectly caused by the Covid-19 pandemic had led many German MNCs to curtail their investment programs. To put it differently, German expatriate managers were no longer deemed necessary for Japan-based subsidiaries. Furthermore, the higher the financial losses by the headquarters, the more important it was for headquarters to implement cost-saving measures. This is likely to be a long-term effect of the Covid-19 pandemic even when the virus no longer poses a threat to public health globally in the future. In other words, German headquarters might seize the opportunity to not only reduce financial costs but also to keep human resources at its headquarters. Such a decision might hamper alignment of the subsidiary to the headquarters in the long run. German MNCs could change their strategy by deciding not to send managers overseas to integrate subsidiaries with headquarters; they might want to just leave subsidiaries to

operate autonomously by relying on locally hired Japanese instead. This leads to the next two propositions:

Proposition 5.1: German MNCs with higher financial losses owing to the Covid-19 pandemic might send fewer expatriates to subsidiaries in Japan.

Proposition 5.2: German MNCs who decrease their number of expatriates might change strategy from having integrated subsidiaries to encouraging autonomous ones.

4.2. Overlap time

All the interviewees agreed that “overlap time”, the time an incumbent expatriate spent with a successor introducing him/her into local business scene, was an important period in the transfer of responsibilities. Bigger MNCs often assign expatriates to special projects. In such cases, when successors are assigned to different projects, overlap time may not occur as projects and departments can differ. At smaller entities in Japan, however, expatriates are sent out most often to lead the subsidiary as top managers. In these cases, overlap time will see the incumbent and successor work together, and this is a relevant issue to be explored further in this paper.

Previous expatriate studies suggest that what is considered adequate overlap time depends on the firms and on the distance between the two cultures. Expatriates to firms with greater distance take a longer time to get acquainted with the business, while on average, overlap time takes about 1.5 months (Selmer and De Leon, 1997). Overlap time is spent on briefings on how to run the business in the local cultural context.

During the present Covid-19 pandemic, there are naturally no successions taking place. However, when the Covid-19 pandemic is over and the (Japanese) borders are re-opened, the issue of successions will gain prominence again. Incumbents may not have adequate experience at the firm because they would have spent (at least) more than a year of their expatriation time mostly at their home office. Therefore, German headquarters should give incumbents a longer time span to introduce successors to the local cultural (Japanese) context, and especially to introduce successors to important clients, stake holders and to the local firm itself. This brings us to the next proposition.

Proposition 6: The Covid-19 pandemic might lead to the extension of overlap time for incumbents to introduce expatriate successors to the local business, important stakeholders, and also their (own) local employees at the subsidiaries.

5. Conclusion

This research sheds light on the work practices of German expatriates in Japan during the Covid-19 pandemic situation. Their behavior was investigated by applying two theories. The principal-agent theory framed the changing relationships of expatriates with headquarters as well as with local Japanese managers. In addition,

through the lens of the network theory, the various bonds of the expatriates were analyzed.

It could be argued that successions might continue as usual when the Covid-19 pandemic ends and the borders of Japan are open again to foreigners. However, the expatriates who were interviewed had various concerns, especially the possibility that some German MNCs would rather save money by shrinking expatriation activities and not sending expatriates to Japan (at least for the next years). Such a move might be necessary, especially for MNCs with high financial losses due to the adverse economic impact of the Covid-19 pandemic. One of the interviewees, a locally hired German, was replaced by an expatriate (before the outbreak of the Covid-19 pandemic). Even if this seems to be an exception, it is advantageous to have an expatriate succeed a local German manager as he is able to align the subsidiary more effectively with the headquarters' strategy. At the time of writing, this previous locally hired CEO is still with the firm and is able to assist the expatriate.

Another concern raised by the interviewees was that expatriates in the near future could be replaced by locals. The interviewees also suggested that the overlap time of incumbents and successors (expatriates) should be increased in order to ensure a successful hand-over. Firms are advised, therefore, to give both parties sufficient time to ensure a smooth transition.

According to feedback from the interviewees, German expatriates face very challenging times in present day Japan compared to their predecessors. In line with government restrictions, the Covid-19 pandemic has forced many to work from home to curb the spread of the infection. Although communication with headquarters has increased via the electronic mode, and relationships between the two parties have strengthened, the network with local employees seems rather underdeveloped.

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Attachment: Interviewees (between Dec. 2020 and March 2021)

Interviewee No. 1: Automotive company, Kawasaki, project manager, male,
Interview: Jan. 2021.

Interviewee No. 2: Certification company, Osaka, general manager, male, (twice
interviewed), Interviews: February and March 2021.

Interviewee No. 3: Engineering company, Tokyo, development engineer, male,
Interview: March 2021

Interviewee No. 4: Car parts manufacturer, Tokyo, key account manager, male,
Interview: Dec. 2020

Interviewee No. 5: IT company, Tokyo, systems engineer, male, Interview: Dec. 2020

Interviewee No. 6: Automotive company, Tokyo, Systems manager-engineer, male,
Interview: Dec. 2020