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Riku Laine

IMPORTANT FACTORS FOR EXPATRIATE SUCCESS



TURUN AMMATTIKORKEAKOULU
TURKU UNIVERSITY OF APPLIED SCIENCES

Riku Laine

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As the world is getting more global so are businesses and thus more and more companies are sending their employees to work in a foreign country. Foreign assignments are often difficult as there is a great number of different factors that require careful approach and planning. The purpose of this thesis is to look into these factors and define what the most critical aspects are when conducting a successful expatriate process.

This work consists of literature review of various theories in field of cultural adaptation as well as personal and situation factors when working in foreign environment. In addition, a survey was carried out in order to research attitudes of the business students who are potential future executives and already have some experience from living in a foreign country.

The results of the analysis show that adequate support from home organization is highly valued by expatriates. Results also indicate that monetary factors like positive effect on career advancement and better salary are strong factors in initial motivation to go abroad. Despite this the more softer values like intellectual self improvement by language studies and improved cultural awareness become the most important aspects once the preparation for the task begins.

Recognizing these factors is crucial for any company or individual willing to tap into full potential of working abroad.

KEYWORDS:

Expatriation, success, working, foreign country, cultural adaptation, cultural self-knowledge, group-individual orientation, hierarchy-egalitarianism, high context-low context, polychronic-monochronic,.

Riku Laine

EKSPATRIAATTI MENESTYKSEN TÄRKEÄT TEKIJÄT

Yhä globalisoituvassa maailmassa myös kaupankäynnistä on tullut maailmanlaajuisia ja tästä johtuen yhä useammat yritykset lähettävät työntekijöitään työskentelemään ulkomaille. Nämä ulkomailta suoritettavat työtehtävät ovat usein haastavia, koska niihin sisältyy monia eri tekijöitä jotka vaativat huolellista valmistelua. Tämän opinnäytetyön tarkoituksena on tutkia näitä tekijöitä ja määrittellä mitkä ovat tärkeimpiä seikkoja lähetettäessä henkilöä työskentelemään ulkomaille.

Työ esittelee kokoelman teorioita sopeutumisesta uuteen kulttuuriin sekä henkilö- ja tapauskohtaisia tekijöitä jotka vaikuttavat työskentelyyn vieraassa ympäristössä. Tämän lisäksi tehtiin kysely johon vastasivat nuoret liiketalouden opiskelijat eri puolilta maailmaa.

Kyselytutkimuksen tuloksista voitiin päätellä, että riittävää ja oikeanlaista tukea kotiorganisaatiolta pidettiin hyvin tärkeänä. Kyselytutkimuksen tulokset myös osoittivat, että materiaalisten tekijöiden, kuten mahdollisuuden edetä uralla ja paremman palkan tärkeys, on suuri ensimmäisessä päätöksenteossa. Pehmeämmät arvot, kuten itsensä kehittäminen, kieliopinnot ja uusiin kulttuureihin tutustuminen nousevat tärkeimmiksi tekijöiksi kun valmistautumisprosessi alkaa.

Näiden tekijöiden tunnistaminen on ratkaisevan tärkeää jokaiselle henkilölle tai yritykselle joka haluaa saada kaiken mahdollisen hyödyn ulkomailta työskentelystä.

ASIASANAT:

Expatriaatti, menestys, onnistuminen, työskentely, ulkomaat, kulttuurinen sopeutuminen, kulttuurinen tietoisuus, polykroninen-monokroninen, yksilöllisyys-yhteisöllisyys, sanaorientoitunut-ihmissuhdeorientoitunut

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1 INTRODUCTION

Commercially, as market restrictions across the world continue to dissolve, it has become more and more common for organizations to shift into new foreign markets. In order to expand globally, employees are often required to work around the world away from their home countries, and they are a potential competitive edge for the success of corporations operating in a global marketplace. These abroad assignments are usually very demanding for the employees involved, and unfortunately, incidents of employees failing to meet the sending organizations goals are rather common, and can cause remarkable losses for the organization (Pires, 2006). Regardless of challenging tasks and high failure rate connected with international assignments, global corporations are still showing no sign of backing out for sending expatriates to work in foreign countries because of revenues from overseas businesses (Bruning & McCaughey, 2005); and employees are still volunteering to take on international assignments for the advantages offered by the abroad experience (Global Relocation Services, 2005).

When companies enter into global business, the strategies that were successful in domestically may not work in foreign business environment. Thus, it is critical for companies wanting to take advantage of the international markets to be aware of what makes expatriate assignments successful. Expatriate failure rates being as high as up to 40% it is no doubt that being aware of these factors is crucial and requires a lot of attention by any company willing to tap in foreign markets. This thesis aims to study what makes expatriate program a success with looking at the social, cultural and personal factors, that when done correctly can increase the likelihood of expatriate success.

In this paper, expatriation is divided into four distinct and important factors: adaptation, personal attributes cultural self-knowledge and cultural factors. This study intends to stress the importance of pre-departure phase, since most of causes for the expatriate failure are mostly preventable by consequential organizational support as it plays a big role in making a successful international

relocation (Kraimer, 2001) and in addition in this stage most of the causes for failure are still preventable.

1.1 Expatriation

The term expatriate refers to “an employee sent by his or her company in one country to manage operations in a different country” (Noe 2006, p.641), and thus, companies can send their own employees from their home countries or even from third countries to a host country. There are numerous opportunities and challenges in modern global business environment that creates the need for expatriates. A good example from 21st century is the “China-phenomenon” where in order to overcome the lack of competent workforce, companies in China rely on skilled workers from other countries (Kaye & Taylor, 1997), and organizations frequently provide international experience for their talented managers for career developmental purposes. Other strategic reasons might include transmitting organizational culture to foreign subsidiary, transferring knowledge, improving coordination and functional needs of control, and developing global skills (Bennet, 2000; Tung, 1982).

Since the expatriates are often carrying grand expectations from the companies, and expatriate programs also enriches both the employee and the organization it is thus important to have a successful assignment, instead of one ending in a failure. Implementing Harrison and Shaffer’s (2005) description of successful expatriates, they are successful when they meet following goals:

- They do not quit their assignments prematurely.
- Complete their tasks.
- Develop and maintain interpersonal ties with employees in the host country.

Various studies use the term “expatriate adjustment” to refer to a process through which an expatriate comes to feel comfortable with a new environment and adapts to it (Huang, 2005). Expatriates’ ability to adjust is more than just a

matter of psychological well-being in a foreign country, but also a significant assistant to the success of international assignments. Due to the complex nature of expatriate assignments, all expatriates are not able to meet the programs goals. Studies show that failure rates associated with expatriate assignments are between 25 and 40 percent (Forster, 1997; Sanchez, 2000), the average cost to relocate an expatriate to be US\$60,000 (Noe, 2006, p.646) and expatriate failures for American companies total over US\$2 billion per year in costs (Pires, 2006). Numerous additional damages to both organizations and individuals are also possible; for example damage to the company reputation and demoralization of the returning employees and the host country nationals as well.

1.2 Success and failure

Factors for expatriate success are numerous however; the concepts of success and failure are not always clearly defined. Expatriate failure or loss has been defined as all individuals who either quit or transfer back to the home country prior to the completion of their expected foreign assignments M. Hemmasi, M. Downes and I. Varner (2010) argue against this measurement by putting circumstances of a premature return into context. “For example, the case could be that an expatriate will remain in a location where he/she is not satisfied, or adjusted, or performing well, and that the decision to stay is damaging to the firm. Or, it could happen that the expatriate fulfilled his/her responsibilities ahead of schedule, in which case, returning home before expected is likely to result in a cost savings for the organization. This type of expatriate turnover, then, may be viewed as a positive outcome – in other words, a success. Conversely, a premature return would be deemed a failure only if the events leading up to the departure were negative (such as difficulty in adjusting to the foreign culture), or if the return resulted in a negative outcome.” (Hemmasi, Downes, Varner, 2010)

The cost of a single failed expatriate assignment ranges between \$250,000 and \$1,000,000 (Vogel, Van Vuuren, and Millard 2008). These numbers include

expatriates' initial training and moving expenses, as well as loss of managerial productivity; however they do not include the decreased performance of the foreign subsidiary, damaged relationships with the host country government, diminished reputation, impact on morale of other employees, or cost to the company of replacement if they leave the firm (Wittig-Berman and Beutell 2009).

In earlier studies on the subject a great number of factors have been recognized as contributing to the success or failure of expatriate assignments. Proper pre-departure training is typically listed as the most important factor and according to Friedman, Dyke, and Murphy (2009) should include how to adapt to different cultures and also according to Haile, Jones, and Emmanuel (2007) fluency in foreign languages. In addition to training the ability to adapt to different cultures is critically important characteristic for any expatriate and is related to cultural distance. Cultural distance measures the magnitude of differences in national cultures and any foreign assignment is more challenging when cultural distance between expatriates home country and host country is great.

This short review of the various success factors and failure rates makes it evident that companies must be careful when selecting the right candidate for the expatriate assignment (Andreason 2008). Developing useful and dependable tools for testing and selecting of expatriate personnel would greatly enhance the success rate of expatriate programs.

2 ADAPTATION

A key obstacle to the success of expatriate personnel involves the adaptation of the individual to the new country. Expatriates: "go through an emotional cycle and typically hit a low between six and twelve months after starting an

assignment” (DeLollis 2007). Difficulties connected with sociocultural adaptation have been identified as the main source for many stress-induced reactions experienced by employees on international assignments in confronting the day-to-day culture and norms of the host country (Pires, 2006)

The inability to perform effectively in the new environment typically results in lower than expected performance, poor management, low productivity, and failure to meet corporate objectives (Pires 2006; Tung 1987). These studies clearly indicate that, meeting the company objectives is dependent upon expatriates’ successful sociocultural adjustment.

2.1 Sociocultural Adaptation

Oberg defines sociocultural adaptation as “the anxiety that results from losing all our familiar signs and symbols of social intercourse” (1960, p. 177). This adjustment phase refers to the subjective well-being or mood of the expatriate and means the ability to “fit in,” and is associated with stress and coping contexts. Black, Mendenhall, and Oddou (1991) suggest that the new unfamiliar setting upsets old routines and creates feeling of uncertainty in everyday life. At the same time, sociocultural adjustment is connected to expatriated behavioral competence in social interaction. Earlier studies have identified several factors that influence sociocultural adaptation, such as:

- Language fluency
- Length of residence in the new culture
- Cultural knowledge
- Amount of interaction
- Identification with host nationals
- Acculturation strategies of the company

(Barhem 2008)

Failing to meet these factors during sociocultural adaptation process can produce stress and even depression in the expatriate which may result in a lack of productivity in the workplace or even premature return.

Given the importance of successful expatriate sociocultural adaptation, we next examine two potential factors of successful cultural adaptation: cultural distance and psychological hardiness.

2.2 Cultural Distance

Cultural distance can be defined as the difference between the cultural characteristics of the home country and the host countries and can be described using Hofstede's (2005) five bipolar dimensions. Applying these dimensions to any given country and analyzing these values can give valuable information how to do business in different societies (White, Absher, Huggins, 2011)

Hofstede's first dimension, labeled power distance index, can be defined as the amount to which the members of society and organizations tolerate inequality and how easily the power is shared between members of these organizations. On the other hand it is the level of inequality among people that the population of a country considers normal (Hofstede 1993, 2005; White, Absher, Huggins, 2011).

The second dimension, called individualism vs. collectivism, refers to societies in which the ties between individuals are loose and everyone is expected to look after themselves or their immediate families. Individualism can be also defined as "prime orientation to the self," and communitarism as "prime orientation to common goals and objectives". Triandis (1988) states that individualistic cultures have a tendency to give emphasis to personal goals and are less worried about emotional attachments. But in collectivistic cultures individuals give up their personal goals in favor of the groups goals and have strong emotional ties to the group they belong to. (White, Absher, Huggins, 2011)

The third dimension is called masculinity vs. femininity. Masculinity refers to societies in which social gender roles are clearly defined. Masculine roles are considered “tougher” and are seen as more competitive and aggressive. Femininity refers to “tender” values, for example the quality of life, upholding good personal relationships, taking care for the needy, and solidarity, wherein nearly all societies are related with women’s roles. Women’s roles differ to some extent from men’s roles in every country; but the differences are bigger and more apparent in tough societies than in tender ones (Hofstede 1993, 2005). Importance of these dimensions applies also directly to business life as individuals’ cultural masculinity/femininity significantly predicts how they view themselves in their business roles. (Chang 2006; White, Absher, Huggins, 2011)

The fourth dimension, called uncertainty avoidance index, can be described as “-the degree to which people in a country prefer structured over unstructured situations. Structured situations are those in which there are clear rules as to how one should behave. These rules can be written or unwritten. In countries that score high on uncertainty avoidance, people tend to show more nervous energy, whereas in countries that scores low, people are more easy-going. A nation with strong uncertainty avoidance can be called rigid; one with weak uncertainty avoidance, flexible.” (White, Absher, Huggins, 2011, p.328) Countries with high uncertainty avoidance tend to think that “what is different is dangerous.” In Contrast in weak uncertainty avoidance societies, the feeling is “what is different is curious” (Hofstede 2005, p. 98).

The fifth dimension, called long-term versus short-term orientation refers to the timescale in which members of society perceive time. In a long-term oriented society, one finds values oriented toward the future, such as saving and persistence. In contrast, in a short-term society, one finds values oriented toward the past and present, such as respect for tradition and fulfilling social obligations (White, Absher, Huggins, 2011).

Expatriate person moving from collectivistic culture to individualistic culture and the cultural differences to which the expatriate would be exposed to would likely result in following sociocultural adjustment problems in individualism vs. collectivism dimension:

Expatriate from collectivistic culture would likely struggle to adjust to an environment that is built around pay-for-performance since competition in collectivist cultures is between groups, not between individuals. In individualistic cultures, the individual achieves and receives the credit; in collectivist cultures, the group as whole is working towards the goal and receives the reward. Expatriates from a more communitarian culture may not be suited for this environment, since singling out an individual based on their personal results is not the custom (Triandis 1988; White, Absher, Huggins, 2011).

This is only one possible situation where cultural distance becomes an important factor with negatively affecting expatriate sociocultural adaptation. In conclusion; the more culturally different the expatriate's home culture is from the host country, the more difficulty the person will have in adjusting to the host country's culture.

2.3 Psychological hardiness

Psychological hardiness refers to three attitudes:

- Commitment
- Control
- Challenge

(White, Absher, Huggins, 2011).

Commitment is the tendency to become involved in whatever one is doing or encounters (Maddi 1982). Control is the tendency for an individual to feel and act as if he or she has influence over life (Maddi, 1982). Challenge is the belief

that change is a common part of life and offers possibilities for growth (White, Absher, Huggins, 2011).

The three hardiness attitudes of commitment, control, and challenge influence and enhance the mood and performance of person experiencing stressful situation. (Maddi 1999). In particular, hardy attitudes influence how individuals experience stressful circumstances in life (Maddi 1999). Hardy individuals are upbeat, optimistic, and view challenges in a positive light. Hardy individuals are also able to view activities as attractive and pleasant, as being a matter of personal choice, and as important stimulus for learning. For this reason, they tend to find positive meaning in life (Maddi 1984). Moreover, individuals exhibiting low hardiness show increased signs of depression as well as anxiety and distress (White, Absher, Huggins, 2011).

New cultural environment puts a lot of strain on any expatriate even during everyday life and thus expatriates with hardy qualities cope better with stressful circumstances because of their ability to put stressful events in perspective. Therefore they are able to take decisive, rather than avoidant, actions to resolve problems and reduce stress (Maddi 1999; White, Absher, Huggins, 2011).

Personal attributes

Personal factors deemed most important by many earlier studies are:

- Perceived Career Path
- Willingness to Relocate
- Degree of International Orientation

The situational factors deemed most important are:

- Selection Criteria
- Training
- Role Clarity
- Level of Support

- Relationship between the Expatriate and the Company
- Performance Management System

(Erbacher, D'Netto, España, 2006)

2.4 Personal factors

Personal factors are strongly related to an individual's values, beliefs, expectations and cultural background. They affect the employee's capability to adjust into a new environment and to condition his/her reaction to outside stimuli (Erbacher, D'Netto, España, 2006).

Perceived Career Path: Feldman and Thomas (1992) suggest that there is a close connection between the expatriate's assignment and the general perceived career path and future career opportunities. The expatriate's overall performance and dedication to the assignment may be influenced by ideas of future career development resulting from the assignment (Selmer, 1998).

Willingness to Relocate: Willingness to relocate has a significant effect on expatriate success. Expatriates who are eager to relocate into a foreign country appear to have smaller number of difficulties adapting to the new location than those reluctant to accept such transfers (Feldman & Thomas, 1992; Erbacher, D'Netto, España, 2006).

Degree of Personal International Orientation: An expatriate's 'cross cultural awareness' or 'level of internationality', which can incorporate factors such as ethnic background, previous expatriate assignments, language skills and travel experience, is likely to influence the expatriate's ability to adjust to a new environment. Expatriates are more likely to succeed if they are more 'international' (Feldman & Thomas, 1992; Erbacher, D'Netto, España, 2006).

2.5 Situational factors

Situational factors focus on the part the home company plays in affecting expatriate success. These factors also prepare the expatriate for his or her assignment in a foreign country. These preparations aim to lessen the effect of culture shock.

Selection Criteria: Research by Mendenhall, Dunbar and Oddou (1987) shows that the majority of companies neglect the importance of creating profile for every possible expatriate candidate which would be great benefit for selection process and increase the success of expatriate assignments. Organizations usually focus only on technical competence issues, disregarding other crucial issues such as cross-cultural skills (Black, Mendenhall, Oddou, 1991). Identifying an “effective profile” is also a crucial part of selection criteria. Effective profiling is based on abilities such as competence in intercultural communication and intercultural sensitivity that are not possible to learn or are learned only over a great period of time, opposed to skills like language and knowledge about foreign cultures that can be acquired over a relatively short period of time (Graf 2004; Erbacher, D’Netto, España, 2006).

Training: Black, Mendenhall & Oddou, (1991) also stress the importance of cross-cultural training for cross-cultural adjustment, cross-cultural skill development and job performance. Proper and thorough pre-departure training prepares expatriates for the challenge they face during their time abroad (Erbacher, D’Netto, España, 2006).

Role Clarity: Sagiadellis, D’Netto and España (2004), researched Australian expatriates and concluded that ‘role clarity’ was linked with expatriate success. Employees who move into a new country face a great amount of uncertainty in their daily life and reducing this level of uncertainty helps in the adjustment process. The expatriate’s home organization can reduce this uncertainty by providing clear guidelines regarding job and candidate expectations, chain of command and status implications.

Level of Support: Level of support means the extent to which the company, including both the parent company and the host company, provide support to the expatriate. Support includes financial compensation, family support such as, helping to locate schooling for the children or obtaining adequate housing and general support like mentoring services and counseling (Erbacher, D'Netto, España 2006).

Strength of relationship between the expatriate and the firm: The duration that an expatriate has worked in the parent company and how long the employee has known the executives in both the home and host country are vital in developing and maintaining a strong relationship. Having this strong relationship can improve communication, commitment to achieving organizational goals, mutual trust and performance (Gregersen & Black, 1992; Erbacher, D'Netto, España 2006).

Performance management system: Performance evaluation and rewarding for expatriates is often neglected in management research and practice. Expatriates performance evaluation can be problematic when the overseas employee's job might include such disparate duties as ensuring that business units achieve numeric targets, implementing skills transfer, overseeing staff development and providing relationship management in a foreign environment (Erbacher, D'Netto, España 2006).

3 CULTURAL SELF-KNOWLEDGE

“Culture has an impact on the way people communicate and do business with each other. It influences how we negotiate business contract and organise our businesses. For this discussion, culture is defined as socially transmitted beliefs, behaviour patterns and values that are shared by a group of people.” (Varner and Palmer, 2006, p.1)

When company is doing business in international level working with people from different cultures is necessity. Therefore, international companies face cross-cultural communication and management issues daily to guarantee that their strategies are heard and implemented.

3.1 Self-knowledge

Cultural self-knowledge is an essential variable contributing to success or failure of the expatriate assignment. Cultural self-knowledge can be described as self-awareness or self-knowledge as self-reference criterion. All people have a self-reference criterion. The self-reference criterion presumes that individuals own behavior is natural, rational, and appropriate. Different behavior is typically judged to be inappropriate, inferior, and ineffective. For example, a person from a culture with monochronic time orientation would see time as a limited commodity and being punctual as a virtue. Contractility he or she would view a person from a polychronic time orientation culture, where time is seen as cyclical and unlimited, as uncaring, inefficient, or even lazy. (Varner and Palmer, 2006)

3.2 Mindset

Gupta and Govindarajan (2002) argue about very similar phenomenon and brand it "mindset." They discuss that humans have cognitive filters that prevent thinking and making decisions with global mindset and that being successful in international environment requires changing of this mindset. The success of this adaptation depends how mindful we are of our current mindset and the more subconscious filters one has the greater is the likelihood of inflexibility in cross-cultural communication and thus likelihood of failure. Fisher (2001) argues for our mental maps and that these mental maps state how we respond to events and people around us. In order to understand people from foreign cultures people need to "explore their own cultural stereotypical thinking". Only after they have gained this self-awareness can they develop a solid basis for cooperation (Varner and Palmer, 2006).

3.3 Cultural orientation

Clashes in cultural orientation can have a major influence on the success or failure of an expatriate, but understanding the culture of the host country is only one part of orientation process. One of the most important factors for expatriate, when preparing to work successfully in a foreign country, is to know his or her own cultural orientation and how they influence “acceptable” behavior within that cultural context. It is also crucially important to learn to overcome the belief that expatriates own cultural mindset would be the same in every other country and thus avoid judging culturally different behavior negatively. The difficulty is that the majority of people are not consciously aware of their own cultural mindset. Typically in everyday life we are not aware of our own cultural behavior since we consider it as natural way of being. This phenomenon is because we have adopted certain cultural behavior since birth and follow it without conscious effort (Varner and Palmer, 2006).

This self-knowledge can come in to play for example in situations where negotiators might be more successful if they know why they feel what they feel. Thus, knowing oneself can contribute to success by being more realistic about how others see us. Additionally, an expatriate needs to not only know his priorities but also be familiar with the company’s priorities (Varner and Palmer, 2006).

4 CULTURAL FACTORS

As the previous topic concerned more the mindset of expatriate and difficulties of the adaptation process, this part will focus on specific cultural dimensions and their effect on expatriate behaviour. When researching cultural factors this study uses Japanese and American cultures to demonstrate the significance of comprehending one’s own cultural background before dealing with someone from a different culture. These two cultures were chosen because they function

very differently and have easily definable characteristics. The further apart cultures are on the cultural distance index, the more apparent will be the need for cultural adjustment (Xu and Shenkar, 2002). The cultural distance index is a measure for national differences based on Hofstede's classification of culture (Varner and Palmer, 2006).

If it is possible to detach the important cultural variables determining an expatriate's cultural priorities and make the person see his mindset, company or any organization can, improve the selection and training of expatriates and in so doing improve the success rates of expatriate effectiveness (Tung, 1988). In this pre-departure process managers and executives need to be careful not to make overgeneralizations or ignore any details.

When researching the connection between cultural self-awareness and success factors in expatriation, this study utilizes following cultural constructs identified by Hall (1964), Hofstede (1991), and Trompenaars (1993):

- Group vs. individual
- Hierarchy vs. egalitarian
- High context vs. low context
- Polychronic time orientation vs. monochronic time orientation

4.1 Group vs. Individual

- Hypothesis 1:
Expatriates from group-oriented cultures will focus more on reaching company/group objectives than individual gains and accept and complete expatriate assignments even if they do not bring personal gain (Varner and Palmer, 2006).
- Hypothesis 2
Expatriates from individualistically-oriented cultures will weigh company goals against individual goals and opportunities. If there is a conflict, they

are likely to decide for reaching individual goals and may leave an expatriate assignment (Varner and Palmer, 2006).

When expatriate is culturally conscious he or she can manage several situations, examine reactions and take action according to these reactions. By understanding preferences, expatriate can identify different approaches and answers of the other side. Self-knowledge in that case contributes to flexibility and anticipation of actions (Caligiuri and Di Santo, 2001; Varner and Palmer, 2006).

The United States is classified as one of the most individualistically oriented countries in the world by Hofstede (1991). Asian, Middle Eastern, and Latin American countries are classified as more group oriented. Hayashida (1996) lists four areas that contrast individual and group orientation between United States and Japan:

- Modesty,
- Work relationships,
- Apologies
- Vacations

(Varner and Palmer, 2006)

According to Hayashida (1996) individuality is not a significant factor in Japan but a way of life in the United States. The contrast between these orientations is also clear when rewarding for success: Japanese avoid being singled out for praise, and boasting is not acceptable, whereas Americans let everyone know what successes they have. (Varner and Palmer, 2006).

For example, employees from Individualistic cultures generally expect advancement based on merit and achievement (Hofstede, 2001). This attitude is based on deeply-held beliefs about egalitarianism and the importance of self-reliance and is reflected in the increasing popularity of fast track promotions and

performance-based compensation. In contrast in group orientated cultures the employee brings certain attributes to the job and expects that advancement and recognition will be based on the evaluation of these attributes. These attributes are:

- Performance
- Education
- Experience

(Nakane 1967; Varner and Palmer, 2006)

This means that the employee is hardworking, but he also weighs whether his efforts is worth it concerning the possible reward. For example, will the hard work result in advancement and recognition? If the employee judges that the gain is not high enough to warrant the hard work and dedication, then he may leave the firm. The group/individual orientation has implications for hiring, training, and promotion (Tung, 1998; Varner and Palmer, 2006).

In the context of expatriation, an employee from western, individualistic culture will examine the possibilities for personal career advancement, monetary gain, and personal recognition in order to judge whether a difficult international assignment is worth the pain. Employees in group-oriented societies are also interested in advancement, but typically, the individual success is subordinated to the obligations to the work group, the company, and the family (Adair 2001; Varner and Palmer, 2006). To only focus on individual gains is considered selfish. The reward for accepting the dominance of the group is the support system that the group provides (Nakane, 1967). The employee is tied into a network that helps the expatriate to feel less isolated. For example in Japanese international firms, promising employees are typically rotated through international assignments. The international tour is not something out of the ordinary, but rather part of the normal career progression. As a result, the employee does not have to worry about his job after coming back from abroad. At the same time, the employee is not expecting great individual gain in

recognition and compensation as a result of an international assignment (Tung, 1998; Varner and Palmer, 2006).

4.2 Hierarchy vs. Egalitarianism

- Hypothesis 3

Expatriates from hierarchical cultures will be more successful than expatriates from egalitarian cultures when success is measured solely as staying the scheduled length of time (Varner and Palmer, 2006).

- Hypothesis 4

Expatriates from egalitarian cultures will be more successful than expatriates from hierarchical cultures if success is measured as effective contribution towards necessary changes in organizational objectives (Varner and Palmer, 2006).

The consciously aware expatriate can identify where he/she is in the hierarchy of his/her own organization. He can determine how important the standing in the organization is. As a result, he will be better able to develop responses and recognize hierarchical patterns in the other organization. The expatriate will also be able to identify whether his particular attitudes towards hierarchy are shaped by culture or his specific personality (Varner and Palmer, 2006).

In hierarchical cultures, employees are more willing to accept their place in the organization, whereas employees in egalitarian cultures are more prone to expect equal opportunities. The emphasis in the hierarchy is on duty and obligations; in egalitarian cultures it is on rights and opportunities (Hofstede, 2001; Varner and Palmer, 2006).

Since the employee in a hierarchical culture, such as Japan, is more closely tied into the organization, the employee has a greater feeling of loyalty to the

organization. Basically, the company is the reference point for the employee. It provides him with orientation for society as a whole and for his position in the society. If the hierarchy is abusive or experiences significant changes, he may ultimately rebel and leave. However, if the hierarchy takes care of the employee and gives him security, as in a traditional paternalistic system, the employee will repay the organization with loyalty and hard work (Varner and Palmer, 2006). The employee is willing to accept his place in the hierarchy in return for security.

If we define expatriate success as completing the scheduled length of time at a foreign assignment, employees from hierarchical societies may appear more successful than employees from egalitarian societies. The former will simply not question that it is their duty to stay as expected. They and their families might lose face if they return early. In egalitarian societies, on the other hand, the employee will weigh whether his needs are met through an assignment. If the decision is “no,” then he may rethink his career decisions and options and return early. The employee will be less willing to be a mere cog in the hierarchy to meet corporate goals (Varner and Palmer, 2006).

“If we define success, however, as the contribution to the long-term competitiveness of the firm, the picture may change somewhat. The employee from the hierarchical background may go along with company decisions without questioning the wisdom of the decision. By accepting his place in the hierarchy and not objecting to poor decisions or plans, he may jeopardize the well-being of a project or even the organization. The employee from a more egalitarian culture, on the other hand, may encourage top executives to explore new approaches by challenging the old ways of doing business. In the process, an employee may return early, not because he was not successful, but because the stay no longer contributed to the goals and mission, at least not in its current form” (Varner and Palmer, 2006, p.11).

4.3 High Context vs. Low Context

- Hypothesis 5

Expatriates function more effectively in cultures that are similar to their own in the continuum of low context to high context (Varner and Palmer, 2006).

“Low context cultures spell things out. They are precise and leave nothing to chance. High context cultures, on the other hand, derive meaning from the context rather than the actual words. The consciously aware expatriate will be aware of the differences between high and low context cultures and ask a number of questions that can contribute to more effective communication. What expectations do I have as to the specificity of communication? How well do I deal with ambiguity?” (Varner and Palmer, 2006, p.12)

Varner and Palmer (2006) argue that the perception of similarities and differences of cultures and the perceptions of superiority and inferiority of cultural behavior also play a role in the adjustment to different cultures. The awareness of one’s own self-reference criterion and mindset can contribute to a better understanding of the other side’s cultural priorities and values.

Hall (1976) arranges cultures on a continuum from low context to high context. In low context cultures, contracts, and precise words are important, whereas high-context cultures focus on the building of relationship, face, and belonging. Because of this, high context cultures tend to be more group oriented and hierarchical. To maintain harmonious relationships, members of high-context cultures tend to emphasize non-verbal and indirect communication. By the standards of low context cultures, communication in high-context cultures is more ambiguous and vague. Expatriates from low context cultures get easily frustrated with what they perceive to be “meandering” communication that does not get anywhere (Varner and Palmer, 2006).

Expatriates from high-context cultures, on the other hand, feel just as frustrated in low-context cultures with the emphasis on rules and procedures (Hall, 1976; Varner and Palmer, 2006). The stress associated with the need to cope with

different communication patterns can also lead to frustration and burnout. Stress can be further heightened by a lack of awareness and consciousness of one's own cultural communication patterns and preferences. Since employees from low-context cultures also tend to be more individualistic and egalitarian they may decide that it is not worth staying in an expatriate assignment that is no longer satisfying and meeting their own goals and objectives. Furthermore, since the security of the group-oriented environment may be missing, the employee from a low-context culture may very well feel even more isolated and alone. Arguably, the expatriate from the high-context environment has the support system of the work group and the firm behind him (Varner and Palmer, 2006).

4.4 Polychronic vs. Monochronic

- Hypothesis 6

A greater ability to adapt to different time orientations affects the success of expatriates positively. Nevertheless, the greater the difference in time orientation, the more difficult the adjustment will be (Varner and Palmer, 2006).

“The consciously aware expatriate will use self-knowledge to plan itineraries and ask questions such as: What is my time orientation? How important are deadlines? How urgent is a certain meeting? What is crucial and where can I give? What impact will my time orientation have on company goals and profitability? By knowing his own priorities, likes and dislikes, the expatriate can plan better and deal with different perceptions of time” (Varner and Palmer, 2006 p.13). Highly monochronic culture places great value on efficient use of time. Time is money. We can make time, save time, waste time and punctuality is seen as crucial characteristic of the successful business person.

People from polychronic environments do not live as much by the clock. Things have a natural schedule and calendar. They get done when the time is ready, when the need arises. The self-reference criterion may lead people from

monochronic backgrounds to describe people from polychronic backgrounds as lazy, lying, and not trustworthy. On the other hand, it may lead people from polychronic backgrounds to describe employees from monochronic backgrounds as cold, pushy and unrealistic. The adjustment is a problem for both sides, and differences have to be worked through (Varner and Palmer, 2006).

Varner and Palmer (2006) argue that the adjustment to polychronic orientation is more difficult than the other way around. However, it is possible that this simply shows the preponderance of the authors' own western, monochronic time orientation. Expatriates from western monochronic cultures find it difficult to adjust to the time it takes to build relationships in high-context cultures like Japan that are means rather than ends oriented. Even if monochronic expatriates are adjusting to a different time orientation, they still face the problem of communicating with headquarters back home. Usually, managers at headquarters have no or little tolerance for different ways of getting things done. They may push for deadlines where a more relaxed approach might be more productive and the expatriate may feel squeezed in the middle.

5 FAMILY RELATED FACTORS

Earlier study conducted by Foreign Trade Council (1994) found out that 80 percent of employees that refused international assignments did so for family reasons. David Week (1993) reported that around 15 percent of The United States expatriate candidates reject any foreign assignments because of their spouses' careers (Punnett, 1997).

In U.S and Europe family related factors are expected to be a growing reason for turning down a foreign assignment. This phenomenon originates from a fact that more and more women pursue a career and might provide a significant income for the family. Earlier studies have also indicated that family is particularly important factor in expatriate success. For example, Black and

Stephens (1989) found out a significant correlation between the adjustment of the spouse and that of the expatriate, both of which were positively correlated with the expatriate's intentions to continue his or her foreign assignment rather than to return too early (Punnett, 1997).

5.1 Family in expatriate process

Although this relatively great importance for expatriate success, not many companies pay attention to the significance of family related issues when making expatriate decisions. A survey of U.S. firms by International Orientation Resources confirmed this lack of attention to family related issues as only 21% of the companies that took part in the survey include spouses in pre-election processes (Solomon, 1994; Punnett, 1997). The inclusion of spouses complicates the expatriate decision process for both the company and the expatriate. Including the spouse in the selection, pre-departure training and support makes the process slower and more costly. The studies suggest however that ignoring the family may be more costly for the sending organization in the end than including the expatriate's family into the process in the first place. A spouse who has been in the process with the expatriate from the beginning is likely to play positive role in expatriate's adjustment and performance (Punnett, 1997). If companies assess these threats and possibilities critically, they can understand the importance of including spousal adjustment in the expatriation process.

5.2 Spouses

According to Punnett (1997) spouses appear to fall into three categories. These three groups are:

- Female spouses, who do not expect to work in foreign location.
- Female spouses, who do expect to work in foreign location.
- Male spouses, who predominantly expect to work in foreign location.

Female spouses, who do not expect to work in foreign location are usually considered as the traditional expatriate spouse and most of the earlier research conducted has been geared towards this group. The primary concern with this group is that the wife will experience substantial culture shock in the foreign environment and will “shut herself away from the world” (Punnett, 1997). For this reason it is likely that expatriate decides to return home prematurely rather than risks his wife’s emotional, physical and psychological well-being. Therefore, it is critically important to deal with culture shock effectively and to make sure that transition and successful adaptation is ensured.

Female spouses, who do expect to work in foreign location, face the issue of culture shock as well as the previous group, but they have also the concern about their own employment and career. This group is expected to grow in size since more and more women participate in work life and have careers. Furthermore they consider the possible lack of productive activities more of a contributor to stress than those who did not expect to work in foreign environment. This group needs company’s support in arranging work permits, other necessary documentation and help in identifying appropriate job opportunities. In case that locating a job proves to be difficult, for example research or educational opportunities may be available (Punnett, 1997).

Male spouses, who predominantly expect to work in foreign location are still relatively small group but this group has grown steadily during past ten years, since more women reach middle management levels and thus seek international assignments. Male spouses almost universally intended to work outside the home and they feel particularly strongly that the sending organization should assist them in finding productive activities. In a case where a male spouse is unable to employ himself he may feel less worthy as they are not contributing financially. This situation suggests that male spouses need substantial support in the adjustment process. They need the same

understanding and support as their female counterparts, but may need even more emotional support which is not always available (Punnett, 1997).

Considering the significant effect of the family related issues this research encourages organizations to develop an expatriate process in a way that it corporate the needs of the spouse and is also cost effective. Including the expatriate's spouse in the process is a delicate task, but when done properly is likely to result in greater expatriate success (and lower failure rate) and may show that relatively inexpensive changes can yield substantial benefits.

6 SURVEY

In addition to the literature research a questionnaire was carried out to study important aspects of working abroad, among up-coming future executives. In order to generate as culturally diverse sample as possible, a convenience sample of exchange students was selected with objective of gathering data about wishes and attitudes concerning expatriate assignments. The survey data was collected via online questionnaire from students of Erasmus and EPS exchange student programs. 30 unique individuals filled out the survey of those 56,7% were female and in turn 43,3% were male, the responders are from Europe, China, India, Nepal and Turkey, this amounts to a 13 different countries of origin as presented in Table 1

TABLE 1

Name of the country of origin	Number of responses
Denmark	8
Spain	5
France	3
Estonia	2
Finland	2
Belgium	1
Germany	1
Italy	1
Poland	1
China	3
India	1
Nepal	1
Turkey	1
TOTAL	30
UNIQUE COUNTRIES	13

6.1 Method

The responders filled the survey via link posted in a social network of Kiel 2011-2012 exchange students with the link was information about the purpose and importance of the survey. Follow-up more detailed information was attached in the beginning of the survey. The questionnaire was conducted in English and no additional versions in other languages were made.

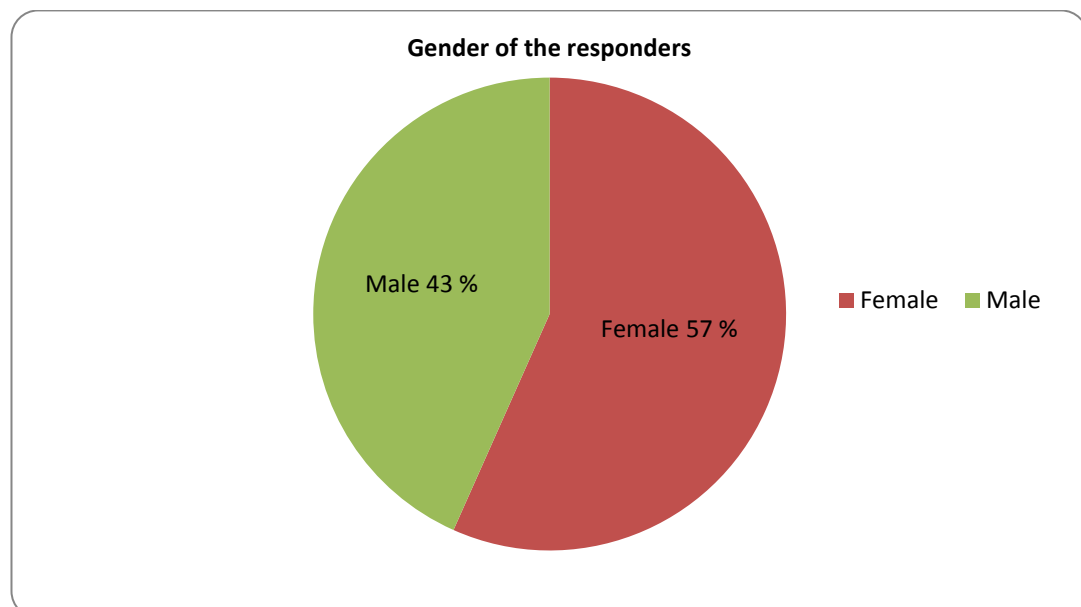
The survey link reached 88 persons who were members of the social network group from which 30 people responded. This resulted in overall response rate of 34.1 percent. One of the responses was incomplete and from that response only responder's country of origin was included into research.

The responders ranged in age from 20 to 27 (mean 23) with 56.7 percent female and 43.3 percent male as shown in Table 2 and Figure 1. In addition to this as presented in Table 1, 80% of the responders indicated European country as their country of origin and 20% a country outside Europe.

TABLE 2

Year of birth			
1985	1990	Oldest	1985
1985	1990		
1990	1989	Youngest	1992
1991	1990		
1988	1991		
1986	1991	Mean	1989,3
1990	1990		
1991	1988		
1990	1990		
1990	1991		
1989	1989		
1990	1990		
1988	1992		
1987	1992		
1988			

FIGURE 1











6.2 Analysis

The goal of the survey was to investigate what factors young adults studying abroad find most important in case they are working as a expatriate in a foreign country in the future.

In the survey responders indicated their opinion by multiple choice questions where they had possibility to choose two to three options depending of the question. The responders were asked about their opinion about factors they find generally important when working abroad, for which the options were selected from topics examined earlier in this study. The next question concerned important forms of support from home company. The responders where asked to choose two most important forms of support their sending company should be able to provide to them. The last question inquired responders view about important characteristics for expatriate worker, seven options were offered from topics explored earlier in this study and responders were requested to select three.

With the question “If you would work abroad which of the following factors would be important to you?” it was hypothesized that since majority of the responders had western individualistic cultural upbringing, monetary and career centered options would be chosen more frequently over softer values like good relationship with home company. As stated in the hypothesis possibility for better salary and more possibilities for career advancement were significant factors for the sample group. Surprisingly possibility to study new language and culture was chosen most frequently by responders, this may possibly account to the fact that all of the responders have some experience from studying and using foreign language and these positive experiences encourage them to search for a same kind of knowledge in the future assignments. These results are presented in Table 3.





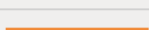


TABLE 3

4. If you would work abroad which of the following factors would be important for you? (CHOOSE 3)			
		Response Percent	Response Count
Possibility for better salary		55.2%	16
More possibilities for career advancement		65.5%	19
Cross-cultural training before moving to foreign country		20.7%	6
Possibility to study new language and culture		69.0%	20
Tutoring person in the target country		10.3%	3
Continuous support from your home-company		24.1%	7
Good relationship between the expatriate and the home-company		31.0%	9
Regular feedback from host-company		24.1%	7

The question number five asked: what form of support you would find to be most important by your home-company? It was hypothesized that convenience factors like company provided car, medical insurance and living arrangements would be the most frequently selected options. This hypothesis was chosen because of earlier mentioned factors concerning sample groups cultural background.

As seen in Table 4, hypothesized options were chosen frequently, living arrangements were chosen by 55.2 percent of the responders and medical and dental insurance was selected by 44.8 percent of the responders as an important form of support from sending organization. In addition 65.5 percent of the responders chose a company provided language course as an important form of support, this goes on with the phenomenon seen in earlier question where studying new languages was selected most frequently as important factor when working in a foreign country.








TABLE 4

5. What form of support you would find to be most important by your home-company? (CHOOSE 2)			
		Response Percent	Response Count
Language course		65.5%	19
Providing a car or other mean of transportation		10.3%	3
Helping to network with other expatriates		27.6%	8
Taking care of living arrangements (utilities, rent, furniture)		55.2%	16
Medical & dental insurance		44.8%	13
Holiday trips in the host-country		3.4%	1
Education for Children		13.8%	4

The last question of the survey inquired the responders view about the desired individual characteristics when working abroad by asking: In your opinion, which of the following characteristics are most important for expatriate? The seven characteristics provided to this question were selected from the topics investigated earlier in this study. Hypothesis was that 'hard' skills such as ability to adapt into new environment and ability to take social initiative would be more frequently chosen as important characteristic than more 'soft' skills like cultural sensibility and open-mindedness.

In the survey the ability to adapt into new environment was chosen by 69 percent of the responders as desirable characteristic to have as an expatriate. In addition 51.7 percent selected flexibility and surprisingly 82.8 percent of the responders chose open-mindedness as important characteristic which is very strong frequency for that option. All the results for this question can be seen in Table 5.

TABLE 5

6. In your opinion which of the following characteristics are most important for expatriate? (CHOOSE 3)			
		Response Percent	Response Count
Willingness to relocate		24.1%	7
Ability to adapt into new environment		69.0%	20
Cultural sensibility		34.5%	10
Open-mindedness		82.8%	24
Ability to take social initiative		24.1%	7
Emotional stability		31.0%	9
Flexibility		51.7%	15

6.3 Results

As companies around the world keep on continue taking advantage of the possibilities of globalization, they will need effective and educated workforce. Selecting right personnel for abroad assignments is more crucial than ever in our time where information and competitors move ever more faster and there is little margin for errors.

Keeping the expatriate workers satisfied and providing them meaningful and correct means of support from pre-departure phase to the end of the overseas assignment is the key to make the expatriate program a successful one. The survey that was carried out for this study gave an idea of the factors young future executives consider to be the most important when working in a foreign country.

As expected material and monetary factors remain to be important for this generation as financial support from the sending organizations side was frequently chosen as important form of support.

However, a recurring phenomenon in this survey was that, the majority of the responders selected intellectual values over the directly material ones. These findings make it possible for this study to make a conclusion, that young adults who have had international experience in their early adulthoods see the significance of studying and thorough preparation when moving in to a foreign country.

With these results companies should be more and more mindful especially with the pre-departure training since in this phase most of the possible failures can be averted and this training is greatly valued by expatriates.

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7 ATTACHEMENTS

7.1 Attachment 1 - The survey

Working in a foreign country - Bachelor Thesis Questionnaire

Hello,

this questionnaire considers opinions about working in a foreign country and is part of my Bachelor Thesis: "Important factors for expatriate success". All answers are collected anonymously.

Thank you for taking time to answer.

-Riku Laine

1. What is your gender?

What is your gender? Female

Male

2. What is your year of birth? (enter 4-digit birth year; for example, 1976)

What is your year of birth? (enter 4-digit birth year; for example, 1976)

3. Please indicate your home country:

4. If you would work abroad which of the following factors would be important for you? (CHOOSE 3)

- Possibility for better salary
- More possibilities for career advancement
- Cross-cultural training before moving to foreign country
- Possibility to study new language and culture
- Tutoring person in the target country
- Continuous support from your home-company
- Good relationship between the expatriate and the home-company
- Regular feedback from host-company

5. What form of support you would find to be most important by your home-company? (CHOOSE 2)

- Language course
- Providing a car or other mean of transportation
- Helping to network with other expatriates
- Taking care of living arrangements (utilities, rent, furniture)
- Medical & dental insurance
- Holiday trips in the host-country

Education for Children

6. In your opinion which of the following characteristics are most important for expatriate? (CHOOSE 3)

Willingness to relocate

Ability to adapt into new environment

Cultural sensibility

Open-mindedness

Ability to take social initiative

Emotional stability

Flexibility