Chapter 2: Theoretical Framework

2.1 Overview of the IHRM in Multinational Corporations

This chapter seeks to outline the role of IHRM in the globalized, changing environment of Multinational Corporations. First, the factors that increase relevance of IHRM today are discussed. Then, a review is done on current HR practices and the management of international assignments. Finally, the challenges facing HRM today are emphasized.

2.1.1 Factors that increase relevance of IHRM today

Today, the business environment is changing constantly and multinational corporations have to adapt to that in order to strive. This perspective also affects the role of Human Resource Management, forcing it to become international in the way it manages people. The main factors that increase the relevance of HRM today are:

- Internationalization of Business
- Knowledge asset value
- Increase of technology
- Diversity as a competitive advantage

Internationalization of Businesses

If we were to measure the distance between countries in terms of economic integration we would realize that actually we are not far away from each other at all. According to the WTO, by the end of 2005, the number of Regional Trade Agreements already under negotiation that concluded approached 300 (WTO, 2007). Today it is evident that the nations are closer economically than ever before.

Internationalization is certainly a slow process for many small medium enterprises. In order to have international presence, enterprises consider entry modes such as expanding facilities, importing and exporting, mergers and acquisitions, joint ventures, franchising, and licensing. In general, the large worldwide businesses tend to evolve from international to multinational to a global structure (Zeien,1991). Take the case of Swedish Ingvar Kamprad, one of the world's richest business men who transformed a small business selling a variety of goods, including matches, watches, wallets and jewelry into one of the largest, most successful, privately held companies in the world, with over 200 stores in 31 countries, employing over 75,000 people and generating over 12 billion in sales annually. Today IKEA is the most popular store offering a wide range of well designed, functional home furnishing products "at prices so low that as many people as possible will be able to afford them" (IKEA, 2007).

SMEs are fully aware that a business plan that does not include internationalization is not promising anymore and it is more likely doomed to fail by the entry of new, bigger, national and international competitors. For instance, big giant China is now the world's No.3 trading nation, exporting and importing about $1.4 trillion worth of goods and services a year with an unstoppable bilateral trade surplus with Western economies like the European Union and the United States, thus affecting the neighboring countries. For example, since 2003 China's exports have exceeded those coming from Mexico to sell in the United States, primarily in telecommunications and computer parts, textiles, metals and electronic parts (CESOP, 2004). Therefore, many entrepreneurial initiatives should consider the competitiveness present in the international context which can directly affect the development of their business. Furthermore, large MNC's that manage the decision making process ethnocentrically can easily turn the company's promising future upside down. In the global arena cultural differences *do* matter and should be taken seriously. Famous glass American company Corning, Inc. learned this principle in 1992 when it joined-ventured with Mexican glass manufacturer Vitro (Hodgetts and Luthans, 2003). Although both companies seemed compatible because they shared similar corporate cultures, twenty-five months after the agreement the joint venture dissolved, making it evident that cultural clashes highly affected the approach toward work.

Knowledge Asset Value

It has been said that one of the most critical determinants of an organization's success in global ventures is the effective management of its human resources (Cascio, 1995). This idea became even more and more relevant as companies realized that the most valuable asset that they possess is its people. Ultimately, an effective management of the human capital can maximize the knowledge asset value within any enterprise which resides in the minds of the people that work in it. People's experiences, background, education, ideas, and creativity constitute an intangible, valuable asset that can leverage the competitiveness of companies and enable them to determine how to make the right moves in the marketplace. One experienced consulting firm points out that in the globalization context, many organizations rely on knowledge to create strategic advantage. If they fail to do so, they will only waste time trying to reinvent what already exists, missing out on the amount of expertise already available. They continue by saying that knowledge management helps companies to share best practices, to foster successful innovation and to enhance the value of products and services (Skyrme, 2003).

Increase of Technology

Evidently the complexity of managing global operations increases the need of the use of technology in the Human Resource Management, but also the increase of technology has helped organizations to increase levels of productivity and efficiency. One of the companies who realized this is Rexel group, a worldwide leader in the distribution of electric materials, whose growth in the last few years has been increasing mainly through acquisitions. Rexel group is now present in over thirty countries and employs approximately 25,000 people. The structural criteria aiming to operations abroad, a high number of subsidiaries and an international orientation of management define this group as a Multinational Corporation (Tixier, 2004).

The Human Resource Management plays a strategic role to structure this group seeking mainly to harmonize HRM practices to develop any changes between subsidiaries, while providing a global vision to the head office. In order to accomplish this goal, the group's human resource management decided to establish a common Human Resource Information System across all the subsidiaries' HR department. The HRIS seeks to provide an efficient coordination mode by developing reporting tools to give global visibility of all the activities and operational tools to help give local application. The implementation of this system also should facilitate convergence, consistency and uniformity of all HR practices and policies. The HRIS has served its purpose for this MNC and proven not only to be successful, but also necessary to achieve global and local coordination in HR practices (Tixier, 2004).

Diversity as a Competitive Advantage

Diversity can be defined in many different ways. The opinions and definitions about diversity differ from company to company. Oscar Gomez, vice president of Verizon Communications' Office of Diversity and Business Compliance, said, "Our efforts to diversify are to create a workplace environment that leverages the diverse characteristics of our employee base, which will result in continued progress, increased profitability and result in the branding of our company". Fenton Soliz, president of Wall Street Equity says “"I've learned it's not just black and white. It's all the various ethnic backgrounds, but equally important it's men and women at all levels of management within the organization" (Woller, 2002).

However, it is hard to find a company that is more passionate about diversity than Johnson and Johnson. This giant Health Care Company has recently become a family of consumer companies with more than 230 operating companies selling products in over 175 countries and employing over 115,000 people. It maintains a unique, decentralized management structure which allows each company to manage its business locally.

At Johnson & Johnson, diversity is defined as a variety of similar and different characteristics among people, including age, gender, race, religion, national origin, physical ability, sexual orientation, thinking style, background and all other attributes that make each person unique. The fact is that JNJ feels strong about diversity, to the extent they share it as part of their credo in 36 languages across the continents. Diversity it is something they want to pursue to the maximum because they are convinced that it fosters the exchange of ideas within the workplace and encourages collaborative efforts and inspires innovation (DIA, 2007).

It is true that this Diversity Vision has developed to be more than a positioning statement of values. Only five years ago JNJ created a Diversity University where "people learn to grow" and where they are provided with training and development tools in the context of this vision. The DU developed a gateway where employees across the organization can access a wide range of diversity related resources such as cultural awareness training tools, geographical world map with country-specific content, e-learning, mentoring courses, international assignments, leadership and rotational development programs. One of the purposes of this initiative is that JNJ becomes the Employer of Choice in a dynamic global environment (DIA, 2007).

In an interview related to this topic with the CEO and VP of Johnson and Johnson, they comment that "diversity is the right thing to do" and they do it because they also think they can gain market share from it. According to Vice-president, Frank Bolden doing diversity will give them a greater appreciation and understanding of their customers and how to serve their needs better. CEO, William C. Weldon, outlines that diversity should be institutionalized in the way the do business. This means to accept the challenge of having respect and dignity, to embrace diversity within the organization and to use that as a competitive advantage. In other words, they want to own diversity and to make it part of our everyday business (JNJ, 2007). The complete interview can be found in Appendix A.

Recently, all Latin American JNJ companies were called for a videoconference to address the latest acquisition of American company Pfizer. This acquisition caused many changes in the organization such as downsizing, restructuring and training for the Pfizer employees to understand JNJ Corporate culture. One of the directors stressed the fact that JNJ had to work on developing emotional intelligence. When asked what he meant by that, he further explained saying that emotional intelligence has to do with having empathy with people from any culture so that they will be able to understand and satisfy their needs better. As far as the discussion of their current strategy was concerned, it dealt mainly about the challenge of merging and developing emotional intelligence as a competitive advantage (JNJ, 2007).

There are many benefits of diversity and building culturally diverse teams, but managing them can also become quite complex. Currently, growing evidence has shown that culturally diverse groups can enhance creativity, lead to better decisions and be more effective and productive (Distefano, 2000). On the other hand, it can also create conflict among team members which may hinder the development and team potential. Hodgetts and Luthans say that some of the main problems associated with diversity are lack of cohesion, perceptual problems, inaccurate biases and communication (2003).

2.1.2 Current IHRM Practices

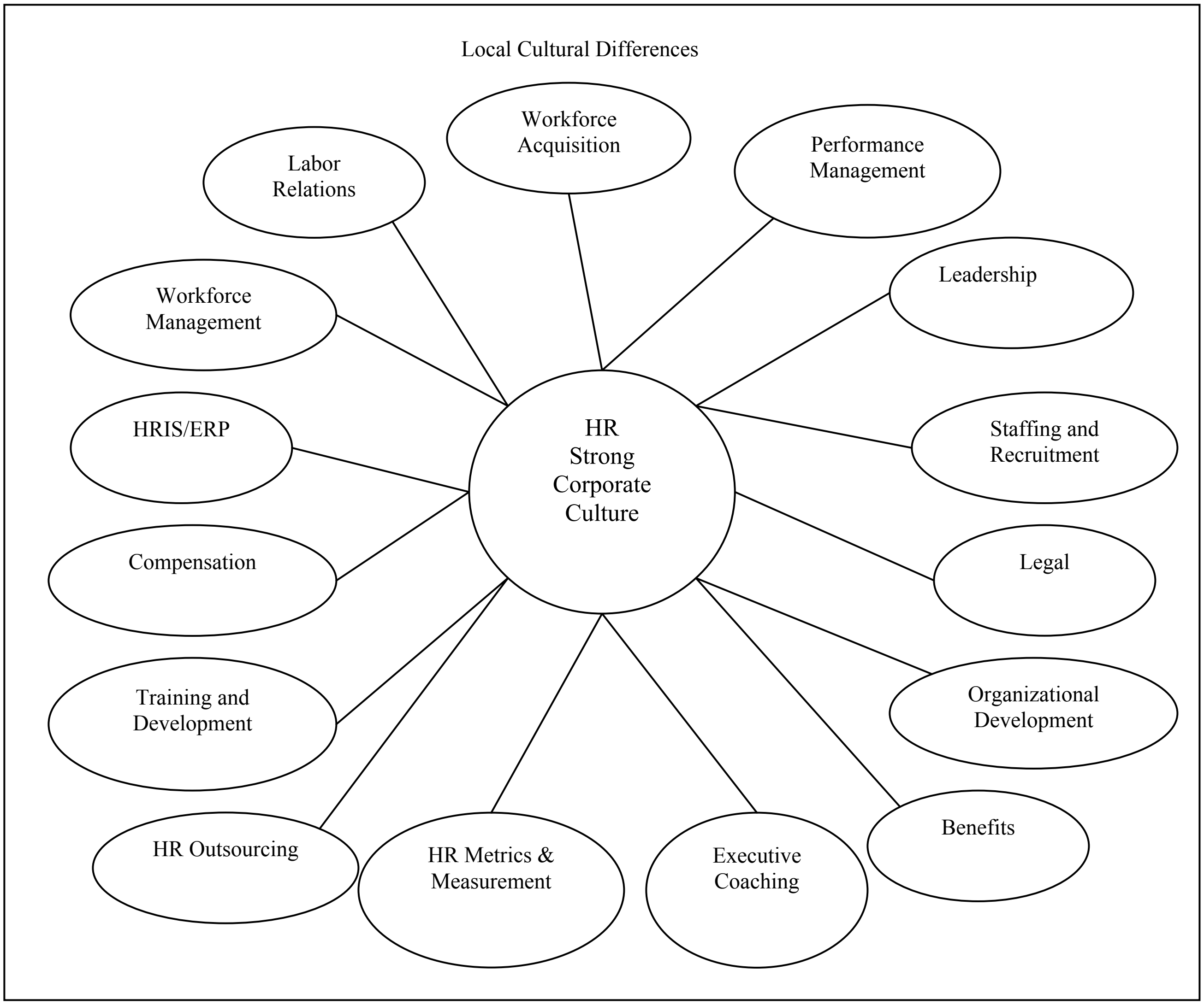
Once the international context has been set for the Human Resource Management Department, it is important to review the current IHRM practices to understand what companies are doing in response to the global changing environment. Evidently it plays a key role in shaping the future and development of the organizations.

Since the globalization of Human Resource marked a tendency of increasing levels of decentralization, the practices follow this same pattern. However, not all practices are the same. What works for one company might not necessarily work for another and so on (Hodgetts and Luthans, 2003). However, one thing is clear and that is HR Management is becoming extremely relevant to companies. According to J.P. Morgan from the Foundation for Sustainable Economic Development, Human Resource must shift from being an administrative support function to becoming a business partner in developing the business strategy (Morgan, 2001). This calls for what is known as "best practices" in HR, which is applied in a variety of ways in many organizations. However, some of the main factors which constitute best practices in Human Resource, according to Morgan, are: communications, continuous improvement, culture consciousness, customer focus and partnering, interdependence, risk taking, strategy, commitment, and value focus.

The main areas of Human Resource Management can be classified in this way as it is shown in figure 2.1 (HR, 2007):

- Workforce Acquisition
- Performance management
- Leadership
- Staffing and Recruitment
- Human Resources Management
- Organizational Development
- Benefits
- Executive Coaching
- HR Metrics & Measurement
- HR Outsourcing
- Training and Development
- Compensation
- HRIS/ERP (Human Resource Information System/ Enterprise Resource Planning)
- Workforce Management
- Labor Relations
- Legal

Figure 2.1: Classification of Human Resource Activities



Source: Author's own construction based on HR.com

The main purpose for many MNCs as they transfer these areas into an international context is to create a common corporate culture among all subsidiaries. In order to do so, they face many barriers such as differences in social, economical and political circumstances, which affect people's perception and the way they do things and can cause resistance to change. Language communication is also a barrier which leads to a lack of cultural knowledge and understanding, a key aspect to advance in a today's global competitive environment. In response to these barriers most MNCs believe that the key to creating a consistent corporate culture across multiple locations is maintaining the critical balance between a strong corporate culture and local cultural differences (Rioux et al, 2007).

2.1.3 International Assignment Management Review

Evidently the flow of people from one location to another for international assignments, whether it may be for a short or long term period, is inevitable. The management of international assignments implies demanding tasks and responsibilities for the IHR Department, who has to create a system that ensures successful expatriation. It is their job to provide with the necessary tools and assessment before, during, and after the international assignment. It is worth mentioning that the financial cost for this whole process to take place is quite high, plus the compensation package for the expatriate. It has been estimated that the cost of expatriate failure can cost a company between $250,000 and $1 million (Caudron, 1991). Consequently, more and more major corporations are considering outsourcing their international assignment programs. According to Consultant Company, Executive Resource Limited, this is happening because of growing demands placed on their human resources managers, the need to focus on strategic business objectives, lowering the costs of international assignment programs or making them more cost-effective, and the increasing level of sophistication of providers. (ERL, 2007)

The aspects involved in the management of international assignments are summarized below along with a description of the general practices stated in literature or carried out by organizations. The stages are: Purpose, Selection, Preparation, Early Days, Three-to-Six Months and the Return Phase (WFPMA, Haslberger and Esarey 2006).

Purpose

The first and most important phase is to define the purpose of the international assignment. Once it is clear, the rest of the aspects adjust accordingly. The reasons for sending expatriates abroad may vary depending on the purpose, which may include the following:

- To fill a post where no local staff are qualified
- To train local nationals to take over roles previously occupied by expatriates
- To transfer technical expertise
- To give employees international experience in preparation for more senior roles
- To provide development opportunities for employees as part of talent management and succession planning
- To facilitate knowledge sharing between employees in different parts of the organization
- To create an internal corporate culture and encourage employees to develop an international mindset

Selection

Once the need and purpose for an international assignment has been established by the company, the main question rises on who will be the person most adequate for the post. Companies follow many selection criterions developed around key competencies, experience and skills to make sure they have the right person for the right job. They consider many factors such as gender, individual ability, expatriation duration, previous overseas experience, marital status, family issues, dual assignment, cross-cultural adjustment and so on. Some might also rely on results from the previous international assignment selection. There is also a tendency to rely on the fact that the employee's performance in the home country will be the same as overseas; however, this is not always the case. Companies usually make use of personality tests, identity assessments and an interview with the employee and the family in order to find out if the individual not only has the professional requirements, but also the cultural adaptability.

Preparation

Once the person has been selected according to the company's selection criteria, the preparation stage comes into play. Basically, the company prepares the ground for the expatriate and his family (if that is the case). The preparation for the assignments involves some of the following tasks:

- Assignment and Career Planning

- Give expatriates adequate and on time notice of the assignment
- Communicate the duration of the assignment and establish the terms and conditions relating to the return
- Explain assignment and job description
- Set the scenario of the assignment and the implications for the expatriate and his family

- Undertake career planning in context of the assignment
- Exchange communication about career expectations before and after the job assignment

\- Assignment Compensations & Arrangements

- Examine legal implications for the employee's employment rights and the organization's rights and obligations, both in the home and host country
- Establish base salary and the currency it will be paid in
- Describe how salary and allowances will be paid
- Describe tax and social security contributions
- Establish provision for children education (if needed)
- Establish benefits such as pension, life, insurance, mental and dental cover

\- Assignment Mobility

- Find accommodation in the foreign country
- Find school for the children
- Find leisure activities and places of interest for each family member
- Provide shipping of goods

\- Assignment in the Cultural Context

- Provide with solid insight into the new macro- and micro- environment
- Prepare the family's expectations
- Provide Cross-Cultural Training for employee and family
- Provide Language Training for employee and family
- Arrange pre-assignment visits to the host country

The Early Days

The experience in the early days is critical and it deals mainly with the micro-environmental factors or individual factors. Here, companies make use of coping strategies to relieve stress and cultural shock.

- Provide help with practicalities
- Facilitate a social Network
- Provide support from suitable experienced HR staff

Expatriation

From the third month and onward of the assignment in the host country, the macro-environmental factors, such as the host country political, economical and social environment, the climate, culture values, openness to strangers, and so on, become noticed by the expatriate and his family. The organization assists in the following ways:

- Follow up language and cultural training
- Schedule a trip close to the region
- Have contingency plan for emergencies
- Stay connected to expatriate and family
- Follow up with employee and family experiences
- Assess in cultural issues

Repatriation

The repatriation process is complex on its own and even theoretically different from domestic relocation and expatriation. Some authors say that repatriation adjustment is as difficult if not more difficult than the original expatriation adjustment (Black et al 1992). However, there is less planning and effort put into than the expatriation process. It is possible to say that an international assignment is not successful until the person has adjusted back in the home country, which implies the inverse adjustment process of expatriation. Recently, more attention has been given to this matter and companies try to assist expatriates in this process in the following ways:

- Provide post return and training orientation
- Integrate employee back in the organization
- Make sure that the position he/she occupies fits his/her needs and expectations according to what was previously agreed
- Organize focus groups to learn from the expatriate's experience abroad

2.1.4 Challenges of the Internationalization of HRM Processes

As it has already been mentioned, the role of IHRM is growing due to highly global competitive operations and it has become more and more strategic. In the past HR used to be more centralized in the way they reported and managed regional departments. Today, half of all international organizations reported having one primary HR department with independent regional HR staff, which shows that the globalization of HR is now characterized more by increasing levels of decentralization. The priorities for HR have also changed. For instance, now international organizations are concerned for improving

Global Leadership Development, recruiting high-quality employees in the international labor market and employee retention. The demands grow for a consistency of the HR practices among all departments and the development of a common corporate culture despite local cultural differences and barriers (Rioux et al, 2007).

In a survey, 206 members of Development Dimensions International HR Benchmark Group were asked to determine the most effective action to make HR practices more consistent across all locations and offices. These were some of the responses (Rioux et al, 2007):

- Develop a long-term HR Plan to ensure alignment of HR strategies/objectives with corporate objectives
- Create centralized reporting relationships around the globe
- Standardized assessment, development and compensation practices
- Introduced practices to regions around the globe and allow the HR function in each region the autonomy to do its job
- Share HR best practices used in certain locations with all other locations

It is true that Human Resource Management tends to have complex processes which make it hard to adapt in the global changing environment. According to DDI's research, the main challenges facing HR remain as the following (Rioux et al, 2007):

- Coordination of activities in many different locations
- Understanding of the continual change of the globally competitive environment
- Building a global awareness in all HR department divisions
- Creating and managing a multicultural HR team

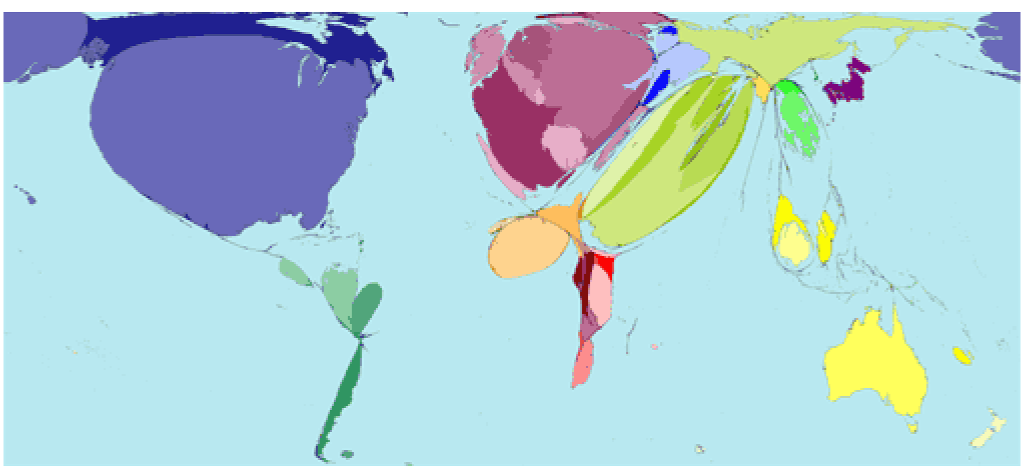
2.2 Expatriate Assessment

In this section we review the factors influencing the expatriation process starting from a global migration perspective, then from the perspective of multinational corporations. Finally, we revise different postures on expatriate performance abroad.

2.2.1 Global Migration Perspective

The globalization has caused an increase of international movements. Therefore, it is relevant to take a look at the migration tendencies in general, where "the reasons people move are no big mystery: they do it today, as they did two centuries ago, to improve their lives" (Williamson, 2006). If we take a look at the international migration perspective, we are given an insight of the macro context of expatriate movement. The main information we can draw from this, are tendencies of migration flows and most importantly, reasons for migration. Figure 2.2 shows an interesting map showing the world's migration flow is the one provided by the University of Sheffield, where the countries are resized in proportion to the net immigration figure (Van Brakel, 2004). The world then looks like this:

Figure 2.2: Global Migration



Source: From Sheffield University in The Brussels Journal, 2004

Immediately the United States, West Europe and the Arabian Peninsula stand out proportionally bigger. It is not a surprise that these lands, especially the United States and Western Europe are seen as promise lands or asylums for developing countries, or countries in political conflict. For instance, according to the Immigration Policy Brief of the U.S., the foreign-born population in the United States increased by 4.9 million between 2000 and 2005. The total foreign-born population then rose to 35.7 million or 12.4% of 288.4 million people in the country. This figure includes legal immigrants and undocumented people. Mexico accounts for one of the highest expatriate group with nearly 9.5 million people. While Western Europe, has become a destination for immigrants from Asia, the Middle East, and Africa, especially since the collapse of the Soviet Union in the 1990s. Net immigration into the European Union now surpasses that of the United States and would exceed it by even more if illegal immigrants were included (Dumont and Lemaitre, 2005).

The international migration that is more relevant to this study is the mobility of highly qualified workers. To this regard the Organization for Economic Co-operation and Development provides useful databases on immigrants and expatriates in OECD countries. Two opposite events increase the relevance of expatriate movement today (2005):

1. One interesting tendency is many OECD countries attempt to attract qualified human resources from abroad, because their economy demands it in order to sustain economic growth and counteract the effect of ageing populations.
2. On the other hand, the phenomenon commonly known as "brain drain" is also a big concern because it accounts for loss of economic potential. Today only a few countries have precise information of their expatriates by duration of stay abroad, level of qualification, occupation or branch of industry.

Table 2.1 shows the percentage of foreign born and non-citizens in the total population in OECD countries. As we can see, developed countries have the largest percentages. According to Dumont and Lemaitre, developing countries seem to not be significantly affected by these figures and indeed may benefit from indirect effects associated with this mobility such as: return migration, technology transfers, and remittances (2005).

Table 2.1: Percentage of Foreign Born and Non-Citizens

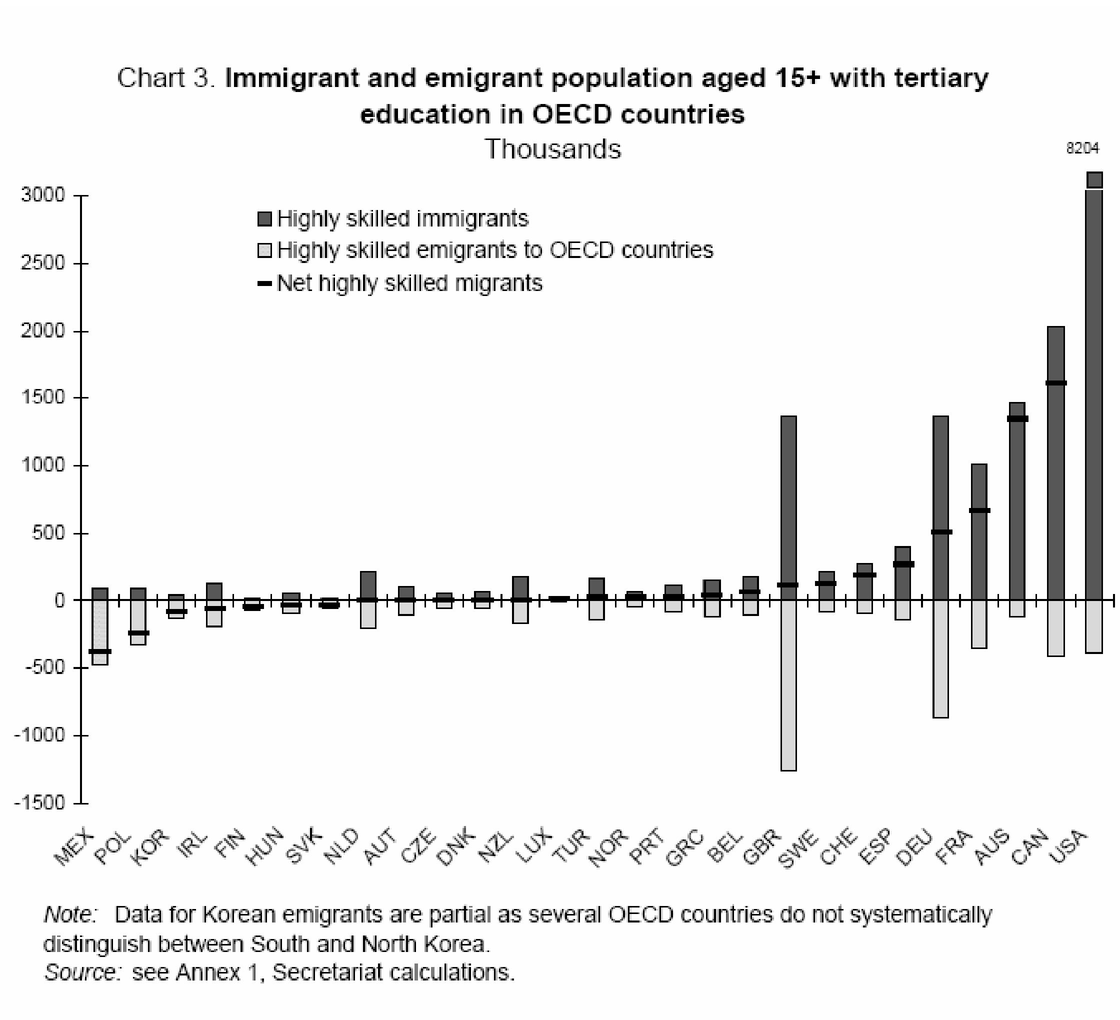
Table 1. **Percentage of foreign-born and non-citizens in the total population in OECD countries**

	Percentage of foreign-born	Percentage of non citizens
Mexico	0.5	..
Turkey	1.9	..
Poland	2.1	0.1
Slovak Republic	2.5	0.5
Finland	2.5	1.7
Hungary	2.9	0.9
Czech Republic	4.5	1.2
Spain	5.3	3.8
Portugal	6.3	2.2
Denmark	6.8	5.0
Norway	7.3	4.3
United Kingdom	8.3	..
France	10.0	5.6
Netherlands	10.1	4.2
Greece	10.3	7.0
Ireland	10.4	5.9
Belgium	10.7	8.2
Sweden	12.0	5.3
United States	12.3	6.6
Germany	12.5	..
Austria	12.5	8.8
Canada	19.3	5.3
New Zealand	19.5	..
Switzerland	22.4	20.5
Australia	23.0	7.4
Luxembourg	32.6	36.9
Japan [1]	..	1.0
Korea [1]	..	0.3
Weighted average for above countries	**7.8**	**4.5**

Source: Dumont, JC. and Lemaître G; OECD

Figure 2.3 separates the highly skilled immigrants, the highly skilled emigrants to OECD countries, and the net highly skilled migrants. The United States and Canada have the highest net highly skilled migrants, while Mexico occupies the lowest. Another study showed that the percentage of the highly skilled who are expatriates is below 10% for most OECD countries and particularly low in Japan, the United States, Spain, and Australia (Dumont and Lemaitre, 2005).

Figure 2.3: Immigrant and Emigrant Population in OECD countries



Source: Dumont, JC. and Lemaître G; OECD

2.2.2 The Multinational Enterprise Perspective

Now we focus on the micro perspective of the expatriate flow, which takes place in multinational corporations. The word that would explain the growth of multinationals today is productivity. The more productive multinationals have become the more countries they have established in. This trend continues particularly for non- U.S multinationals, especially Japanese and also for many small multinationals. The global economy has also provided a suitable environment for this growth. Recently Rodrigo de Rato, Managing Director of the International Monetary Fund gave a speech regarding "Sustaining Global Growth" and he said the following:

> "…the state of the world economy and the medium-term challenges must be faced to allow the remarkable recent period of growth to be sustained. The past five years have been a period of great global prosperity, underpinned by strong productivity growth. It is hard to predict what lies ahead, given the potential impact of climate change, population aging, and large global imbalances. I remain optimistic, but we cannot take it for granted that the current success will continue" (De Rato, 2007)

As multinationals operate constantly in an international environment, the flow of employees from one country to another is not only necessary but also essential for entering new markets. The headquarters staying in the home country must decide when, where and for what reason to send someone abroad. This is when the term "expatriate" came into place, which literally means "to give up residence in one's home land" or "to renounce allegiance to one's home land" (Webster, 1994) The term "international assignment" is simply the task that the expatriate must accomplish in a certain period of time (WFPMA, 2005).

We need to take into account that expatriation does not only happen in big multinational corporations, in fact, the rise of mini-multinationals has been outstanding in the last years. For instance, 80% of midsize and large companies send professionals abroad and 45% plan to increase the number they have on assignment (Black and Gregersen, 1999). In another study, Human Resource Managers of many multinational corporations were surveyed and 85% of them believe that the organization does not have enough competent international executives managing global operations (Gregersen et al, 1998). This shows the need not only for sending more expatriates, but also for them to perform successfully abroad.

According to the composition of the largest multinationals we would expect the United States to be the one sending more expatriates abroad, since the U.S. has a greater FDI activity than other major industrialized economies. For instance, the FDI inflow and outflow of the United States is 32% greater than in Germany and over 100% greater than Japan (Atkinson and Court, 1998). However, over the years, multinational corporations from Japan, the U.K., France and Germany have significantly increased the percentage of largest multinationals since 1973, while the United States decreased this percentage, as shown in table 2.2 below. As a result, the expatriate flow from these countries has also increased (Hill, 2003).

Table 2.2: The National Composition of the Largest Multinational

	1973	**1990**	**1997**	**2000**
United States	48.5%	31.5%	32.4%	26%
Japan	3.5	12	15.7	17
United Kingdom	18.8	16.8	6.6	8
France	7.3	10.4	9.8	13
Germany	8.1	8.9	12.7	12

Source: Hill, Charles W.L. 2003

2.2.3 Expatriate Performance Abroad

Multinational Corporations show major concern regarding expatriate performance abroad; especially since expatriate failure rates have persisted over the years. In fact, researchers have tried to determine accurate failure rates that reflect the reality of multinationals. In many expatriate articles, authors quote on Tung's empirical research on expatriate management, and conclude that 25% to 40% of all expatriates from the United States have failed (Tung, 1982). Buckley and Brooke claimed later in 1992 that "expatriate failure rages between 25 and 40% in the developed countries and as high as 70% in the case of developing countries" quoting on the studies of Desatnick and Bennet, Mendenhall and Oddou (Buckley and Brooke, 1992). However, references were not clear on the fact that those figures referred to U.S. expatriates only. After this, authors have used these figures to claim alarming failure rates on expatriate performance, setting a disappointing scenario for multinational corporations.

Anne-Wil Harzing made a profound study on the expatriate failure rates in 1995 and discovered that these rates are actually a myth and show very little proof when failure is measured as a premature return. After analyzing the actual source of all the failure rates, she found that actually the empirical research made by Tung in 1981 had been manipulated and interpreted wrong. The original figures show that 76% of American multinationals had expatriate failure rates between 10 and 40%. The research also shows that the vast majority of these firms had expatriate failure rates below 20%. Therefore, it is mistaken to say that failure rates range between 25 and 40%. However, the original figures do give insight in the fact that failure rates among American expatriates are generally higher than failure rates among West European and Japanese expatriates (Harzing, 1995).

Most of the authors making reference to high expatriate failure rates also mention the need to improve cross-cultural training. Evidently, after more than 25 years since Tung's empirical results, we would expect multinationals to have responded in ways to decrease this rate, whether it would be in improving cross-cultural training or expatriate selection procedures. Nevertheless, the reality still remains in the fact that there is no such thing as 0% failure rate. To a certain degree, multinationals still face today the challenge of successful expatriation in all international assignments. As we can see according to Harzing's research, U.S. multinationals have revealed their weakness in this area since they show higher failure rate in comparison to Japanese or West European multinationals. This means that Americans might have more difficulty in adapting to new cultures. A study ranked the different regions of the world where U.S. employees have difficulty in adapting (Black et al, 1999). The ranking order from most difficult to least:

- Africa
- Middle East
- Far East
- South America
- Easter Europe/Russia
- Western Europe/Scandinavia
- Australia and New Zealand

The difficulty in adapting to a new culture as an expatriate is not only a weakness for Americans. In fact, it is believed that the expatriate failure is greater in nations where the gap between the home and host cultures is marked (Hutchings in Kayne and Taylor, 2005). A good example of this would be China and Australia, or Mexico and the United States. Even expatriates consider certain countries as a complete challenge for adaptation. For the most part, China is currently records among the highest rate of expatriate assignments and several studies show that expatriates have difficulty communicating and understanding Chinese reality. (Fernandez et al, 2006)

The relevant issue in expatriate performance abroad is not so much the failure rates, but the underlying reasons for failure. Also, it is necessary to establish a clear definition of failure that would describe more than just a premature return to the home country. This information should help multinationals improve expatriation procedures. Tung's research provided with a list of reasons of failure given by U.S. and Japanese multinationals in order of importance (1982). Interestingly, the inability of spouse to adjust appears in the opposite order, which clearly indicates the cultural difference as it is shown in table 2.3.

Table 2.3: Reasons for Expatriate Failure

U.S. Multinationals	**Japanese Multinationals**
1. Inability of spouse to adjust	1. Inability to cope with larger overseas responsibilities
2. Manager's inability to adjust	2. Difficulties with new environment
3. Other family problems	3. Personal or emotional problems
4. Manager's personal or emotional maturity	4. Lack of technical competence
5. Inability to cope with larger overseas responsibilities	5. Inability of spouse to adjust

Source: Tung, 1982

2.3 Cross-Cultural Adjustment Review

The purpose of this section is to review the relevant theory of culture, communication and adjustment. For the most part, we seek to provide empirical research and models to enhance the understanding of cross-cultural adjustment.

2.3.1 The concept of Culture

Definition of Culture

The concept of culture is a hard one to grasp and to define because it is complex in its nature. The more people study this area, the more they find out what they can add or take out. It is relevant to review the theoretical framework of culture to determine the implications for IHRM in shaping cross-cultural training programs in a way that is culturally sensitive. A holistic approach to the concept of culture can give us a broader perspective of the relationship dynamics among people from different cultures, thus enabling people to behave smarter and contextually smarter.

People usually don't think in terms of "culture" until we take a look somewhere outside of our own culture, such as when we travel, or when we watch the news or interact with people from another country. The rest of the time, we tend to switch our mind to our own cultural mode which provides the necessary knowledge to live in a "comfortable" environment. This avoids tensions because we know the value systems of our culture to be able to behave and react in a way that is socially acceptable, but most importantly, we have the means to communicate it, and that is through language.

There are many definitions which help us to see culture from a different perspective. The most relevant quotes of culture relevant to this study are presented below. The complete compilation of definitions can be found in Appendix B.

> "Culture is the sociological term for learned behavior; behavior which in man is not given at birth, which is not determined by his germ cells as is the behavior of wasps or the social ants, but must be learned anew from grown people by each new generation."
>
> - Benedict, Ruth (1943)

> "Culture is not what people do, nor their behavior. The behavior itself grows out of the cultural knowledge that is there. The things people know from one another are different. Cultural knowledge is not necessarily true. We know lots of things in our culture which may be questionable, but there is an underlying assumption that they are true. It is a matter of conviction, but that does not make it any less true for those that believe it, and everybody in that culture believes it."
>
> - Brewster (1976)

> "Every age, every culture, every custom and tradition has its own character, its own weakness and its own strength, its beauties and cruelties…"
>
> - Herman Hess (1946)

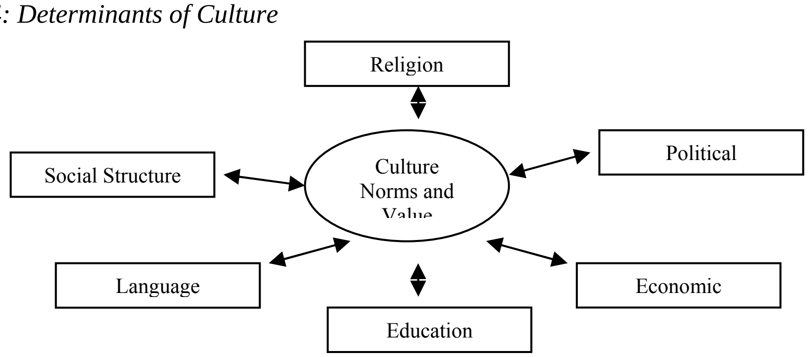
Although, all these authors comment differently on the concept of culture, they help to develop several characteristics of culture worth mentioning. The first relevant characteristic that we can draw is that culture is learned. From the moment we are born, we are consciously or unconsciously (most of the time unconsciously) learning to define the world we live in. For the most part, it is a nonverbal, indirect teaching- learning process transmitted from generation to generation.

Culture is said to be an integrated system, composed of parts that are related to each other. Hill says that values form the bedrock of a culture. They provide the context within which a society's norms are established and justified. Values are not just abstract concepts; they are invested with considerable emotional significance (Hill, 2003). Another interesting aspect about culture is that the system of values and norms make sense for that specific group of people, but not necessarily for another group of people from another culture (Samovar et al 2001, Brewster, 1976). The pursuit of these common values and norms bind people together to the same direction. For example, for many Westeners, it doesn't make sense to have a big breakfast like it does in Central America, or drive on the right side as opposed to how the do it England or Japan.

<u>Determinants of Culture</u>

With the information given above about culture, it is possible to classify the different determinants of culture. Hill describes a chart showing culture norms and value systems being the factor that receives and produces change according to the various determinants of culture such as: religion, political philosophy, economic philosophy, education, language and social structure (2003). He comments that values and norms of a culture do not emerge fully formed, but they evolve depending on these factors as it is shown in figure 2.4.

Figure 2.4: Determinants of Culture



Source: Hill, 2003

2.3.2 Cultural Studies & Models

Over the years, people have studied culture and developed models that provide a useful classification of cultural characteristics and patters distinguishing one culture from another. The most famous one was made by Hofstede in1973. Table 2.4 shows the country results under the four cultural dimensions: Power distance, uncertainty avoidance, individualism, and masculinity. The power distance dimension relates to the extent to which a society distributes power in relationships, institutions and organizations. The uncertainty avoidance dimension defines the extent to which people within a certain culture react when facing unsure and unpredictable situations and how they try to avoid it by holding on to absolute truths. The individualism-collectivism dimension describes how self or group oriented people behave. And finally, the masculinity-femininity dimension refers to the degree to which masculine or feminine traits are valued and revealed (Hofstede, 1980).

Table 2.4: Hofstede Cultural Dimensions

	POWER DISTANCE	UNCERTAINTY AVOIDANCE	INDIVIDUALISM	MASCULINITY
Argentina	49	86	46	56
Australia	36	51	90	61
Brazil	69	76	38	49
Canada	39	48	80	52
Denmark	18	23	74	16
France	68	86	71	43
Germany (F.R.)	35	65	67	66
Great Britain	35	35	89	66
Indonesia	78	48	14	46
India	77	40	48	56
Israel	13	81	54	47
Japan	54	92	46	95
Mexico	81	82	30	69
Netherlands	38	53	80	14
Panama	95	86	11	44
Spain	57	86	51	42
Sweden	31	29	71	5
Thailand	64	64	20	34
Turkey	66	85	37	45
United States	40	46	91	62

Source: Hill, 2003

Another interesting cultural study was the Value Orientation Model made by Kluckhohns and Strodtbeck. These anthropologists found out that "all people return to their culture to answer the same basic questions" (1960). Those questions are the following:

1. What is the character of human nature?
2. What is the relation of humankind to nature?
3. What is the orientation toward time?
4. What is the value placed on activity?
5. What is the relationship of people to each other?

These five values are understood better if placed on a continuum. Table 2.5 shows the orientations along with the values and behaviors related to it.

Table 2.5: Value Orientation

Orientation	Values & Behaviours		
Human Nature	Basically Evil	Mixture of Good and Evil	Basically Good
Human Kind and Nature	People Subject to Nature	People in Harmony with Nature	People the Master of Nature
Sense of time	Past Oriented	Present Oriented	Future Oriented
Activity	Being	Being in Becoming	Doing
Social Relationships	Authoritarian	Group Oriented	Individualistic

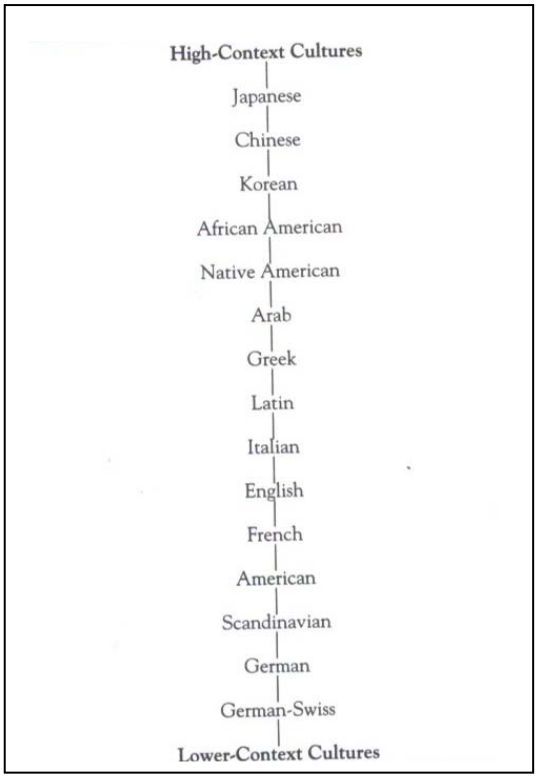
Source: Author's own construction based on Kluckhohns and Strodtbeck, 1960

This Value Orientation Model relates to Hofstede's Model in some characteristics. For example, the Human Kind and Nature can relate to the masculinity-femininity dimension used by Hofstede. However, Kluckhohns and Strodtbeck model provide more specific behaviors for each orientation, which can be recognized easily in any culture. This cultural model is relevant because it helps to classify values and behaviors of different cultures according to the main orientations of life issues. It also helps to build mental maps that will enable people to distinguish different types of cultural behavior.

The last model to discuss is Hall's High-Context and Low-Context Orientation, which tries to examine cultural similarities and differences relating to perception and communication. In this way, he classifies cultures in either high or low context placed on a continuum, depending on the meaning given to the world around us or to the exchange of words. The high-context communication is one where the message is mostly implicit for the other person to discover. It is the type of communication that reveals only a small amount of on-the-surface information leaving the true content undercover. On the other hand, low-context communication has the tendency to deliver the message in the most explicit way possible. Most of the information is given in a clear, direct way (Hall, 1990).

According to this table we can analyze cultures depending on their tendency to communicate. In high-context cultures like Latin Americans, Japanese, Chinese and Korean, people share similar experiences, information, relationships, history, traditions and so on. This common ground makes people rely less on detailed information to convey a message, since it is already implied or inferred by the rest. In this way, non-verbal communication is dominant over verbal communication. For low-context cultures such as German, Swiss and American, the opposite occurs. The verbal message contains all the information needed for the other person to understand the message and very little is implicit in the context or nonverbal communication (Hall, 1990). Figure 2.5 presents different cultures under this classification.

Figure 2.5: High-Low Context



Source: Samovar et al.

When a high- and a low-context culture collide, it may be quite difficult to communicate or it may even become a challenge. An American and Japanese blog posted on the web revealed the degree of the clash between these two cultures and how it produces frustration in their minds when they face communication. Table 2.6 presents a contrast of the Japanese and the American type of communication.

Table 2.6: Japanese vs. Americans

"Those Japanese"	**"Those Americans"**
Japanese are so polite and so cautious that you never know what they are thinking.	Americans talk too much.
Japanese use vague words and ambiguous expressions so that it is hard to know where they stand.	Americans seem to think that if they don't tell you something, you won't know it.
Japanese are always apologizing, even when there is nothing to apologize	Americans are too direct in asking questions, giving opinions, and poking fun.
Japanese seem to be always weighing the meaning of this large Japanese scheme of things.	Americans don't listen enough.

Source: Author's own construction from www.ired.com

In short, this model provides us with a better understanding of what people in different cultures pay attention to or ignore, and what are their values, but most importantly how to communicate in a culturally contextualized way. For example, using the example above, it is evident that Japanese value silence while Americans value the use of speech.

2.3.3 Misconceptions of Culture

So far we have discussed the definition, determinants and orientations of culture from different authors to give us an understanding of the right and appropriate way to look at culture. However, there are misconceptions of culture that lead to a narrow-minded and usually negative perception of culture. First of all, we need to consider that we tend to view other cultures from our own culture's perspective (Samovar, 2001). This causes us to make false observations and comments that lack objectivity. Hofstede's cultural dimension model was highly criticized because the research team was composed of Europeans and Americans, which means that the questions they asked and the analysis of the answers might have been influenced by their own cultural biases (Mead, 1994).

Ethnocentrism by definition is the belief in the inherent superiority of one's own ethnic group or culture. It is also said to be the tendency of most people to use their own way of life as a standard for judging others (Webstern, 1994). As human beings we have a tendency to stereotype people from different cultures in a good or bad way. We make generalizations assuming that people from a certain culture will react always in a particular way which causes us to make premature judgments. The question would be if we tend to be ethnocentric by nature, how can we develop a more objective point of view when we encounter other cultures? Something particularly useful is the understanding of the principle that there is no better culture (Brewster, 1976). All the cultures have a positive and a negative side; therefore it is not fair to say that one is always better than the other or vice versa. People have different ways of doing things. For example, Middle-Eastern cultures eat with their hands, while Western cultures eat using silverware; Western cultures like to eat lunch at 12 pm, while in Latin American, Mediterranean and Middle Eastern cultures, lunch is served around 2 pm. There is nothing wrong with either of them, it is just different! If we want to understand culture the right way, we should stop comparing and start appreciating all the cultures.

Finally, Samovar points out that "we are much more than our culture" (2001). In other words, culture falls short in describing people in general because there are far more individual characteristics which make up each and everyone's uniqueness. If we were to focus on the common characteristics instead of the differences among us, we would find that we have more things to share than we think. For instance, we are all human beings who share universal needs and emotions like love, sadness, anger, grief, envy, and so on. All human beings feel the need to relate to people and to feel accepted by them. We all live in a world where it is necessary to strive for a living under the risk of uncertainty. We have all been born and we will certainly face death one day. Therefore, if we look at people through the right glasses we will be able to see the uniqueness of the person first, and then we will acknowledge cultural differences with the capability to appreciate them.

2.3.4 Intercultural Communication & Language Learning

The concept of communication is just as important as the concept of culture. Communication can be seen as a double-edged sword. It can be the element that generates great achievements, or the one that can lead to failure. The Tower of Babel is a great example of the power of communication. If we think about it, they began with all the necessary elements to build the highest tower ever built. They had the people, the skills, the tools the materials, the resources, the plan and the courage to build it. Surely they even had effective leaders who were capable of coordinating the project and a skilled labor force for building the tower. Who would have thought that a little misunderstanding here and there resulted in such confusion that would cause people to abandon the project? Their weakest point became communication once they could not understand each other's language and without communication the task could not be finished.

If we compare this to the world we live in today and more specifically to the context of expatriates undertaking international assignments, we see the same two elements present: The task, which would be the assignment that the expatriate must fulfill abroad; and the weakness of communication, which can be interpreted as the lack of language and cultural understanding to convey the message for completing the task. Evidently, as parallel stories, it doesn't matter how technically skilled the expatriate is, or the amount of resources invested on the project. If the message is not effectively communicated, it will become an unfinished task, which can be defined as failure. Therefore, it is wise to analyze our weakest point-communication- in order to create ways to develop skills that will eventually transform the weakness into strength. This strength today can be a powerful competitive advantage in the global business market.

Edward Hall says that "culture is communication and communication is culture" (Hall in Rogers et al, 2002). Smith also points out that "the way people communicate is the way they live", therefore "communication and culture are inseparable" (Samovar in Smith, 2001). They even use the metaphor that communication is the voice and culture is the echo. In this context, Samovar recommends that it is necessary to first understand how culture operates in order to improve intercultural communication.

However, this recommendation is somewhat contradictory because it is not quite possible to understand the culture without the means of communicating in it. A person might be able to learn the basic aspects of one culture through literature, or references, but ultimately, the key to the heart of culture is language. All the cultural codes and secrets are hidden in language. Dr. Dennis O'Neil, Behavioral Science expert from Pallomar College in California, says that "Language is arguably the most important component of culture because much of the rest of it is normally transmitted orally. It is impossible to understand the subtle nuances and deep meanings of another culture without knowing its language well" (2007).

For the most part, interpersonal communication in the context of cultural differences is something expatriates will definitely face throughout their international assignment. Some assignments, however, will require less interaction with local people than others. For example, an expatriate who is sent abroad to run or examine technical programs, will be less involved with people than one who is sent to train nationals, network with local suppliers, and so forth. Nevertheless, whether it may be at work or outside of work, interpersonal communication and social interactions will be inevitable.

It has been stated for a longtime that nonverbal communication accounts a large percent of the communication. According to A. Barbour, 93% of communication is conveyed nonverbally. If we break this percentage down, 38% accounts to vocal (volume, pitch, rhythm, etc) and 55% to body language (1976). Barbour says that "body movement indicates attitude, conveys feelings and serve as illustrators." His definition of effective communication is one that combines the harmony of verbal and nonverbal actions. If nonverbal actions communicate the most, then it is relevant for expatriates to consider elements of nonverbal behavior, develop nonverbal communication skills, and use this as a strategy to achieve effective intercultural communication.

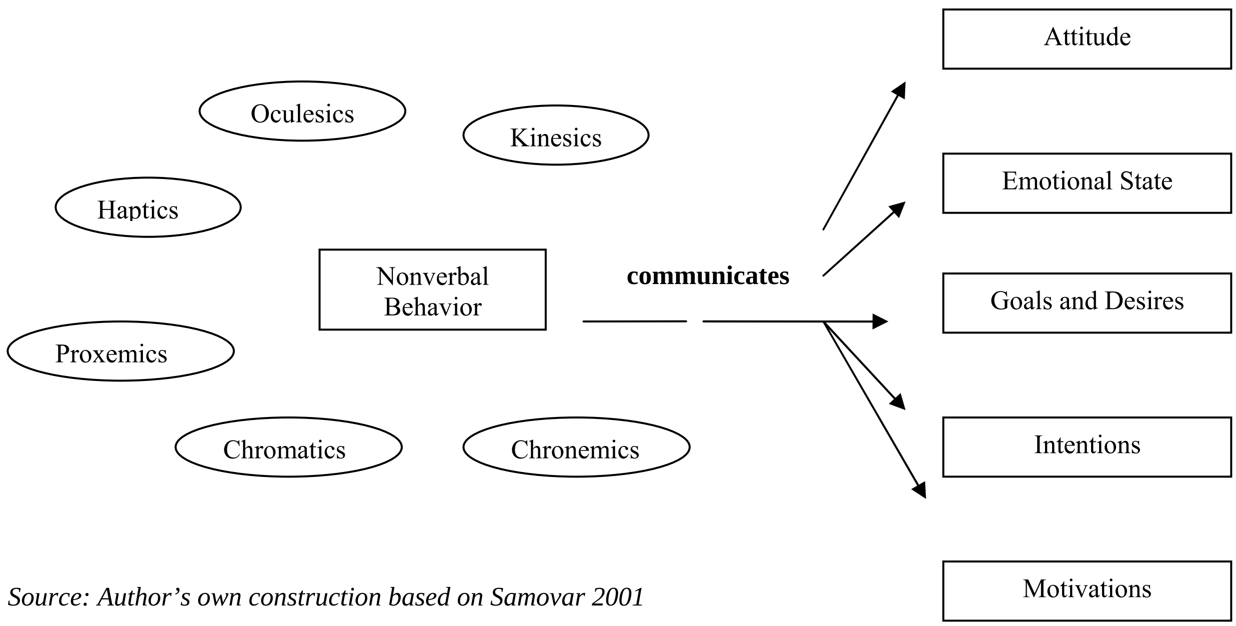
The nonverbal communication is classified in two main categories: body behavior and paralanguage. The body behavior comprises: general appearance and attire, kinesics, facial expressions, eye contact and gaze, touch, and smell. Paralanguage is how something is said and it involves the linguistic elements of speech such as: vocal characterizers (laughing, crying, yelling, moaning, etc); vocal qualifiers (volume, pitch, rhythm, tone, etc) and vocal segregates ("uh", "ooh", "aha", etc). Samovar says that paralanguage cues assist you in drawing conclusions about an individual's emotional state, socioeconomic status, height, ethnicity, weight, age, intelligence, race, regional background and education level (2001).

Figure 2.6 shows what nonverbal behavior communicates, such as: attitude, emotional state, goals and desires, intentions and motivations. Paralanguage, on the other hand, also communicates important aspects such as: Emotional state, socioeconomic status, ethnicity, weight, age, intelligence, race, educational level and regional background. Nonverbal behavior can be classified according to (Hodgetts and Luthans, 2003):

- Kinesics: communication through body movement and facial expression
- Oculesics: communication that deals with conveying messages through the use of eye contact and gaze
- Haptics: communication through the use of bodily contact
- Proxemics: communication through the way people use physical space
- Chronemics: the way through which time is used in culture
- Chromatics: use of color to communicate messages

Nonverbal communication provides enough insight into cultural understanding. It is an opportunity to search for cultural meaning and decipher hidden cultural clues, but at the same time it is a highly risky ground where a mistake can become catastrophic. It can create an incredibly embarrassing moment and in the worst case, it can ruin a relationship. People from the same culture have the ability to interpret some of the general nonverbal communication; however, interpreting nonverbal communication in a different cultural context can cause great confusion and misunderstanding.

Figure 2.6 Nonverbal Communication



Source: Author's own construction based on Samovar 2001

The question here is: why is nonverbal communication so important for intercultural understanding? And also, how can the IHRM make effective use of this knowledge for the international assignment management? Marc J. Riemer from the University of Monash in Australia does a good job in describing the relevance of nonverbal communication, which ties in directly to IHRM and its goal to prepare expatriates to international assignments. He says the following:

> "Non-verbal communication has a solid emotional component; to this end, emotional intelligence (or EQ) can contribute in understanding intercultural non-verbal communication, particularly with regard to its elements of empathy, self awareness, social skills and intercultural awareness" (2003).

Finally, expatriates must ask themselves what it takes to be an effective intercultural communicator. A large part of it is determined by the attitude. A right attitude is one that considers the person or persons to whom we are communicating before we convey the message. This means thinking about what they would think, feel or say regarding what we have to tell them. This will require an effort beyond our own cultural comfort zone. Also, the person must have clear what he wants to communicate and then develop a strategy into how to communicate that message. This might involve choosing the right moment, time and place. However, most of the time we are not completely aware of our communication once we are interacting with people, and therefore we cannot be certain if there is consistency in the way we communicate. For this reason, it is necessary to develop skills that will ensure effective communication whether we are fully aware of it or not. In his book, "Intercultural Communication", Jandt identifies four key strengths of good intercultural communicators (2001), namely:

- Personality strength (e.g. strong sense of self; socially relaxed)
- Communication skills (non-verbal and verbal)
- Psychological adjustment (ability to adjust to new situations)
- Cultural awareness (understanding of how persons from different cultures behave)

2.3.5 Cross-Cultural Adaptation Process

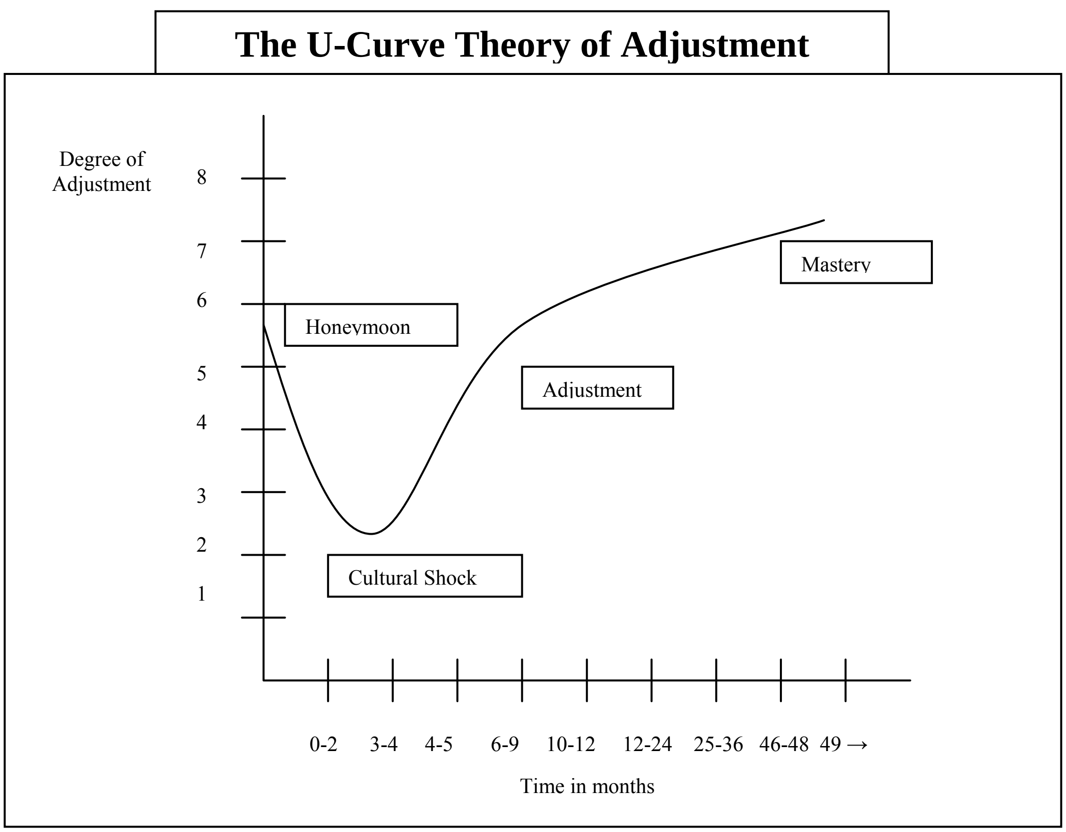
Cultural sensitivity, cultural resilience, emotional intelligence, cultural intelligence, intercultural mediation, immersion, empathy, and intercultural learning are concepts that ring louder nowadays for MNCs because they realize how important it is for international business. The example mentioned before is Johnson & Johnson. Their aim is for all the people working in the organization not only to develop this type of thinking, but also to apply it in the workplace and abroad. They have called this a “diversity initiative” and their efforts to achieve this are strong across the corporation. However, J&J should know that it is not a matter of step one, two and three to develop the qualities mentioned above. In reality, people go through a learning process of cross-cultural adaptation, where only those who complete the process have the ability to relate, communicate, work and succeed in a multicultural environment.

The ultimate goal of the cross-cultural adaptation process is for expatriates to become culturally sensitive and intelligent and also emotional intelligent. These concepts have received more attention recently and they have been defined in different ways by scholars. Cultural intelligence is said to be the aptitude and skill that enables outsiders to interpret unfamiliar gestures and actions as though they were insiders (Early and Ang, 2003). Emotional intelligence is similar to cultural intelligence only that it develops at a lower level and it means the skill that allows a person to appreciate what makes individuals similar to and different from one another (Goleman, 1995). According to Early and Ang, cultural intelligence picks up where emotional intelligence stops. Therefore, an emotionally intelligent person might not necessarily be culturally intelligent.

Every person has an innate level of cultural intelligence, which they need to enhance as they face cross-cultural encounters (2003). If cultural intelligence begins by becoming emotional intelligent, then we need to examine more closely what makes a person emotional intelligent. An even a more important question would be how to become this person. This last question will be answered in a more clear way as we examine the adaptation process. Early and Ang say that an emotionally intelligent person is able to separate out two features of a person’s behavior: those that are universally human and those that are personal, and idiosyncratic. In contrast, the culturally intelligent person can separate three features of a person's behavior: the universally human, the idiosyncratically personal and those that are rooted in culture.

One might ask if the cross-cultural adaptation process enables expatriates to develop emotional and cultural intelligence. The adaptation process is now presented and used as a tool for identifying the status of the expatriate abroad and then, measuring the effort needed to advance to the subsequent phases. Figure 2.7 shoes the U-curve Theory of Adjustment. This model is widely known to explain the cross-cultural adjustment process (Black & Mendenhall 1990; Usunier, 1998). We will use this graphic and the Expatriate Paradox research made by Osland to explain in detail the mental battles present in cultural shock experiences and adaptation stages (Osland, 2006).

Figure 2.7: The U-Curve Theory of Adjustment



Source: Black & Mendenhall 1990; Usunier, 1998

One thing that should be clear is the fact that expatriation is considered a major life event psychologically because it involves a radical change for the person (WFPMA, 1999). Some expatriates handle change faster than others because of previous international experience, personality traits, or emotional stability. The difference will be in how quickly they move from the initial to the final phase of the process.

Honeymoon

This first stage of the cultural adaptation process is the initial encounter of two cultures. Here, first impressions develop that last most of the time a period of 1 to 2 weeks. Expatriates get first impressions in just about everything from: people, language, climate, airport, buildings, roads, shops, houses, cars, money, traffic and so on. I particularly like the way Thomas Swick, travel writer, describes this event:

> "Walking is the first thing you should do when you arrive in a new place—not planning to see anything but hoping to see everything. It is in those initial hours that everything appears in sharp focus. So you walk and take in the facades, the doorways, the shop windows, the mannequins, the cars, the streetlamps. All the things that make this place different from home" (Swick, 2006)

From this perspective, expatriates are outsiders, most of the time, viewing the other culture through their own culture's perspective. However, during this stage differences seem beautiful, interesting and exciting. One can easily exaggerate on the beauty of another culture because it is so easy to get impressed by just about anything because of the fact that you had not seen it before. To a certain degree, we are all attracted to newness, which arouses curiosity within us. Here are some examples of quotes from expatriates abroad during their honeymoon stage:

Expatriate husband and wife in Indonesia:

> “Both of us are very happy to be here and our experiences so far (three weeks in and counting) have been almost invariably good. We have found all of the things we need (car, house, driver, etc.) within our small budget has been much easier than we had anticipated” (EWA, 2007).

American Expatriate in Japan:

> "The Japanese experience actually started in the airport departure lounge and continued on the flight from San Jose, California to Tokyo. There was a feeling of roominess, smoothness, and refinement. Figuring out where to go, immigration control, customs, cache withdrawal, money exchange, railway ticket purchase, boarding the train – everything felt right and was organized in a smart and efficient way. Express train was very pleasant. The cab ride is quiet and smooth like silk in an upscale Toyota Crown, where door opens and closes automatically” (Sergei, 2006)

Culture Shock

It has been said that cultural shock is the most critical point of cultural adjustment. Depending on the experience it can be really drastic or the accumulation of small disappointments or unmet expectations. Some aspects of cultural shock are strain and anxiety, feelings of loss, tension, frustration, confusion, impotence and the inability to deal with the environment because of unfamiliarity with cognitive aspects and role-playing skills (Winkelman, 1994). Little by little reality sinks in and the honeymoon stage is over or at least temporarily gone. When there is no more cultural positive input there will be negative output and a tendency to reject the local culture. At the same time, there is usually a longing for home. These are some quotes of expatriates who faced this stage:

American in China:

> “I went from being fascinated with China to being nauseated by the sight and smell of Sichuan food. I went from desperately wanting to learn the language to not being able to stand the infernal racket of their constant, unintelligible chattering, and of course there was no doubt in my mind that they were all always talking about me. I began to reject everything that China and the Chinese had to offer” (Downey, 2005).

Australian in Japan:

> “Christmas in Japan is a strange thing. Christmas, as An Englishman in Osaka reminded me, is only for children anyway. And although I left the grey December skies of England for the mild winters of Osaka, it doesn’t feel like Christmas” (Quasi, 2006)

The main issues we will discuss relating to cultural shock are to identity conflict, and paradoxes. As we have previously mentioned, culture provides a solid foundation for behavior, but when the existing foundation is no longer useful, a crisis will most likely surface. The identity crisis relates to paradoxes and vice versa. As people travel they discover more who they are and how they can become as a result of cross-cultural exposure. They also learn more about their own culture and become aware of their behavior. A person can then become multicultural, one “who is neither part nor totally apart from his culture, but lives on the boundary between the two”, meaning that he is committed to essential similarities among people, but at the same time, maintaining paradoxically an equal strong commitment to their differences (Adler, 1975). It is also said that people have a “portable identity”. This concept is further enhanced by two expatriate spouses, who overcame identity conflicts while living and working overseas. They focus more on the internal factors, like positive attitudes and decisions, when facing cultural conflict, rather than external factors. In developing and constructing a new identity, they develop tools such as inward communication, seeking support activities, and so on (Bryson and Hoge, 2003).

The other relevant issue is the presence of paradoxes in cultural involvement. This concept was first introduced by Joyce and Asbjorn Osland. They define paradox as “a situation involving the presence of contradictory, mutually exclusive elements that operate equally at the same time” (Osland, 2006). They also say that this factor forces expatriates to give up some of their cultural values in order to be accepted or successful in another country, but also, some of their core values become even stronger as a result of intercultural exposure. For example, if Western expatriates were sent to a collectivistic culture like Latin America or Asia, they might end up giving some of their individualistic core value. Otherwise, they would find it hard to be accepted within that culture.

Osland came up with four paradox classifications, namely: cultural intelligence, mediation, self-identity, and cautious optimism. The presence of paradoxes was directly liked with the level of cultural involvement. Thus, a person with low cultural involvement is less likely to experience paradox. Their main proposition was: “There will be a positive relationship between the awareness of paradox and the degree of cultural involvement.” The data was obtained from a sample of 35 repatriated U.S. businesspeople who were abroad for at least 18 months and then repatriated within the previous seven years. The majority (63%) had been assigned to Europe, but there were also postings in Africa, Asia, and Latin America. The study indicated that expatriates who are more involved in the local culture seem more likely to experience paradox (2006).

Table 2.7 presents a description of some paradoxes. Interestingly, the number one ranked paradox of self identity had one of the lowest percentages of awareness, meaning that only 48.6% of the expatriates had experienced it. Also the second most important paradox was the one dealing with the sense of belonging or “feeling at ease anywhere but belonging nowhere.” This paradox had the lowest percentage of awareness, 45.7%. A summary of the findings is presented below (Osland, 2006). The complete paradox results are found in Appendix C.

Table 2.7: Paradoxes

Paradox	Awareness	Rank	Examples of Quotations
Cultural Intelligence:			
1. Seeing as valid the general stereotype about the culture you lived but also realizing that many host-country nationals do not fit that stereotype	77.1%	6	"You've kind of graduated from regarding your experience as being an experience with a foreign people in a foreign culture to being an experience involving a very specific job with a very specific group of people in a neighborhood, in a community… The cultural aspects of it, the foreign aspects of it, begin to break down and it becomes more personal." (Banker in Japan)
2. Possessing a great deal of power but downplaying it in order to gain necessary input and cooperation	68.6%	4	"If you go and force something a little bit here, you have a better feel that it is going to work with the people all the way down to the bottom of the pyramid. But in Europe, you are not sure. You know a couple of levels of how it might work, but you are never sure of how it might touch the bottom… or how it might be perceived… so you really give them a chance to participate in decisions." (VP, European Operations)
Self-identity:			
3. Giving up some of your own values in order to be accepted or successful in the other culture, while at the same time finding some of your core values becoming even stronger as a result of exposure in another country	60.0%	3	"It is maybe outspokenness. You tend to be more reserved in what you say. Probably give up some informality. Americans tend to be very informal at home. Everybody is dressed a lot better than they are (in the States). And you tend to say after a while, 'I don't want to stand out that much'…Giving up some of your American values, you find that you change in subtle ways. But at the same time reinforcing a lot of the values that we have here-the freedom of action, the creativity, the aggressiveness in a good sense that you don't have in many European nationalities." (General Manager in Holland)
4. Becoming more and more "world minded" as a result of exposure to different values and conflicting loyalties, but becoming more idiosyncratic as to how you put together your own value system and view on life	48.6%	1	"I have changed as a result of the experience in that I am more understanding of a wide range of people. (I am) Definitely more interested in experiencing different situations and cultures than I was when I went, although that is what drove me to want to do it… And of course, I am much more independent than I was before. I have sort of created somebody. Not intentionally, I don't think, but I think that is what happened." (Accountant in Venezuela)

Source: Osland, 2006

Adjustment

During the cultural shock phase, paradoxes and identity crisis come to the surface. Now, during the adjustment phase, expatriates learn how to deal with them. In other words, it is the mental process of dealing with paradoxes and identity battles. Jack Vuyo says that problems can be solved but paradoxes cannot and most of the time people have difficulty in distinguishing between the two (2006). Russel says that a way to deal with paradoxes is "accepting both truths, reframing, and looking for a higher unifying principle"(Osland in Russel, 2006). In the study made by Oslan, expatriates said that all paradoxes were problematic when first confronted, but once resolved they were no longer an obstacle. For instance, uncertainty was a problematic factor, but once resolved so was the paradox. The expatriates from this sample mentioned the following ways that they used to handle paradoxes:

1. They looked for reasons to explain the situation so they could understand why the other culture behaved as it did in order to understand the "foreign" side of the paradox.
2. They determined what their role was in the particular situation and gauged whether they could influence or change it and whether they had the right, as an expatriate to do so.
3. They weighed the contingencies of the situation: What would happen if they chose to act on either side of the paradox?
4. They discerned the critical factors (norms or actions) essential for success.
5. They "picked their battles" in headquarters-local conflicts and avoided losing causes.
6. They accepted what they could not change.
7. They learned from the experience and applied it to the next paradoxical situation.

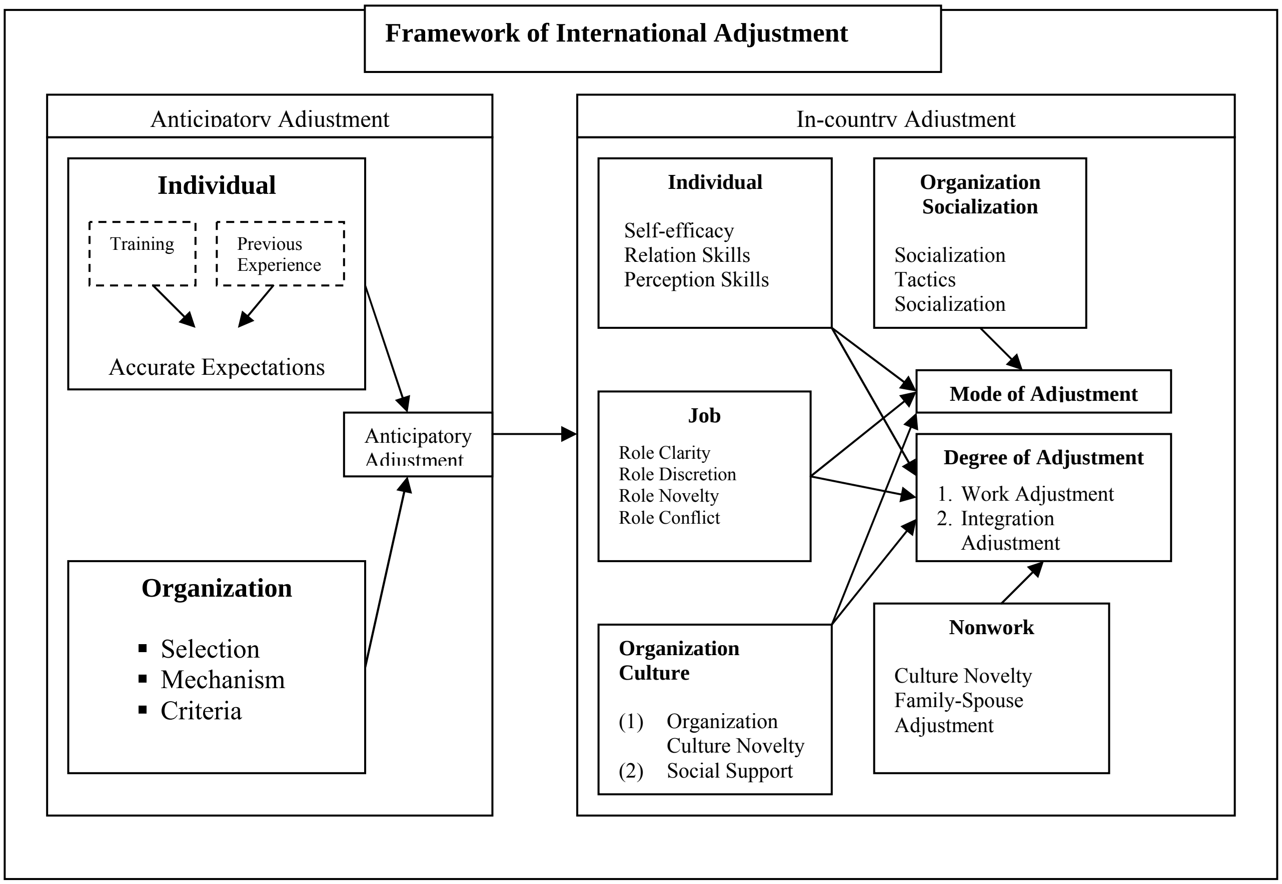
Mastery

When the expatriate has been able to effectively confront truths coming from both cultures in a way that it becomes clear in his mind how he must respond, then he has entered the mastery phase. Another indicator of mastery is when a person has come to an understanding of the host culture and acts according to it (Winkelman, 1994). During this stage, the expatriate is able to show flexibility, tolerance, confidence, security and for the most part, enjoyment. The development of a strong, local social network is present and the expatriate is seen as an insider rather than an outsider. Although it is evident, that through the eyes of people, he will remain a foreigner, but now he can be seen as one who has entered the culture and can be accepted in it.

2.3.6 Framework of International Adjustment

Next, we present the Framework of International Adjustment. This model is useful for IHRM practices as it shows the process of adaptation before arrival and once in the country. This model was designed with the purpose of providing a schematic integration of domestic and cross-cultural adjustment as we can see in Figure 2.8 (Black, Mendenhall, & Oddou, 1991).

Figure 2.8: Framework of International Adjustment



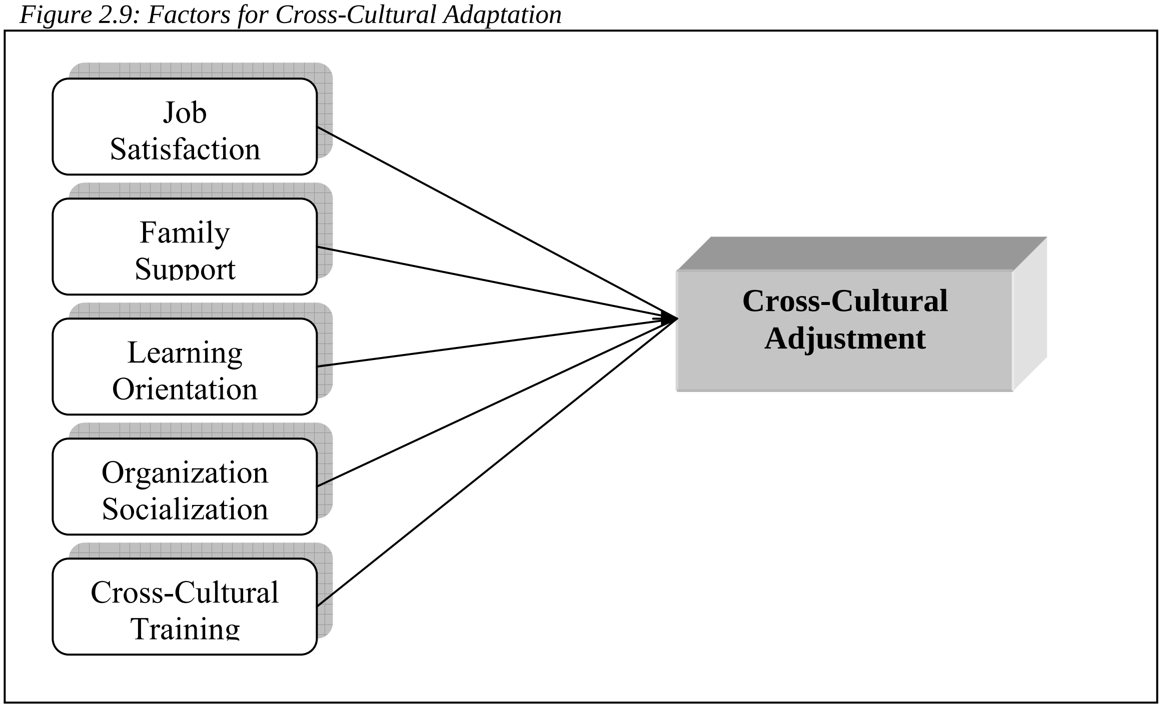
Source: Black, Mendenhall, & Oddou, 1991

As we can see in this model, the training given to the expatriate along with his previous experience should develop accurate expectations of the international assignment. It is evident that accurate expectations will counteract the negative effects of cultural shock, and even avoid a high level of cultural shock experiences. The in-country adjustment is more complex in nature as it involves new factors such as the job, the organization culture in the host country, and the new environment. The individual skills are highly related with the degree of adjustment. The higher the level of skills, the higher the degree of adjustment there will be at work, outside of work, and in general.

2.3.7 Factors in Cross-Cultural Adaptation

H. W. Lee made a significant study based on the model of factors influencing cross-cultural adaptation, developed by Black, Mendenhall and Oddou (1991), and shown in Figure 2.9. He identified job satisfaction, family support, learning orientation, organization socialization and cross-cultural training as independent variables and cross-cultural adjustment as dependent variables. His research tried to examine how independent variables related to the dependent variable. His target population for this study was Taiwanese expatriates working for a financial institution in the United States. The results of the study indicated that job satisfaction was the strongest predictor of expatriate adjustment in the study sample. This research also demonstrated the important role of organization socialization and that expatriates who are better socialized at the host country are likely to adjust more effectively (2005).

Figure 2.9: Factors for Cross-Cultural Adaptation



Source: Black, Mendenhall and Oddou 1991

Arno Haslberger went a step further and studied a way to measure cross-cultural adaptation multi-dimensionally, rather than one-dimensionally because "the current theory of expatriation does not distinguish between the relationships of independent variables with cognitive and affective outcomes." Therefore, his study used the distinction between cognitions and emotions to explore adaptation outcomes in a cross-sectional sample of expatriates. He established the following independent constructs: novelty, discretion, self-efficacy and social networks. Novelty dealt with the cultural distance and previous expatriate experience. The discretion factor referred to the level of tolerance within the host society and host's society receptivity for strangers. Self efficacy deals with the ability of a person to not give up when encountering adaptation problems. Another relevant aspect in self-efficacy often neglected, says Haslberger, is language skills. He says that "language skills will determine the person's ability to interact with host nationals and learn from interactions." And finally, the social network construct measures the degree of friendly relationships with local nationals (2005). Table 2.8 shoes the dependent variables related to cognition and emotion and were described according to the following criteria:

Table 2.8: Cognition and Emotion Variables

(1) Interactions:	**(2) Relationships:**	**(3) Conditions:**	**(4) Values:**
▪ Reprimanding a local person of lower status- telling off someone for something they have done wrong ▪ Dealing with a local person who is upset and aggressive/abusive	▪ Approaching other locals- making the first move in starting up a friendship ▪ Finding social contact with locals ▪ Maintaining interpersonal relationships with local persons ▪ Getting to know your local neighbors ▪ Establishing friendships with local people	▪ Living conditions in general ▪ Dealing with the housing conditions (electricity, telephones, available space) ▪ Dealing with the environment (noise levels, pollution, litter)	▪ Prevailing political values of local nationals ▪ Religious values of local nationals

Source: Author's own construction based on Haslberger, 2005

In order to obtain a multidimensional approach to cross-cultural adaptation, Haslberger measured independent variables according to two dimensions: cognition and emotion. His research is quite useful to understand the dynamics and levels of cross-cultural adaptation. The main contributions of his study are furthered summarized below:

Novelty:

- A large cultural distance may be an issue for expatriate well-being, but not for their confidence in knowing how to behave.
- Previous expatriate experience helps people become more confident in how to conduct interactions with the local population, perhaps because they developed their own way of interacting with people from cultures foreign to them.

Discretion:

- The freedom expatriates experience is associated with the confidence they have in relation to values and general living conditions.
- Expatriates who live in smaller communities are more confident and feel better.

Self-efficacy:

- Relationship and day-to-day interaction factors for both, cognitions and emotions are highly correlated with language skills.
- The more sufficient people feel their language skills are, the worse they feel in day-to-day interactions. (Haslberger admits it is hard to explain this result)

Social Network:

- Expatriates experience greater ease in the formation of relationships with representatives of the local culture, if contacts are friendly. Yet, friendly contacts seem unrelated to day-to-day interactions.
- The understanding of local values, but not the attitude towards them, is related to local contacts.

2.4 Cross-Cultural Training Overview

In this section, we review some of the expatriate selection procedures. Then we describe different cross-cultural training approaches and methodology including the traditional approach and the social approach.

2.4.1 Expatriate Selection Procedures

Expatriate selection procedures are very different from domestic selection procedures because of the crucial factor of cultural difference. An employee's successful performance at home is not necessarily transferable to other countries. Therefore, MNCs have to consider this, in order to select not only the most suitable person for the assignment in terms of the job, but also in terms of the cultural adjustment the person will face. The skill requirements then increases for international postings. Hodgetts and Luthans present the general criteria for expatriate selection as it is shown in Figure 2.10 (2003):

Figure 2.10: General Criteria in Expatriate Selection

General Criteria in Expatriate Selection:

- Adaptability to Cultural Change
- Independence and Self-Reliance
- Physical and Emotional Health
- Age, Experience, and Education
- Technical Competence
- Language Training
- Motivation for a Foreign Assignment
- Spouses and Dependents or Work-Family Issues
- Leadership Ability

Source: Hodgetts and Luthans, 2003

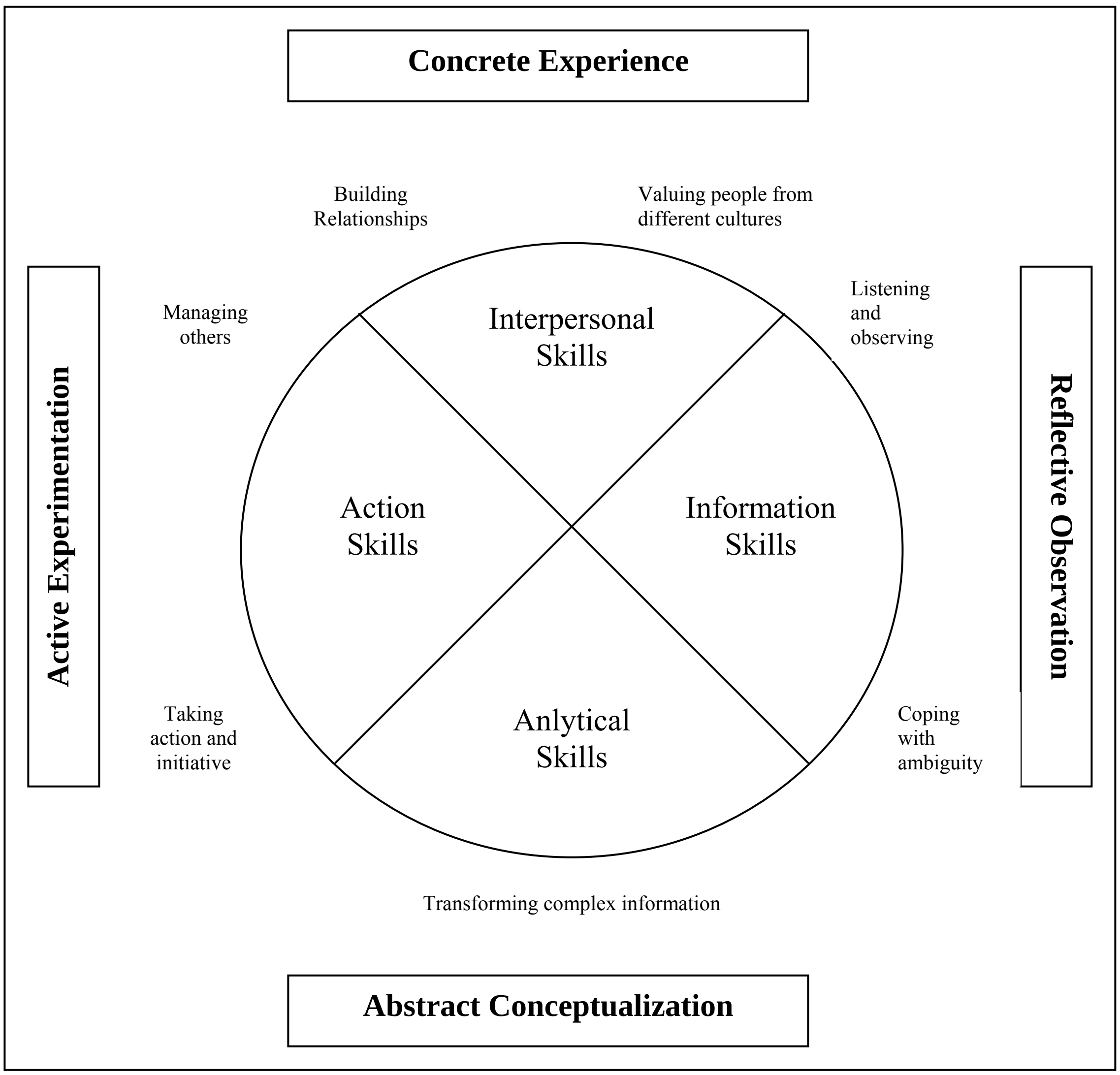
2.4.2 Skill Requirements for Cross-Cultural Adaptation

A more relevant insight on expatriate selection would be the skills required for cross-cultural adaptation. Yamazaki and Kayes proposed an experiential approach to cross-cultural learning by making a review of competencies which make up successful expatriate adaptation. Their model is based on the experiential learning theory where it is argued that experience is the foundation of the totality of the human learning process. The modes of learning of this theory are: feeling, reflecting, thinking and acting. There is a clear distinction between learning abilities, learning styles, learning skills and developmental learning (2004). The learning abilities are:

- CE: Abilities to employ intuitive understanding and sensitivity toward other people's emotions and values
- AC: Abilities of the use of logic ideas and concepts that require thinking and analyzing
- RO: Abilities to understand the meaning of thoughts and situations by carefully watching and listening
- AE: Ability to influence people and change situations

There are four types of learning styles which "denote an individual's preference for using two sets of learning abilities over another." The diverging learning style prefers CE and RO whereas the converging style prefers AC and AE; the assimilating style prefers AC and RO whereas the accommodating learning style prefers CE and AE. The learning skills imply more specific-situation competencies required for effective performance on specific tasks, while the learning abilities relate to the learning skills. Consequently, CE encompasses interpersonal skills such as relationship building and leadership; RO involves perceptual skills such as sense making, information gathering and information analysis; AC involves information integration skills and AE goal setting, action and initiative taking skills. The developmental learning is described as "adaptive flexibility" and it is the ultimate learning order where individuals learn to adapt to changing circumstances over time. Together, learning abilities, styles, skills and developmental learning form the experiential mode of cross-cultural learning skills shown in the figure 2.11.

Figure 2.11: Experiential Mode of Cross-Cultural Learning Skills



Source: Yamazaki and Kayes, 2004

The following propositions made by Yamazaki and Kayes are particularly useful for cross-cultural training practices. Their study revealed that CE, AE, and RO competencies, which relate to emotional and cultural intelligence, are critical for cross-cultural adaptation, regardless of the host or home country. In addition, literature suggests that societal, intercultural and human skills may be more important than quantitative, rationality and analysis skills. Therefore, the development of such skills will be quite relevant for cross-cultural learning and adaptation.

1	Higher overall scores on developmental learning will be positively related to higher levels of adaptive flexibility and stress management competencies.
2	Effective cross-cultural adaptation results from the congruence between the person and the culture, so that a large difference between host and home culture will result in low levels of effective cultural adaptation, and small differences between host and home culture will result in high levels of effective cultural adaptation.
3	Competencies associated with the concrete experience mode of learning, specifically building relationships and valuing people of different cultures, will be stronger predictors of effective cross-cultural adaptation.

2.4.3 Selection of CCT Methods

When there has been a successful match between the international posting and the potential job candidates, the next step is to select the appropriate cross-cultural training. The most common methods for cross-cultural training selection were proposed by Tung and later by Black et al. Tung proposed a selection of training based on three considerations: job analysis, target country and personal characteristics (1981). Later, Black et al, added a new factor as they advised that HR should assess expatriate training needs based on the culture of the host country, the difficulty of the employee's new job, and the language of the host country (1992). The job analysis measures the extent of interaction with the local community. For example: an expatriate who is sent to manage a production line will have less interaction with local community than an expatriate with a marketing or sales posting. The target country measures the degree of cultural similarity between the home and host country. The employee's and his spouse ability to function in another setting is measured under personal characteristics. Black et al go a step further in considering the degree of difficulty of the local language. Both considerations are presented in the table 2.9.

Table 2.9: Tung vs. Black Selection of CCT Method

Tung Selection of CCT Method	Black et al Selection of CCT Method
▪ Job Analysis ▪ Target Country ▪ Personal Characteristics	▪ Culture of the host country ▪ Language of the host country ▪ Difficulty of the employee's new job

Source: Tung, 1981; Black et al, 1992

2.4.4 Types of Cross-Cultural Training

The current literature on cross-cultural training does not provide enough insight into the actual structure of programs. Companies, on the other hand, limit the outflow of this information because it is part of their strategic competence. However, with the available information it is possible to identify two broad categories: traditional and social approach. The type of training can also be classified as pre-departure and in-country training. Usually the pre-departure training will include: Cross-cultural, language, skill, and sometimes job-specific training. The on-site training may also include cultural and language training, plus practicalities and mentoring training (Haslberger and Esarey, 2006; IOMA, 2005; Hill, 2003). We will describe the content of each type of training below:

Cultural Training: The employee is trained in basic facts about the country, communication, behavior modification, cultural biases, business etiquette, cultural contrasts (IOMA, 2005).

Skill Training: The employee and his family are introduced to cross-cultural problem situations or case studies representing a typical scenario they might encounter once abroad. The purpose of this training is to help them discover cultural values and behaviors related to the problem and what they should do in response. *Simulations* are done in order to stimulate specific skill development. Then *behavior modeling* is done to help employees choose the right behavior according to a specific work situation (Anderson et al in Harrison, 2005)

Language Training: The language training offers lectures on language along with laboratory practices with the use of films, readings, interactive computer programs, etc. Most of the time this is done in a classroom with the teacher and a textbook (see: Interview with expert in chapter 4)

Mentoring Training: Mentoring serves as a support strategy in keeping the expatriate motivated when coping with cultural conflicts. The reason underlying this training is that the employee can achieve acculturation if he is continually challenged with understanding work and social environment in the local culture. Mentors can be repatriates who have experience and cultural knowledge or local mentors. They act as a bridge with other host country nationals (Tate, 2006; IOMA, 2005)

Practicalities Training: In this type of training employees receive help in adjusting to the day-to-day life activities in the host country. This includes introducing them to a social network, helping them understand how the system works, where to shop, etc. (Haslberger and Esarey, 2006; Hill, 2003)

2.4.5 Cross-Cultural Training Methods

The cross-cultural training methods are determined by the cross-cultural training approach. In general we can classify the cross-cultural training methods as traditional or social. We determine that the traditional methods will include those where cross-cultural learning takes place in a classroom, with the presence of students and a teacher. The social approach, under Bandura's theory will be the ones where cross-cultural learning takes place in a social context by observing and modeling the behaviors, attitudes, and emotional reactions of others (1976). There is no need for a teacher since the person learns by himself. There is only a mentor who directs the cross-cultural learning. In this study we will only consider the cross-cultural training methods under the social approach if they apply the social theory to the methodology. Under the traditional approach for cross-cultural training we find the Inductive-Deductive approach (Anderson et al. in Harrison, 2005), the Social-Learning approach proposed by Mendenhall and Black (1989) based on Bandura's Theory (1977). In this case, the approach cannot be considered social because the methodology still applies the traditional approach. The only social learning approach found was the method suggested by Thomas and Elizabeth Brewster (1976). In this case, both theory and methodology are based on the social learning approach.

<u>Traditional Cross-Cultural Training Methods:</u>

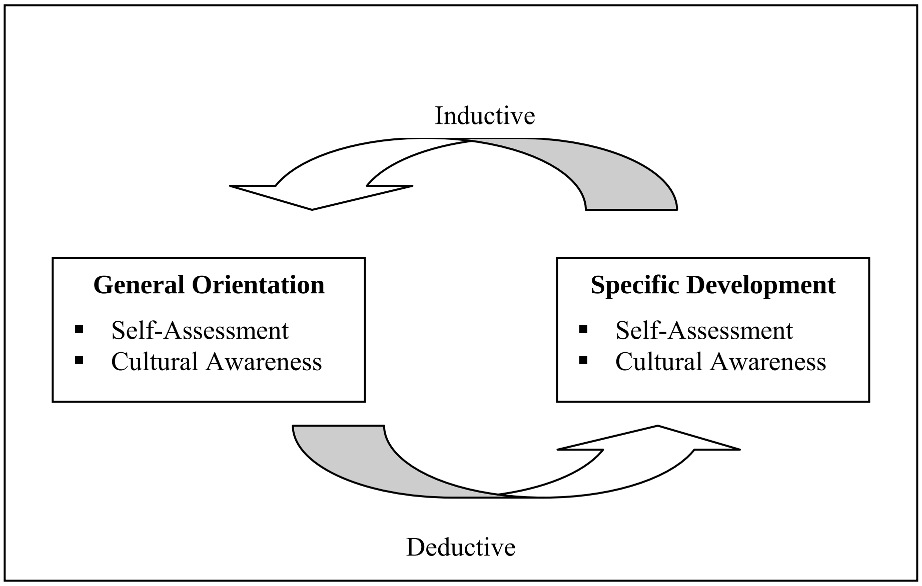
Inductive-Deductive Approach

Harrison introduces an inductive and deductive process for cross-cultural training. Both processes flow from a general orientation and a specific development on culture. The general orientation includes self-assessment and cultural awareness, while the specific development covers knowledge and acquisition of host country language and customs and skills training.

General Orientation: During the self-assessment stage the trainee is directed towards the factor of change with the purpose of elevating the level of motivation and readiness for cultural change. Trainees are also oriented in ways to handle and manage stress. And finally, they are trained in identifying specific attributes such as personal unique attributes, which affect their perception towards work. Cultural awareness is accomplished through general dimensions, national values and workplace incident. The first one helps trainees to recognize and accept cultural differences. Second, national values are analyzed, compared and recognized. The workplace incident assists managers as they adjust to the difference in workplace environments (Anderson et al. in Harrison, 2005).

Specific Development: The trainee is given information about the culture such as: history, demographics, climate, economy, political system, etc. They receive language training as well to prepare them for communication with locals. A description of the host attitudes is also provided to increase the awareness of the employee towards local attitudes. The skill training is also emphasized during this stage. Therefore, they are provided with case studies, area simulation, and behavior modeling. In case studies, trainees are challenged to discover cultural values and behaviors underlying the case. They need to identify what caused the problem and how could they have intervened to resolve it. Area simulation seeks to create a real-life experience in the host country under the assumption that expatriates will know what to do when facing a similar situation because they already experienced it. Finally, behavior modeling helps managers with specific behavior at the workplace (Anderson et al. in Harrison, 2005). Figure 2.12 shows a representation of this model.

Figure 2.12 Inductive Deductive CCT



Source: Anderson et al, 2005 from Harrison, 1995

Anderson et al. made a compilation of the training options suitable for the inductive-deductive cross-cultural training approach as shown in Table 2.10.

Table 2.10: Training Tool Options

Instructional Strategies	Specific Methods
Simulations	Role playing Case studies Instructional games
Programmed instructions	Cultural assimilator
Expositive instructions	Lectures (area briefings) Tutorials Reading assignments Audio/visual presentations
Sensitivity training	T-groups
Behavior modification methods	Drill-and-practice Modelling
Field experiences	Field trips Assignments to micro-cultures Meetings with experienced international staff
On-the-job training	Coaching Job rotation

Source: Anderson et al, 2005

Social Approach proposed by Mendenhall and Black

Mendenhall and Black proposed a CCT method selection based on the social learning theory of Bandura (1977). This social learning theory is based on the importance of observing and modeling the behaviors, attitudes, and emotional reactions of others. This theory also explains human behavior in terms of continuous reciprocal interaction between cognitive, behavioral, and environmental influences. In this way, learning takes place in two ways: positive reinforcement and duplicating learned behavior. In order to increase the level of attention, Mendenhall and Black suggest easy-to-follow programs. The retention levels are measured in how fast they learn the skills, principles and taught behaviors. Motor reproduction is measured in how fast trainees put into practice what they have learned. Trainees will have higher levels of motor reproduction if they believe that what they do will have a desired outcome and if they think they are capable of doing it. Finally, motivation is determined by self-efficacy. Figure 2.13 shows the learning phases according to the cross-cultural training (Mendenhall and Black 1989).

Figure 2.13: Mendenhall and Black Social CCT

<table>
<tr><th colspan="2">Attention</th><th>Retention</th></tr>
<tr><td>Distinctiveness
Affective valence
Complexity
Prevalence
Functional value</td><td>Sensory Capacities
Arousal Level
Perceptual Set
Past Reinforcement</td><td>Symbolic coding
Cognitive Organization
Symbolic Rehearsal
Motor Rehearsal</td></tr>
<tr><td colspan="2">How easy-to-follow is the training program</td><td>How fast they learn the skills, principles and behavior</td></tr>
<tr><th colspan="2">Motor Reproduction</th><th></th></tr>
<tr><td colspan="2">Physical capabilities
Self-observation of reproduction
Accuracy of feedback</td><td>External, vicarious and self reinforcement</td></tr>
<tr><td colspan="2">How fast they put knowledge into practice</td><td>Self-efficacy</td></tr>
</table>

Source: Author's construction based on Bandura, 1997;

This approach helps to effectively match the CCT needs of the trainees and the rigor of the CCT program. The rigor is defined as the degree of cognitive involvement required. There are three levels of cognitive involvement: low, medium, and high as it is shown in Figure 2.14. The low level the trainee hears about a behavior and transforms it into an image in the mind. The training options for this level are factual briefings, lectures, and books. In the medium level, the trainee sees a behavior and then rehearses it in the mind. Films, role modeling, and demonstrations are used in this level. In the high level, trainees take a participative role as they see behavior and then discuss or try to imitate it. The methods to induce this type of involvement are: case studies, culture assimilators, role play, interactive language training, field trips, and interactive simulators. Black and Mendenhall's model gives relatively more importance to cognitive implications than affective engagement (Mendenhall and Black 1989).

Figure 2.14: Mendenhall and Black CCT Levels

High-Cognitive Involvement	Observe Behavior → Participation: Physical/Verbal	**Tools**: Case Studies Culture Assimilators Role Play Interactive Language Training
Médium-Cognitive Involvement	Observe Behavior → Rehearsal: Mind	**Tools**: Films Role Modelling Demonstrations
Low-Cognitive Involvement	Hear Behavior → Rehearsal: Mind	**Tools**: Verbal Factual Briefings Lectures Books

Source: Authors own construction based on Mendenhall and Black, 1989

<u>Social Cross-Cultural Training Method:</u>

Method proposed by Thomas and Elizabeth Brewster

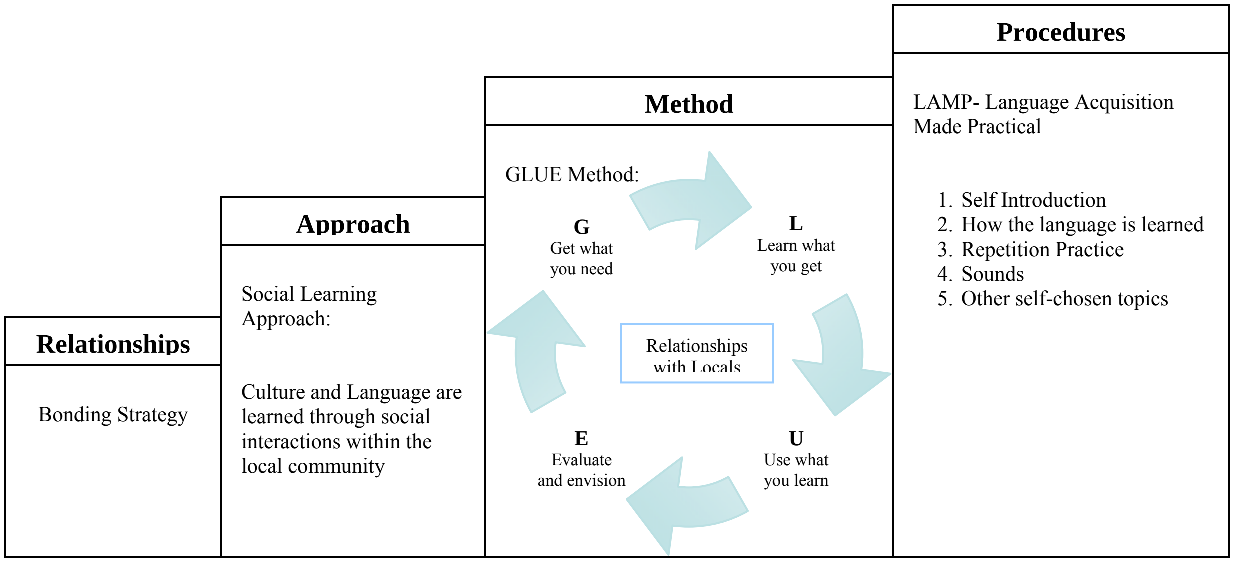
Thomas and Elizabeth Brewster proposed a cross-cultural training approach in 1976 mainly used by expatriates learning languages to work in developing countries. They also based their method in the social learning theory stating that "language and cultural learning is a social activity rather than an academic one." In contrast, with Black and Mendenhall's method, they place an emphasis on self-directed learning and the social approach is applied in the methodology. The affective engagement is evident in their strategy, which is called the "bonding strategy." They explain that entering a new culture is parallel to a bonding relationship like parent and child, which takes place within the first few weeks. According to them, bonding will not occur unless a prior decision to bond has been made, outside the new culture. The principles of this theory state that:

- You can learn language by interacting with ordinary people in everyday encounters
- Language is more of a social activity than an academic activity and so should be learned in social situations
- Learners should bond emotionally with members of the speech community and culture
- Learners should elicit texts about things they want to say, learn them, and then go out and use their texts with a regular route of native speakers of the language (Brewster, 1976).

The Brewster's have traveled around the world and helped people immerse successfully in new cultures. Based on their experience, they have realized that "language is learned and not taught." They propose a leaner-oriented approach instead of a student-oriented approach because the first one focuses on relationships with people. Therefore, "if the main goal is to learn the language, there is a greater probability of failure, where if the goal is to deeply know the people, then language learning is simply a means to that end." As a result, cultural and language learning takes place within the local community. There is no teacher, no books, no evaluation and no schedule. The learner simply learns the language little by little with the help of local people. The method for this approach is called "GLUE", meaning that the learner gets what he needs, learns what he gets, uses what he as learned and finally, evaluates and envisions what his next learning needs are. The Brewsters say that any person can be successful at learning another language and culture because evidently they were successful at learning their own language and culture. The potential of their cross-cultural adaptation and local language skills will be to the extent of their own mother tongue language skills (1976). The four levels of language and cultural acquisitions are described in figure 2.15.

Expatriates using this method develop skills that enable them to gain an insider's perspective on culture, where they learn and grow. They become flexible to learn and to change in the new cultural environment. They develop the ability to live with ambiguity because they realize that they will not be able to understand everything about the new culture nor will they know it all. In this context, expatriates seek for questions more than answers. This means that if they ask more, they will listen more and learn more. As a result, they develop listening skills. Once they gain that, the rest of the skills follow one after the other. The interpersonal skills then help to build relationships with local people. This friendly-local environment nourishes the rest of the language and cultural skills needed to adapt successfully to the new culture (Brewster, 1976).

Figure 2.15: Social Learning Approach by the Brewster's Method



Source: Author's own construction based on Brewster, 1976

2.4.6 Effectiveness and Cross-Cultural Training

This section seeks to discover the relationship between cross-cultural training and the actual effectiveness of expatriate performance abroad. It is also relevant to discover the response of multinational corporations to this issue. A large amount of research has been undertaken regarding this topic, where expatriates are being asked if cross-cultural training has helped them to cope with adaptation. We will review two major research studies, both dealing with expatriates in China. However, one of the studies focuses only in Australian expatriates.

Kate Hutchings conducted a research to examine the selection, training, and support of Australian expatriates working in China. Forty-four expatriates and forty-three organizations were interviewed. The main findings regarding each of the sections were as follows:

Training

Expatriates were asked regarding types of pre-departure, post-arrival, cultural, language and practical training and executive briefings. The results showed that organizations are still providing very little training (Hutchings, 2005).

Cultural Training:

- Of the forty-four interviewees only twenty-three claimed to have received formal training prior to arriving or during the assignment.
- Seven of the interviewees who did not receive formal training worked in small private companies.
- All the interviewees who had experienced problems in their adaptation argued that their problems would have been at least partially alleviated if they had received some cultural training. Although a few also admitted that training can never fully prepare you for a new culture until you experience it.

Language Training:

- Twenty-one of the interviewees claimed that their organization provided them with language classes.
- All argued that finding the time to participate in language classes was difficult.
- Those who were fluent in the local language (Mandarin) said that much of their skills had come from in-post language training and practicing speaking with locals.
- One expatriate suggested that language skills were not as important as the ability of an individual to adapt and take a "big picture".

Jan Selmer studied the correlation between cross-cultural training and corporate size. Based on previous empirical support, he stated that it is recommended for expatriates to undergo cross-cultural training (Selmer in Black and Early, 2006). However, the results he obtained after surveying 165 expatriates working for Western business corporations in China were that “the munificence of the corporate surroundings is not substantial enough to promote cross-cultural training.” He also found that “many companies are disappointed in cross-cultural training because of their own experiences.” On the other hand, the research suggested that internationally experienced corporations may provide expatriates with adequate support for their expatriates (2006).

2.5 Propositions

Based on the literature review the following propositions are presented:

Proposition 1: A social cross-cultural training approach meets the need to institutionalize the concept of diversity within the workforce of the organization

Proposition 2: A social cross-cultural training approach enables expatriates to develop emotional and cultural intelligence

Proposition 3: The implementation of a social cross-cultural training creates a competitive advantage over the traditional approach

Proposition 4: A social cross-cultural training approach has the potential to equip the expatriate for successful performance at least to the extent of the person’s success in his own home country.