

Chapter 1: Introduction

As companies venture to enter new markets in the globalized world of today, they face major obstacles: cultural differences and language barriers. Whether they realize it or not, cross-cultural interactions are essential for business success in an international context. The more understanding companies have of other cultures, the more effectively they will be able to meet their needs. A way to start, control or manage operations abroad has been by sending expatriates on international assignments. There has been an increase of the flow of expatriates not only in large corporations, but also midsize companies are planning on increasing the number of professionals abroad (Black and Gregsen, 1999). However, the estimated failure rates have concerned many multinational corporations, especially because of the high-cost implication (Buckley & Brooke, 1992; Black et al, 1992). It is no surprise that companies would pay more attention to cross-cultural training and preparation given to expatriates. Most of the current cross-cultural training for expatriates is based on the traditional approach of learning where they are given information about the culture and they study the language in a school or academy (Anderson et al. in Harrison, 2005). Later, a social learning approach was introduced as a more effective way for providing cross-cultural training (Mendenhall and Black, 1989). However, the methodology tools remained in a traditional approach of learning. The only method for cross-cultural training where learning is done in the real social local setting is not commonly known or practiced by companies (Brewster, 1976). In addition, expatriate literature in the context of multinational corporations does not show a cross-cultural training where the social approach is applied in the methodology. As a result, question rises in the effectiveness of the social cross-cultural approach and the applications in International Human Resource Management.

1.1 Purpose of the study

The purpose of this study is threefold. First is to describe the context of the expatriation in multinational corporations and the influence of globalization in Human Resource practices. Second, to revise cross-cultural theoretical framework in order to make an analysis of the effectiveness of cross-cultural training in expatriate performance abroad based on the person's ability to adapt successfully in the new culture. An evaluation of the cross-cultural training approach methods is revised. Finally, to uncover the need of implementing a social learning approach for expatriate cross-cultural training. The research questions of this study are the following:

Research Question 1: How does a social cross-cultural training approach help to institutionalize the concept of diversity within the workforce of the organization?

Research Question 2: How does a social cross-cultural training approach enables expatriates to develop emotional and cultural intelligence?

Research Question 3: How does social cultural training create a competitive advantage over the traditional approach?

Research Question 4: How does a social cross-cultural training approach equip the expatriate for successful performance at least to the extent of the person's success in his own home country?

1.2 Scope of the study

The study mainly focuses on the effect of cross-cultural training in the expatriate adaptation in the new culture. The expatriation process in the context of globalization is revised, along with theoretical foundation on cross-cultural models. The extensive literature on expatriate management and empirical research is used to justify the need of a social cross-cultural training for expatriates and not to demonstrate it. On the other hand, most of these studies generalize findings on certain cultures only, particularly Western cultures. Also, there is relatively poor insight into the cross-cultural training approaches used today and its methodology content. The primary data was only used to complement existing findings of empirical research. Surveys were emailed to four expatriates to find out the general approach and content of cross-cultural training and the expatriate's adaptation experience abroad. A trainer expert was interviewed. Only information of one company was obtained. It would have been more substantial to obtain information from more companies, but it was not possible due to privacy policies. The role of the spouse's adaptation is not discussed in detail in this study because we assume that cross-cultural training should be given to her as well. Lastly, this research does not base the need of effective cross-cultural training on expatriate failure rates because of the existing ambiguity of accurate figures. Instead, it is assumed that failure rates have diminished over the years, but the way cross-cultural training is done can always be improved.

1.3 Thesis Overview

Chapter 2 will review the expatriation process from the multinational corporations and International Human Resource Management perspective. A review in cross-cultural theories and models is done. An expatriate assessment seeks to underline the global workforce environment. And finally, the theory of current cross-cultural training method approaches is described. Chapter 3 explains the methodology used to do this research and the content of the interviews conducted to the expatriates and the companies. The information gathered from empirical research and interviews is summarized. Chapter 4 provides a discussion to justify the propositions described in Chapter 2 based on the findings of the research and the previous empirical foundation. Chapter 5 provides with conclusions, a discussion of the most relevant findings, implications and recommendations for multinational corporations and International Human Resource Management. Further research needs are also emphasized.