CHAPTER 1
INTRODUCTION

1.1 Introduction

As enterprises develop globally, there is a growing challenge to utilize expatriates on international assignments to complete strategically significant tasks (Brewster 1998; Downes and Thomas 1999; Gregersen and Black 1996). Multinational corporations (MNCs) utilize expatriates, not only for reasons of corporate organization and expertise in critical global markets, but also to smooth the process of entry into new markets or to extend international management abilities (Bird and Dunbar 1991; Boyacigiller 1991; Forster 2000; Rosenzweig 1994; Shaffer, Harrison and Gilley 1999). For that reason, in order to remain competitive in today’s international marketplace, enterprises not only acknowledge that transferring competent employees adds crucial skill and knowledge to their overseas performances, enabling them to compete more efficiently in all international positions, but also expatriate employees, particularly managerial and professional employees, are vital to the success of overseas assignments such as implementing international corporate tactics and managing and coordinating subsidiaries (Black, Gregersen and Mendenhall 1992). Expatriates are able to play tremendously significant roles during worldwide assignments. Particularly, successful expatriate assignments are indispensable to MNCs (multinational corporations) for both developmental and functional reasons (Adler 1983; Brake et al. 1994; Dowling et al. 1998; Mendenhall and Oddou 1985; Stroh and Caligiuri 1998; Tung and Miller 1990).

Expatriating employees out of the parent company to work in an overseas subsidiary serve three major functions: filling staff vacancies, management development and organizational development (Edstrom and Galbraith 1997; Ondrack
1985; Tung 1982). Through corporative development towards globalization, the expatriate employee turns into an emblematic example of a ‘sojourner’. The expatriates depart from their own nation with the intention of an eventual return. The expatriates immerse themselves in new cultural surroundings that may be unfamiliar and unpredictable in almost all imaginable ways. Expatriates undertake executive practices in an unfamiliar work context; deal with a different mode of life and experience profound personal transformation. ‘Culture shock’, the stress and alienation experienced when confronted with normally incomprehensible surroundings (Oberg 1960), sets the expatriate job apart from other jobs and is repeatedly revealed as the primary cause of an ineffective or unsuccessful expatriate assignment. As a result, a great deal of the expatriate management literature has paid attention to the management of cross-cultural adjustment (Berry, Kim and Boski 1988; Black and Gregerson 1991; Harris and Moran 1989). This focus appears reasonable when the high cost of expatriate failure, attributed to incapability to adjust (Adler 1986), is well considered. Expatriates are regarded as to have ‘failed’ in their overseas assignment if they return to the parent company prematurely.

In fact, virtually 40 percent of American expatriates return earlier than they planned (Kealey 1996). A number of factors may contribute to this phenomenon, including difficulty in adjusting to different physical or cultural environments, family-related problems, personality or emotional maturity issues, job-related technical competence, and lack of motivation to work overseas. For both employees and their families, adjusting to life overseas can be regarded as a significant barrier (Black and Gregersen 1991; Tung 1988). Adjustment literature (Black 1988; Nicholson and Imaizumi 1993; Shaffer and Harrison 1998) suggests that expatriates who do not adjust satisfactorily to their international assignments will not function well, will withdraw psychologically, and will almost certainly return prematurely. The
better adjusted expatriates are, the more likely they will be to complete their overseas assignment (Kramer, Wayne and Jaworski 2001; Stroh, Dennis and Cramer 1994). Accordingly, well-adjusted expatriates will be more competent in and committed to their new job because they experience less stress and better cultural integration (Aycan 1997b). An expatriate’s successful adjustment to the host cultural environment is shown over and over again to be the leading determinant of expatriates’ job performance. For this reason, it is important to comprehend the influential factors that help expatriates adjust to the host culture.

The growth in expatriate assignments has occurred at the same time as foreign direct investment has poured into Mainland China, growing in the 1985-1994 period at an annual average rate of 215 percent (World Bank 1996). This development has been accompanied by an increased presence of foreign business expatriates managing joint ventures and subsidiaries. These foreign businesspersons have to make things work in a new social and cultural context, which can be a complicated task, sometimes proving too demanding. Since 1987 an open policy under the Chinese government has allowed international investment to flow into Mainland China. Mainland China has been attracting large amounts of foreign capital on the strength of its bountiful resources, low-cost labor and policy incentives. The World Bank indicates that among the world’s five largest developing countries - China, Russia, India, Brazil, and Indonesia, China has been the most popular destination for foreign investment during the past decade. It is likely to remain so now since its admission to the World Trade Organization in late 2001 (Tsai 2002). Furthermore, Garten (1998) predicted that Mainland China seems set to transform into the world’s second largest economy in the near future.
In Taiwan during the 1980s, wages were rather high, land costs were extremely expensive, and strict environmental protection was gaining strength (Chiang 1994). At the same time, Taiwan’s government deregulated control over foreign exchange, and this led to a rapid increase in outward investment by Taiwanese enterprises, resulting in a growing number of Taiwanese enterprises moving to Mainland China. Nowadays, Taiwan is the fourth biggest investor in Mainland China. Economic relations between Taiwan and Mainland China have developed rapidly. Mainland China offers abundant labor, low wages, cheap land, a vast domestic market and a variety of investment incentive policies. Additionally, Taiwan and Mainland China share the same culture; there is geographical proximity and no language barrier. On the other hand, the main productive input in Taiwan is production technology and capital, while the main productive input in Mainland China is labor. The highly complementary nature of the two economies has created rapid growth in cross-strait trade (Lin 2002).

At present, Mainland China’s economic importance to Taiwan is continuing to grow, shown by its ousting of the United States for the first time as Taiwan’s largest export market in 2002. Taiwan is also Mainland China’s second-largest supplier of imports and the fourth biggest investor in Mainland China, just behind Hong Kong, the U.S. and Japan. Following the rapidly increasing foreign direct investment in Mainland China, an increasing number of expatriates are assigned there. According to that, more and more expatriates are being sent to Mainland China to operate foreign subsidiaries. The Investment Commission of the Ministry of Economic Affairs (ICMEA 2001) estimated that there were over 200,000 populations of Taiwanese expatriates and their families in Mainland China. In the 1980s, only a few Taiwanese employees wanted to be assigned to work in Mainland China, because Mainland China represented a communistic society, with differences in expectations, food, habits, work attitudes, the concept of personal space, etc. to those of most business
expatriates. Those factors are often stress producing because they appear to be neither understandable nor ethically acceptable.

This social system is the result of the divergent histories of Taiwan and Mainland China, particularly since 1949. Taiwan pursued a conventional economic development policy with land reform and import substitution in the early 1950s and export-oriented industrialization from the 1960s on with continuous upgrading of product. Tens of thousands of small and medium enterprises (SMEs) sprang up over the next three decades, encouraged by the slogan, ‘every living room a factory’, as people began producing or adding value to products using simple techniques in their own homes, often in their spare time. Labour and management productivity improved as the Taiwanese economy became increasingly subject to marketplace discipline. Both employers and workers ensured that efficiency-consciousness penetrated deeply and widely in the populace. Taiwanese workers were transformed from being content to go through the motions to efficient, hard working and concerned with quality and the company's well-being. This was due to a number of factors including the satellite system that increased entrepreneurial opportunities (Bosco 1995; Ch’en 1994), and the ability of young workers to learn skills through formal education, apprenticeships and work experience. On the other hand, Mainland China pursued a very different path. Violent land reform followed by collectivization of rural assets combined with a state-owned and controlled industry producing for a central plan. This was punctuated periodically by political paroxysms, the last of which, the Great Proletarian Cultural Revolution, led to widespread chaos and seriously damaged the social fabric.

In conclusion, investigating the influential factors of expatriate adjustment is significant for several reasons. First, failure of expatriate adjustment may cause premature return from overseas assignments, which may be very costly financially for international enterprises (Coperland and Griggas 1985; Naumann 1992). In addition,
CHAPTER 1 INTRODUCTION

non-financial costs of failure, which include damage to the reputation of enterprises, lost business opportunities and lost market or competitive share (Black and Gregersen 1991; Naumann 1992). Second, failure to accomplish the plan of the assignment is as harmful to the expatriate as it is to the parent and host companies. Inability of an expatriate to complete the assignment is likely to damage his or her self-esteem, and self-confidence, and cause a loss of prestige among co-workers (Mendenhall and Oddou 1985; Tung 1987). Third, an unsuccessful period of expatriation is likely to decrease both the subsequent commitment to the parent company (Naumann 1993) and job performance upon repatriation (Adler 1981). Finally, an expatriate failure will have an adverse impact on the decision of qualified expatriates to accept overseas posts (Stroh 1995). Nowadays, despite these negative possibilities, those influential factors still exist, nevertheless, following the increasing investment, many more people volunteer to develop their careers in Mainland China for longer periods. The recent growth of international business has guided enterprises to examine more closely their policies for transferring employees from one country to another (Aryee and Stone 1996; Black, Gregersen and Mendenhall 1992). Without proper international human resource management, the advantages of overseas operations may not be fully realized. Yet in Taiwan, very few studies concerning expatriate problems have been conducted (Huang et al. 2000).

Even though Cross-cultural adjustment is the biggest challenge that derails expatriate success. In responding to the importance of Taiwanese expatriates’ adjustment in Mainland China, this study replicates Lee’s (2002) model relating to Taiwanese banking expatriates in the United States to test critical factors affecting the adjustment of Taiwanese expatriates in Mainland China. As a result, this study critically reviews previous studies on expatriate success, shedding light on key factors in the area of expatriate adjustment and providing multiple guidelines for human
resource supervisors and senior executives hoping to ensure expatriate success. The definitions of success and methodological approaches are discussed, and suggestions for improving empirical research in this area are presented. Drawing on previous studies, particularly on Lee’s (2002) research, hypotheses on the relationship between key factors and expatriate adjustment are tested in the empirical part of this study. Also, the statistical outcomes of Taiwanese expatriates located in Mainland China are compared with Lee’s (2002) research on Taiwanese expatriates posted to the United States. Academic researchers and international enterprises can perhaps clarify whether all international expatriates are affected by the same factors, and also whether the proposed model can be utilized in studying expatriates in different professional areas from those of this study. Finally, the results and their implications for research and the business world are discussed. This may assist Taiwanese MNCs to perform their international business more efficiently in Mainland China.

1.2 Aims of the research

As multinational enterprises (MNEs) increase in number and influence, the role of expatriates in those MNEs also develops in significance (Dowling et al. 1994). Success on a global assignment is greatly influenced by an expatriate’s cross-cultural adjustment to the host country (Black and Mendenhall 1990; Caligiuri 1997; Kealey and Protheroe 1996; Sappinen 1993). Cross-cultural adjustment is positively related to performance on the assignment and negatively related to premature termination of the assignment (Black 1988; Caligiuri 1997; Tung 1981). For these reasons, research seeking to predict and improve cross-cultural adjustment has received much attention in the recent past (Aycan 1997; Aryee and Stone 1996; Black and Gregersen 1991; Black et al. 1991; Kealey 1989; McEvoy and Parker 1995; Morley et al. 1999; Robie and Ryan 1996; Schneider and Asakawa 1995). A recent study by the United States of
America National Foreign Trade Council (NFTC) estimates that there are more than 250,000 American expatriates on overseas assignments and that this number is expected to continue to increase in the future (Dolainski 1997). Furthermore, the NFTC study found that an average one-time cost to relocate an expatriate is US$60,000. As a result, the issue of how expatriates adjust to foreign cultures and perform on their jobs has become increasingly significant (Aycan and Kanungo 1997; Forster 1997). Forster (1997) specifically highlighted several possible implications of poor expatriate cross-cultural adjustment, including inadequate performance, psychological stress, and negative effects on the expatriates’ families, and long-term career repercussions upon repatriation from failed expatriate assignments.

Hence, the trend toward globalization poses expatriate adjustment issues for Taiwanese MNCs and the major challenge should be to motivate and assist effectiveness overseas expatriates to adjust themselves to international assignments. The effectiveness of Taiwanese expatriates and, therefore, the factors affecting expatriates’ adjustment are recognized as major determinants of success or failure in international business in Mainland China. Furthermore, since 1987 an open policy under the Chinese government has allowed more investment to flow into Mainland China from Taiwan, to the benefit of both countries. Increasingly Taiwanese employees are assigned to work in subsidiary companies in Mainland China. The strategy of utilizing expatriates can resolve a number of problems for international enterprises; however, expatriate maladjustment can also create several areas of difficulty, which potentially put MNCs at a disadvantage. While international enterprises may recognize expatriation as an efficient strategy for accumulating overseas markets, they face the challenges of assisting expatriates to adjust to overseas assignments. Thus factors contributing to the successful expatriation experience are significant to multinational corporations. The aims of the project are:
to examine the influence of demographic factors, job satisfaction, family support, learning orientation, organization socialization, and cross-cultural training on the cross-cultural adjustment of Taiwanese expatriates stationed in Mainland China. Also, in order to comprehend whether these influential factors on cross-cultural adjustment apply to the entire expatriate community, the results of this study will be compared with Lee’s (2002) research that related to Taiwanese expatriates located in the United States,

1.3 Contribution to Knowledge

Despite recent trends indicating an increased use of host-country nationals in foreign operations, more and more international firms are finding it necessary to send parent-country nationals as expatriates to live and work abroad. Among the reasons for this increase are: the rapid expansion of international business, the necessity of maintaining organizational control and coordination, and a need to develop a cadre of managers with international expatriates. Currently, for example, 80 percent of mid-size and large companies send professionals abroad, and 45 percent plan to increase the number they have on assignment (Black and Gregersen 1999). In addition, Punnet (1997) suggested that global mobility is a reality and a necessity in today’s worldwide business surroundings. As organizations expand worldwide, expatriate employees gradually become very important to multinational companies. In order to manage, coordinate, control and integrate the operations of their overseas ventures, MNCs often send expatriates abroad as corporate representatives and ambassadors (Gregersen et al. 1990). However, high failure rates among expatriates, measured as a premature return home, can be quite costly not only to the enterprises which assign the employee and his/her family abroad, but also to the expatriates themselves. Various estimates of costs have ranged between US$50,000 to US$200,000 for each

For reasons such as the above, the international movement of human resources has generated the development of research that targets the adjustment of expatriates in foreign cultures. Therefore, understanding the factors that improve expatriate adjustment and performance in international environments has become a crucial human resource issue (Bennet and Gorman 1998; Fishman 1996; Kobrin 1988). However, most prior studies have been developed, planned and conducted for the requirements of American expatriates who are preparing for international assignments. Research relating to Taiwanese who are posted to Mainland China assignments is rare, and is now considered necessary. Also as pointed out by Shaffer et al. (1999), most extant research has been conducted from the U.S. perspective, so in order to allow more generalization, future studies should include MNCs from a variety of nations. On the other hand, American firms have been shown to have relatively high rates of expatriate failures in international assignments (Tung 1988). Therefore, in responding to the importance of expatriate management, this study attempts to explore the factors effecting satisfactory cross-cultural adjustment of Taiwanese expatriates in Mainland China.

1.4 Statement of Significance

Many expatriates do not succeed in their assignments and early studies estimated U.S. expatriate failure, defined as ‘a premature return from an overseas assignment’. Recently however, some studies have begun to question the notion that failure be defined as narrowly as a premature return and have begun to focus on the indirect (invisible) costs of failure associated with those expatriates who remain in their overseas assignments, yet whose performance is judged as marginal or ineffective. Such indirect costs may take the form of loss of market share, and damaged relations
with clients, local businesses, and government officials. For the expatriates themselves these costs can include a loss of self-esteem, self-confidence, and prestige among their peers (Mendenhall and Oddou 1985). In addition, it is often the case that this type of assignment failure may affect future performance and family relationships. It is possible, as a result, that ineffective or marginally effective expatriates who complete their assignments might cost a multinational corporation more in the long run than those expatriates who return from an assignment prematurely. In reality, a recent report points out that nearly one-third of expatriates did not perform up to the expectations of their superiors (Black and Gregersen 1999). Expatriates working in a foreign environment with very different political, cultural and economic conditions often face both job-related and personal problems (Birdseye and Hills 1995). When activities available in the parent country cannot be found in the host country, there may be feelings of loneliness, isolation and frustration, which contribute to culture shock and adjustment difficulties. This is a stressful experience, and if expatriates fail to overcome it, they may return without finishing their overseas assignments, or furthermore, may disregard the discomfort and remain on the assignment and perform poorly, which is even more damaging to the company (Black et al. 1992; Forster 1997; Harzing 1995).

Besides, the fact that expatriate turnover is far higher than equivalent domestic turnover is well known. In the United States, turnover rates of less than 5% are rare, while those over 15% are generally considered serious problems (Bohl 1986). However, expatriate turnover rates have been reported ranging from 20% to 50% (Mendenhall and Oddou 1985; Tung 1988), which is incredibly high. Given the high costs associated with failures and poor overseas performance, MNCs need to ensure that the executives they post to foreign assignments have successful experiences (Birdseye and Hill 1995). Current expansion of international business has led
enterprises to look more closely at their policies for employees transferring from one country to another – the expatriates (Aryee and Stone 1996; Black et al. 1992). Consequently, without appropriate international Human Resource Management practices, the advantages of an overseas operation may not be completely realized. Yet in Taiwan, very few studies concerning expatriate problems have been conducted (Huang et al. 2000).

For that reason, this study will make several contribution to research in the field of cross-cultural expatriate adjustment. Firstly, based on previous research, in particular Lee’s (2002) study, this study will propose and investigate a theoretical framework demonstrating the experiences, tribulations and responses of participants to cross-cultural adjustment. Secondly, this study will explore multidimensional schemes to estimate the adjustment of Taiwanese expatriates located in Mainland China. Thirdly, to authenticate the significant degree of influential factors, this study will compare the results with Lee’s (2002) research. Fourthly, from an empirical point of view, this study may assist human resource professionals in international organizations to plan and implement more appropriate activities or cross-cultural training courses for Taiwanese expatriates in Mainland China.

1.5 Research Questions

The research questions are:

1. Do demographic factors such as age, gender, expatriate duration, marital status, dual assignment and family experience affect the cross-cultural adjustment of expatriate employee of Taiwanese enterprise in Mainland China?

2. Does the proposed model fittingly predict the cross-cultural adjustment of expatriates employee of Taiwanese expatriates in Mainland China?

3. Which variables of the constructs in the theoretical framework predict the
cross-cultural adjustment of expatriates employee of Taiwanese enterprises in Mainland China?

4. How does job satisfaction facilitate the cross-cultural adjustment of expatriates employee of Taiwanese enterprises in Mainland China?

5. How does family support facilitate cross-cultural adjustment of expatriates employee of Taiwanese enterprises in Mainland China?

6. Does learning orientation facilitate the cross-cultural adjustment of expatriate employees of Taiwanese enterprises in Mainland China?

7. Does organization socialization facilitate the cross-cultural adjustment of expatriates employee of Taiwanese enterprises in Mainland China?

8. How does cross-cultural training facilitate the cross-cultural adjustment of expatriates employee of Taiwanese enterprises in Mainland China?

1.6 Assumptions and Limitations

The research findings have several limitations regarding the implications for international organizations and overseas expatriates. Firstly, this study is limited by being based on a single sample, and it is suggested that future research based on a larger sample would be advantageous. Secondly, the model of this study has replicated previous research by Lee (2002). Both pieces of research focused on Taiwanese expatriates with postings in the United States (Lee 2002) and Mainland China. As a result, the proposed model may not be applicable to expatriates of other nationalities as regards cross-cultural adjustment. Finally, international expatriates should be requested to contain several professional categories of skills and talents to be capable to perform their international assignments in an overseas environment and overseas culture. This study should consider investigating the significance of individual professional skills on cross-cultural adjustment.
1.7 Overview of the Research and Research Procedure

The objective of this study is to investigate factors that contribute to influencing Taiwanese expatriates to exert effort for the benefit of global organizations, in addition to Taiwanese multinational corporations. The study is organized into eight chapters as follows.

Chapter 1. Introduction: provides a general introduction to the dissertation proposal, aim of this research, contribution to knowledge, statement of significance, research questions, and a brief section on the study’s limitation.

Chapter 2. Literature Review: reviews current literature which supports this study and also focusses on demographic factors, job satisfaction, family support, learning orientation, organization socialization, cross-cultural training and cross-cultural adjustment.

Chapter 3. Context: provides information on the historical and social background of Taiwan and Mainland China, together with information on foreign direct investment (FDI) between the two countries and information on the numbers of Taiwanese expatriates located in Mainland China.

Chapter 4. Theoretical Framework: eight propositions are developed that directly link to this study’s research questions and research design.

Chapter 5. Methodology: provides a description of the research methodology, including sampling techniques, as well as the instruments and procedures used to collect and analyze data.

Chapter 6. Results: outlines the major findings from the research and demonstrates the results of the research proposition.

Chapter 7. Discussion: summarizes of the main findings and provides a discussion of the results and how they relate to the research questions identified in this chapter. This section also discusses these results of factors and compares them with the published
results of Lee’s (2002) research.

**Chapter 8. Conclusion and Limitations:** describes the conclusions and the limitations of this study. This section also highlights the implications for Taiwanese expatriates and, more generally, for international human resource management and future research.

**Research Procedure**

After confirming the study issues, this study will construct a research structure using information gained from a literature review, and will collect data by a questionnaire. Subsequently, this study will test and verify research hypotheses by statistical methods. Finally, conclusions will be drawn and suggestions for future research will be proposed. The research procedure is as Figure 1.
### FIGURE 1 Research Procedure

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
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<tbody>
<tr>
<td>1.</td>
<td>Research issues confirmed</td>
</tr>
<tr>
<td>2.</td>
<td>Literature Review</td>
</tr>
<tr>
<td>3.</td>
<td>Choosing research dimensions and scope and constructing conceptual framework</td>
</tr>
<tr>
<td>4.</td>
<td>Questionnaire design, revision, post and response</td>
</tr>
<tr>
<td>5.</td>
<td>Preliminary data analysis</td>
</tr>
<tr>
<td>6.</td>
<td>Dimension factors and variables extraction, and results analysis</td>
</tr>
<tr>
<td>7.</td>
<td>Discussion of relations between each factor and cross-cultural adjustment</td>
</tr>
<tr>
<td>8.</td>
<td>Comparison of the difference among each host country and group toward each dimension</td>
</tr>
<tr>
<td>9.</td>
<td>Conclusion and Limitation / Suggestions for future study</td>
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</tbody>
</table>
CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

With the globalization, international assignments have always played an important role in the operations and activities of multinational companies. A lot of enterprises have invested their ventures in foreign countries to avoid the high cost of land and labor, also the shortage of manpower. However, though the failure has been variously presented. The research literature on international expatriates is reasonably consistent in reporting rather high failure rates among these expatriates (Black 1988; Dunbar and Ehrlich 1986). The costs related to these expatriate failures are relatively high as well (Black 1988; Oddou 1991; Stone 1991; Wederspahn 1992). Expatriates correspond to a major investment in a foreign country for multinational corporations. In fact, it has been estimated that the first-year cost of posting expatriates on international assignments is no less than three times the base salaries of their domestic counterparts (Wederspahn 1992). However, sixteen percent to forty percent of overseas assignments are still not successful in the end (Black 1988), and costs of expatriates have increased from as much as US$250,000 a decade ago (Copeland and Griggs 1985) to US$1 million per failure for U.S. enterprises (Shannonhouse 1996). Even though the cost of expatriates is fairly high, MNCs are increasingly using plenty of expatriates as an international strategy, not only for traditional control and expertise reasons, but also to overcome barriers and smooth the progress of entry into new markets (Torbiorn 1994).

During the internationalization process, enterprises should devote to provide an adequate expatriation program for expatriates due to that working in a new environment that is dissimilar to that of the parent company, expatriates are often
faced with an entirely new work role, with increased challenges, opportunities, and prestige, as well as more responsibilities and pressures to perform (Harvey 1985). The efficient management of expatriate assignments is a significant challenge for international human resource executives. Accordingly, cross-cultural adjustment is a vital factor influencing the accomplishment of international assignments. In order to obtain excellent international expatriates performance, the main intention of this section is to present a general background on the available academic literature that relates to the research questions, and that also explores the factors affecting the cross-cultural adjustment of Taiwanese expatriates assigned to subsidiary companies in Mainland China. The literature covers: (1) culture; (2) expatriation; (3) cross-cultural adjustment; (4) demographic factors; (5) job satisfaction; (6) family support; (7) learning orientation; (8) organizational socialization and; (9) cross-cultural training.

2.2 Culture

Culture is a set of social norms and responses that conditions the behavior of a group of people. The professional who works internationally must consider not only the job and family, but also the culture as well. In 1952, a study reported there were more than 160 definitions of culture (Kroeber and Kluckhohn 1952). A particular definition of culture is not sufficient for the reason that the conception is multifarious. Tylor (1871) provided one of the earliest definitions as: ‘that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as member of society’. Sackmann (1991) revealed that the definitions of culture as ‘discovered’ by the two anthropologists include components such as ideas, concepts, ideologies, values, attitudes, goals, norms, learned behaviors, symbols, rites, rituals, customs, myths, habits, or artifacts such as tools and material
representations. There have been uncomplicated definitions as that of Ferraro (1994): ‘everything that people have, think, and do as members of society’. According to that definition, culture is the ensemble of models of thinking, feeling and behaving particular to a certain country or group of people. It is now commonly agreed that culture is a social phenomenon. Hofstede (1980) declared that ‘culture could be defined as the interactive aggregate of common characteristics that influence a human group’s response to its environment. Culture determines the identity of a human group in the same way as personality determines the identity of individual’ (p.25). Correspondingly, Kluckhohn (1958) described it as: ‘…the essential core of culture consisting of traditional ideas and especially their attached values. In many ways, culture could be described as the personality of society’ (p.473). The entire scope of behavior and viewpoints of a people influence culture straightforwardly and intensely. From a cross-cultural point of view therefore, it is appropriate to view culture as a mental map, which directs individuals in their personal relations with their surroundings and to other people (Downs 1971).

On the other hand, overseas assignments involve a wide variety of situational contexts that differ from domestic assignments, such as societal, legal, economic, technical and physical demands. The conception of culture in international assignments is related to how people identify the globe and the influence this perception has on their performances. It is a depiction of culture on the interpersonal stage. Different cultures can cause individuals to comprehend the same subject in diverse ways, resulting in miscommunication and misunderstanding when an individual crosses into another culture different than their own. De Cieri, Dowling, and Taylor (1991) described the development of culture as ‘people developing the social environment or culture, through adaptation to their physical environment, biological origins and reinforcement from consequences of experience’. The result of
this is a large number of different cultures in the existing world, where relocated
individuals face the challenge of living in and adapting to a culture that is different
from their own. When individuals have deal with a new and different culture, they
often encounter a certain level of discomfort, repeatedly referred to as culture shock.
Culture shock means that individuals, for their own welfare, must develop an
understanding of different norms. They discover that their previously learned
assumptions are not always appropriate, and they often realize elements of their own
culture that they took for granted. A number of researchers (Kieffer 1987; Kohls 1979;
Lewis and Jungman 1986; Stewart and Bennett 1988) contend that cultural adjustment
happens in stages, and that sojourners experience the various stages with differing
degrees of intensity. At the same time, Weaver (1998) identifies culture at the
interpersonal level, describing it as where an individual shares a system of values and
beliefs with others, offering the individual a sense of belonging or identity. Many
studies have found that the crucial problem for the expatriate is that adaptation to the
unfamiliar culture than with their professional expertise (Aahad and Osman-Gani
2000; Dowling, Welch and Schuler 1999; McEnery and Desharnais 1990; Osland
1995). Therefore, functional ability alone does not determine success in overseas
assignment. Successful adaptation and cultural adjustment not only directly influence
expatriates’ performance but also lead to corporate success in the international stage.

2.3 Expatriation

The increasing number of expatriates in international trade has broadened the
momentous of comprehending and administrating the expatriation process. It is a
multifaceted region for many expatriates owing to plenty of different and
inexperienced regulations, for examples, culture and psychology are playing a
significant role in it. They may perhaps be familiar worlds to many expatriates but
commence in diverse contexts. According to previous researchers such as Edstrom and Galbraith (1977), Tung (1982) and Ondrack (1985), for many international enterprises, relocating expatriates to overseas subsidiaries to extend global competition is in agreement with the entire tactical human resource plans. At the same time the strategy also accomplished the goals, not only of management development, but also of organizational development. Generally speaking, expatriates discover that the situation presents developmental experiences, and statement having gained substantial skills that are of increasing value to international enterprises. Research by Oddou and Mendenhall (1991) reported that 90 percent of expatriates reported an intensification in their worldwide perspectives, 80 percent reported that they could communicate more competently with people from culturally divergent conditions, and 80 percent reported they had enhanced their understanding of international trends. These results from Oddou and Mendenhall’s survey point out that there are exceptional personal and developmental advantages to be gained from overseas assignments for both expatriates and their organizations.

2.3.1 Expatriates

Expatriates differ from other travelers, such as tourists or migrants, in terms of length and motive of journey. As a consequence, employees who are posted from a parent company to live and work in another country for a period ranging from few months to several years are colloquially referred to as ‘expatriates’. Expatriates normally spend between six months to five years in a host country, have a particular purpose or motivation, and usually intend to return ‘home’ (De Cieri, Dowling and Taylor 1991).

Past research points out great variation in the types of criteria used in evaluating how successful expatriate assignments have been. To date, the three most common
criteria for evaluating expatriate success have been: (1) completion of the foreign assignment; (2) cross-cultural adjustment; and (3) performance on the foreign assignment. McEvoy and Parker (1995) suggest that cross-cultural adjustment may be the antecedent of both performance and completion of the international assignment. These two factors, performance and completion of the global assignment, are both imperative for a better understanding by multinational companies of the factors impacting on the cross-cultural adjustment of expatriates and eventually the success of the expatriate assignment.

A variety of researchers (Black and Mendelhall 1990; Caligiuri 1997; Kealey and Protheroe 1996) revealed that the success of an international assignment is deeply influenced by an expatriate’s cross-cultural adjustment to the host country. For instance, cross-cultural adjustment is positively connected to performance of an overseas assignment and negatively related to the premature termination of an overseas assignment (Black 1988; Caligiuri 1997; Tung 1981). For those expatriates who do return from their overseas assignments prematurely, studies have found that the incapability of both spouse or expatriate to adjust to living in the host country were the two major reasons repeatedly referred to for this failure (Handler 1995; Harvey 1985; Tung 1981). Consequently, an expatriate spouse’s adjustment is one of the most essential determinants of whether an expatriate completes the international assignment (Black and Gregersen 1991; Handler 1995) and of how successful the expatriate’s performance will be while on the assignment (Black and Gregersen 1991; Black and Stephens 1989; Caligiuri et al. 1998).

2.3.2 Expatriates’ International Adjustment

Three facets of expatriate adjustment have been identified by Black and Mendenhall (1991) and are widely used in subsequent research: adjustment to work,
adjustment to interaction with host nationals (i.e., the ability to form relationships with host country nationals), and general adjustment related to living conditions such as food, housing and customs. Louis (1980), studying work transitions, discussed the changes, contrasts, and surprises within the organization that newcomers to organizations experience and attempt to comprehend. General studies on employee turnover have provided some insights into reasons for expatriate failures. Factors such as organizational commitment, job satisfaction, job clarity, and task interdependence have been often correlated with employees’ performance and intention to stay (Brett 1984; Mowday et al. 1982; Reichers 1985). The significance of these factors is magnified in the international environment where the impact of cross-cultural differences, job and organizational design can significantly affect the expatriates’ capability to perform (Church 1982; Harris 1989; Sullivan and Tu 1993). Expatriate adjustment has also been strongly linked to non-work factors. These include psychological orientations, attitudes toward international living and family-related problems. Tolerance for ambiguity and willingness to live in foreign environments are attitudes that can help expatriates adjust quickly (Black and Gregersen 1992; Brett 1984; Oberg 1960). Expatriates will need to make sense, not only of the new organizational facilities, but also the overseas surroundings or foreign country. The foreign country may entail dissimilar political, economic, and monetary systems, a different language, and different norms and standards of behavior compared to the expatriate’s home country, which results in the expatriate having to overcome culture shock (Oberg 1960).

As a consequence, expatriate job assignments require adaptation to multiple environments. Current organizational members have been identified as playing a key role in assisting newcomers to make sense of new environments and organizations. (Louis 1980; Reichers 1985). On the other hand, due to cultural differences and
language barriers, it may be even more difficult for expatriates to rely on present organizational members and native citizens in making sense of their new environment.

### 2.3.3 Advantages of Expatriation

The practice of employing expatriates may perhaps be a tactical advance by the branch of an MNC to broaden the international experience and information base of present and potential expatriates. One of the important advantages to international organizations from expatriates’ overseas experiences is the facilitation of an organization’s targets as it enters the international market without difficulty and obtains benefit from international businesses. This strategy of expatriation is an instrument by which international organizations can gather and maintain a resident base of knowledge, which sequentially supports with the impediments of international management. This knowledge subsequently provides a competitive advantage by constructing a base of international executives sensitive to internal opportunities.

The strategy of utilizing expatriates in international subsidiaries may perhaps assist in structuring associations with different nations (Boyacigiller 1991). Continuing relationships between host-country governments, domestic businesses, other interest groups and parent companies can increase the competitiveness of international enterprises operating their businesses abroad. Since these international enterprises challenge to access and market share in the global ground, the “first-mover advantages” related to government concessions and creating competent guidelines for distribution, may perhaps be critical to long-term achievement.

Previous research (Boyacigiller 1991; Rosenzweig 1994) has demonstrated that expatriate assignments may perhaps improve inter-subsidiary communication and coordination by relocating the entire corporate scheme and the organization’s
viewpoints along with the expatriate. Having been employed by the organization in its headquarters, it is expected that the expatriate has become a part of the corporate culture by means of adaptation and socialization, and will consequently communicate aims and intentions in the form in which they were planned.

2.3.4 Expatriates’ Success

An international organization unsuccessful of reliability in culture crosswise overseas subsidiaries, the headquarters may perhaps attempt to transfer the parent company's culture by means of recruiting expatriates to important positions in its international subsidiaries. Previous research by Kobrin (1988) reported that MNCs utilized this tactic and assumed that expatriates could impact significantly on the culture of subsidiaries. Selecting international expatriates for worldwide assignments would be rather easy for MNCs if achievement in domestic assignments were prophetic of triumph in international assignments. Disappointingly, researchers such as Tung (1981) demonstrated a diverse opinion to Kobrin (1988) relating that failure rate of expatriates is tremendously high, even though it is normally the more successful domestic employees who are posted to international assignments. In fact, the performance required for domestic and international expatriate work may be dissimilar. Nevertheless, MNCs use the same employee selection method to select both international expatriates and domestic employees with the same work content. That perhaps is the main reason for the high failure rate.

MNCs could improve the probability of expatriate achievement by means of appropriate selection procedures. Because of the extent to which the performance construct for expatriate positions differ from performance in domestic positions, expatriate employees in an international environment have need of a different set of expertise and competences to accomplish the same work content that they performed
effectively in a domestic environment (Tung 1981).

2.4 Cross-cultural Adjustment

The international scope of markets and intensifying global competition are forcing firms to operate in more diverse geographical environments. The ability to establish operations in different locations can allow a firm to more quickly gather technological and market information as well as respond rapidly to local customer demands. This situation often requires the presence of competent overseas expatriates to effectively implement enterprises’ strategies. The overseas assignment of executives can thus have a significant impact on an enterprise’s success in international markets. As a result, understanding the factors that improve expatriates’ adjustment and performance in international environments has become a crucial human resource issue. The original notion of cross-cultural adjustment began from previous work on culture shock. Based on Oberg’s (1960) research, ‘culture shock’ was defined as the phase of anxiety before an individual feels well adjusted in a new culture. Nevertheless, some researchers (as Church 1982; Stening 1979) found that not all expatriates encounter the same degree of anxiety, or experience anxiety for the same duration of time. For that reason, those research results indicated that cross-cultural adjustment was an individual difference, which could potentially be forecasted, rather than a constant duration of anxiety that all expatriates would necessarily encounter when they entered a new environment and faced a different culture (Black 1990). For the duration of the process of cross-cultural adjustment, uncertainty in the surroundings reduces gradually (Black 1988; Black and Gregersen 1991; Church 1982). The process of cross-cultural adjustment may perhaps be stressful due to the insecurity and ambiguity of not knowing what is appropriate behavior or actions, coupled with a potential incapability to comprehend feedback.
from the situation owing to deficiency in knowledge of the language or culture (Black and Gregersen 1991; Louis 1980). Relating to the standard of premature termination of an overseas assignment, expatriates who fail to adjust would be experiencing insuperable stress and would prefer to return to their home country earlier than planned (Tung 1981).

Cross-cultural adjustment is “the individual’s affective psychological response to the new environment and its variables” (Black, 1990). Previous researchers (Black 1990; Black and Gregersen 1991; Nicholson 1984; Oberg 1960) stated that cross-cultural adjustment is the degree to which individuals are psychologically comfortable living outside their own home country. Others suggest that cross-cultural adjustment is an internal, psychological and emotional state, and should be measured from the perspective of the individual experiencing the overseas culture (Black 1990; Searle and Ward 1990). During the three decades of research in this area, an enormous amount of substitute definitions of cross-cultural adjustment have been applied. Researchers have used job satisfaction (Abe and Wiseman 1983; Hammer, Gudykunst and Wiseman 1978; Torbiorn 1985), life satisfaction (Cui and Van den Berg 1991), acquisition of language or cross-cultural skills (Bochner, Mcleod and Lin 1977), and ratings of depression (Armes and Ward 1989) as replacement options for cross-cultural adjustment. In general, adjustment is the perceived degree of comfort a person has with his or her surroundings (Black, Mendenhall and Oddou 1991). Its importance is underscored by the fact that most of the expatriate literature deals with various aspects of the cross-cultural adjustment process (Black and Mendenhall 1990; Mendenhall, Dunbar and Oddou 1987; Mendenhall and Oddou 1985).

Further expatriate adjustment has been conceptualized, operationalized and proved by Black and other researchers to be a three-dimensional construct (Black 1988; Black and Stephens 1989; Gregersen and Black 1990). Black (1988, 1990)
identified these three dimensions as work adjustment, cultural adjustment and interaction adjustment. Work adjustment is obviously defined as job-related; cultural adjustment is mainly linked with non-work-related activity, and also is expressed as general adjustment; and interaction adjustment covers the work and non-work surroundings. Interaction adjustment may perhaps be the most fundamental of the three dimensions, as both work adjustment and cultural (general) adjustment are based on interpersonal interactions (Bell and Harrison 1996). At the same time, Black, Gregersen, and Mendenhall (1992, p.119) also stated that adjustment to interaction with host country nationals normally is the most complex of the three adjustment dimensions. In relation to the standard of work performance, cross-cultural adjustment assists expatriates to increase effective working relationships with host nationals, and to interpret their host national co-workers’ behaviors, gestures, and stories. In some preliminary research, cross-cultural adjustment has been found to be a predictor of success in expatriate assignments (Black, Gregersen, and Mendenhall 1992). The interaction element involves warm and cordial relationships with host country nationals, participation in their activities, and development of respect for those activities. Interaction with host country nationals in social issues is one way for expatriate newcomers to become aware of appropriate behavior in the host country, because host country nationals may possibly act as sources of information and assist in comprehension (Bochner 1981). Expatriates with such regular interactions display more appropriate behavior. Feldman and Thomas (1992) observed that successful expatriates regularly interacted with host country nationals. McEvoy and Parker (1995) also declared support for the three dimensions of expatriate socio-cultural adjustment. Other American empirical research on expatriates and their spouses has provided support for this three-dimensional theoretical framework of socio-cultural adjustment (Black and Gregersen 1990, 1991a, 1991b; Black and Stephens 1989).
In conclusion, cross-cultural adjustment is defined as the process of adaptation to living and working in a foreign culture. It is the perceived degree of psychological comfort and familiarity an individual has with the new host culture. Current conceptualizations of the construct have focused attention on three specific facets of cross-cultural adjustment. The first facet is work adjustment, which contains adaptation to new job tasks, work roles, and the new work environment. Work adjustment is assisted by similarities in procedures, policies, and task requirements between the parent company and host subsidiary in a foreign country. The second facet is interaction adjustment, which consists of the comfortable accomplishment of interactions with host nationals in both work and non-work situations. Interaction adjustment is the most difficult of the three facets to achieve. The third facet is cross-cultural (general) adjustment, which involves the overall adaptation to living in a foreign culture, and comprises factors such as housing conditions, health care, and cost of living.

2.5 Demographic Factors

This section discusses the significance of individual information such as age, individual ability, gender, expatriation duration, marital status, dual assignment, family issues and previous overseas experiences.

2.5.1 Age

Church (1982) demonstrated that age was related to the level of interaction with host nationals. In general, results showed that young expatriates had a higher level of social contact with host nationals than elder expatriates. This finding is confused by the situations in which expatriates are located. For example, for expatriate employees, the level of interaction may perhaps depend on whether these expatriates work in
CHAPTER 2 LITERATURE REVIEW

multicultural environments versus a homogeneous home country office located in a host country. This research suggests that age should not be a significant factor for expatriate success.

Age is a critical personal characteristic in Asian societies (Fang 1999; Worm 1997). Respect for old age is particularly emphasized by Confucianism, highlighting the building of a great character through lifelong learning and self-cultivation. Traditionally, young people in Chinese society are not considered dependable, experienced or capable of doing good business (Chan 1963). Even in Western societies, growing older may be associated with increasing maturity (Heckhausen and Krueger 1993; Van Lange et al. 1997).

Studies of the outcomes of domestic transfers have shown varied results when the age of employees was linked with willingness to shift domestically. According to Gould and Penley (1985), Sell (1983) and Veiga (1983) it was revealed that younger employees were more willing to transfer their workplace than elder employees. In contrast, the research results of Brett and Reilly (1988) demonstrated that there was no significant relationship between age and willingness to transfer. From an international standpoint, Brett and Stroh (1995) demonstrated that no significant relationships were discovered in two studies that investigated age and employees’ willingness to join the adventure of international expatriate assignments.

2.5.2 Individual ability

Many researchers have investigated the skills necessary for an executive to be effective in a cross-cultural setting (Brein and David 1971; Church 1982; Mendenhall and Oddou 1985; Stening 1979). These skills have been categorized by Mendenhall and Oddou (1985) into three dimensions.

(1) The self-dimension, which encompasses skills that enable the expatriate to
maintain mental health, psychological well-being, self-efficacy, and effective stress management. One of the underlying issues of the various self-oriented skills discussed by Mendenhall and Oddou (1985) was the ability to believe in oneself and one’s ability to deal effectively with foreign surroundings, even in the face of great uncertainty. This idea is quite similar to what Bandura (1977) and others have consistently referred to as self-efficacy.

According to the research on self-efficacy, individuals with higher levels of self-efficacy tend to persist in exhibiting new behaviors that are being learned, even when those efforts are not successful, longer than do individuals with less self-efficacy. The more they attempt to exhibit new behaviors in the foreign situation, the more chance they have of receiving feedback, both positive and negative. These individuals can then use this feedback to reduce the uncertainty of what is expected of them and how they are performing, and they can correct their behavior to better correspond to the expectations. This process, in turn, facilitates the degree of adjustment. There may be an interaction effect between self-efficacy and the need for feedback. Self-efficacy has the greatest impact on adjustment for individuals with high need for feedback (Nicholson, 1984), but it would be self-efficacy that would drive the person to persist in exhibiting new behaviors which, in turn, would facilitate the degree of adjustment.

(2) The relationship dimension, constitutes the array of skills necessary for the fostering of relationships with host nationals. Relational skills also provide an important means of increasing the cues individuals receive about what is expected and how they are performing regarding those expectations. Consequently, these skills can reduce the uncertainty associated with the foreign environment. The greater individuals’ relational skills, the easier it is for them to interact with host nationals (Mendenhall and Oddou 1985). The more individuals interact with host nationals, the
more information they can receive about what is and is not appropriate in the host culture and how they are performing. Black (1988) found a positive relationship between percentage of time spent with host nationals and cross-cultural adjustment.

(3) The perception dimension entails the cognitive abilities that allow the expatriate to correctly perceive and evaluate the host environment and its actors. Perceptual skills also provide a significant means of understanding what is appropriate and inappropriate in the host country; these skills, therefore, can reduce the uncertainty associated with the foreign environment. The greater individuals’ perceptual skills, the easier it is for them to understand and correctly interpret the host culture (Mendenhall and Oddou 1985).

A study by Hays (1971) asked American expatriates in Mexico City to evaluate four factors as the primary influences upon assignment success or failure. Hays found that job ability, defined as technical skill, organizational ability, and belief in mission, was seen as a prerequisite for the assignment and therefore crucial to its success. If the expatriate does not have the skills necessary to do the job they cannot succeed. Relational abilities, defined as the ability to deal with local nationals and display cultural empathy, was also viewed as necessary for success. Hays identified a third factor, family situation, as one that can assist in avoiding failure. Family situation was defined as the level of adaptability and support from family members for the assignment. The family situation can have either a neutral or negative effect upon the assignment. A fourth success factor, according to Hays, is that of language skill, where a high skill level will assist with the assignment, but a low level may not necessarily have an adverse effect upon the assignment.

A study by Tung (1981) also identified several success factors that can be evaluated. The factors for success listed in the study included: technical competence on the job; personality traits or relational abilities; family situation; and environmental
variables. This study includes the success factors discussed by Hays (1971), with the addition of environmental variables. Tung described environmental variables as the political, legal, and socioeconomic system of the host country that may be very different from what the transferee is used to, and will require adjustment. This might also be described as the cultural environment of the host location.

Bhagat and Prien (1996) have also set out several factors that affect the success of international assignments. They include individual, family and job-specific attributes as well as the host country cultural environment. Each of these corresponds with categories indicated by Tung (1981) and Hays (1971).

2.5.3 Expatriation Duration

Researchers such as Pinder and Schroeder (1987) suggested that the duration of stay in a host country has implications for relocated individuals to become efficient in their assigned job. Consequently, an hypothesis underlying the length of stay in a host country is that the longer they reside in a host country, the more familiar expatriates become with their jobs and working conditions, and as they become more familiar, the better their performance will become (Black 1988; Kawes and Kealey 1981). In addition, Nagai (1996) recommended that the length of stay in a host country be considered a significant factor relating to successful performance.

2.5.4 Gender

Probably an important hurdle for women in management in most countries is the persistent stereotype that associates management with being male. Organizations tend to expect men to hold higher-status positions and their standards for success are likely to reflect characteristics that are stereotypically male (Cockburn 1991; Ely 1995; Rubin 1997). While women are attaining higher levels of educational achievement
and the number of female expatriates is growing, progress is slow. Differences in accepting women in management vary by country. This is shown, for example, in the study conducted by Hofstede (1989). Some cultures were found more challenging to women than others. He suggested that women are less effective because of cultural biases against them; cultures that rate higher in ‘masculinity’ look less favorably on women as professionals. However, qualitative field research involving interviews with women on different foreign assignments, including countries such as Japan and Mainland China where considerable male dominance exists in business circles, have failed to identify culturally-driven obstacles to their international business success that would support a preference for males over females (Napier and Taylor 1996). Additionally, Caligirui and Cascio (1989) hypothesized that female expatriates, as compared with male expatriates, may be negatively stereotyped by host countries, particularly in nations that do not value women in important positions. Only a few studies (Adler 1987; Napier and Taylor 1996) illustrated that there were no significant differences between male and female expatriates in their work adjustment in high masculine dominance societies such as Asia.

The international human resource management literature has given insufficient attention to women as expatriates, ‘probably because international assignments have long remained a male preserve’ (Harris 1995; Smith and Still 1996, p.2; Windham International 1999). Nevertheless, international enterprises cannot any longer afford to limit their pool of talented human resources by excluding employees belonging to a particular group. Now is the time for multinationals to enlarge their recruitment base (Paik and Vance, in press). Even though many enterprises have reexamined their reluctance to post women abroad, the number of female expatriates is still relatively low, although the trend is increasing. From a significant percentage reported in the early 1980s of about 3 percent (Adler 1984), more recently reported figures seem to
be around 12 to 15 percent (Caligiuri, Joshi and Lazarova 1999; Florakowski and Fogel 1999; Global Relocation Trends 1996 Survey Report 1997).

Previous research (Anderson, Milkovich and Tsui 1981; Markham, Macken, Bonjean and Corder 1983; Markham and Pleck 1986) demonstrated that there is a tendency toward female employees being less willing to take on expatriate assignments, and the gender of employee has mainly exposed a constant standard of relationships for domestic transfer. On the other hand, a study of international transfer by Brett and Stroh (1995) indicated that there has not been a significant connection between employee gender and willingness to transfer. Adler (1987) reported that American female expatriates are performing their international assignments as efficiently as male expatriates, even in male-dominated cultures such as Japan and Korea. Asian entrepreneurs regard a female expatriate first as a parent company representative, second as a foreigner, and third as female. Fundamentally, the first two issues combine to render the expatriate’s gender a ‘non-issue’. Moreover, Adler (1984) stated that male and female, in both dual-career and single-career conditions, were similarly likely to be attracted to and successful in international assignments. In fact, females are not only expected to be equally efficient in expatriate assignments, they may possibly even have superior abilities for international assignments (Tung 1995). This may be because females are inclined to have higher quality communication skills and a better capability of constructing relationships. Both abilities are important attributes of successful expatriates.

Moreover, contrary to the traditional prevalent corporate viewpoint and practice, results of the study by Westwood and Leung (1994) suggest that, in terms of disposition, women may often be better suited for expatriate assignments than men. For example, they reported that in their qualitative results, a number of female expatriate respondents perceived that women benefited from being more sensitive,
interpersonally aware, empathetic and sociable than men. The finding is interesting since it implies that women are naturally better suited to cross-cultural situations, and may be more appropriate candidates for overseas assignments than men (Westwood and Leung 1994, p.69).

2.5.5 Previous Overseas Experience

Past foreign experience affects how confident an expatriate will feel in a new country, and is positively related to success in a global assignment (Bochner et al. 1971, Bochner et al. 1986; Brein and David 1971; Church 1982; Searle and Ward 1990). Previous international experience has been recommended as a significant factor in employee adjustment during international assignments, as well as an attribute related to willingness to adopt overseas assignments. Torbiorn’s (1982) research demonstrated that individuals initiate anticipatory adjustment to an overseas culture before their actual arrival, and their motivation to adjust powerfully influences their subsequent cross-cultural experience.

Church (1982) stated that based on international adjustment literature, it seems logical to report that previous international experience may be an important issue of information from which precise expectations can be formed. Based on the fundamental concept of uncertainty decrease expressed as above, the higher expectation should be created, according to that several previous international adjustment experiences that would offer more information from the uncertainty, which could be abridged and precise expectations created. In addition, Black et al. (1991) stated that if the previous experiences were in the same or similar culture to the one that the individual would enter, they would be a superior source from which accurate expectations could be formed, rather than previous experiences in a dissimilar culture. Since expatriates are often expected and required to learn new social and cultural
skills in the new cultural environment, the resulting adjustment will primarily be sociocultural. From a slightly different point of view, Bell and Harrison (1996) argued that it is the process of having learned a different culture, rather than the content knowledge of another culture, that is the most important benefit of previous international experience. Such individuals could capitalize on the decreasing marginal effort associated with acquiring skills in another culture (Niyekawa-Howard 1970).

Correspondingly, Church (1982) and Stening (1979) reported that if the previous experiences were work-related, they would facilitate the construction of precise work expectations. In contrast, if the previous experiences were not work-related, for example, previous experiences concerning study overseas, they would facilitate the construction of non-work expectations.

Even though studies of adjustment after a domestic relocation transfer by Pinder and Schroeder (1987) failed to find a significant correlation between the number of previous domestic transfers and adjustment, research into cross-cultural adjustment by Torbiorn (1982) and Black (1988) provide some support for the proposition. This discrepancy may derive from the larger amount of adjustment required for a cross-cultural adjustment versus a domestic adjustment and, as a result, the amount of training that may be learned from previous international experience and applied to the current international transition (Black et al. 1991).

Black (1988) initially found that previous international experience was positively related to expatriate adjustment, but a later study found no such significant relationship (Black and Gregersen 1991). However, subsequent empirical research findings have been more consistently supportive. For instance, McEvoy and Parker (1995) reported a positive association between prior international experience and general adjustment and Shaffer and Harrison (1998) found a positive relationship between prior international experience and the critical dimension of interaction.
Regular and related previous experiences can facilitate the formation of accurate expectations; likewise, pre-departure cross-cultural training can also facilitate the same objective. Basically, cross-cultural training offers expatriates functional information for lessening uncertainty connected with the forthcoming international shift, and for structuring precise expectations about living and working in the host country. It is significant to comment that this sort of training does not necessarily need to be company-sponsored; it could be self-initiated (Black et al. 1991). Normally, this kind of training need not immediately precede the international relocation, even though organizations and individual would anticipate that supplementary recent training would have a powerful outcome (Black and Mendenhall 1990; Brislin and Pedersin 1976).

Because previous international experience is connected to anticipatory adjustment as well as attitudes toward international assignments (Black 1988), previous international experience should be connected to willingness to accept these assignments. Previous international experience should diminish the uncertainty normally related with relocation, and reduced uncertainty should result in higher willingness for international assignments. Some employees tend to support this suggestion. Louis (1980) reported that those having had prior international experience formed more realistic expectations regarding international assignments. Ronen (1989) demonstrated that employees with previous international experience were more likely to accomplish goals in international assignments, even if the employees’ previous experience was in a different country. The same author also revealed that the expatriate’s exposure to multicultural socialization processes would improve the individual’s probability of achievement in an expatriate assignment.

Finally, other research such as that of Bret (1982), and McAllister and Kaiser
(1973) has recommended that many anticipated negative results of relocation never actually happen. For that reason, if individuals do not experience anticipated negative outcomes, then having had international experience may make them less anxious and more willing to move overseas for potential assignments.

2.5.6 Marital Status

Researchers into domestic transfer of workplace and international transfers normally agree with the concept that single individuals have a higher willingness to transfer to international assignments than married individuals (Brett, Stroh and Reilly 1990). Married individuals perhaps must consider various family issues, such as the effect of children and family members on international mobility, that is a more fundamental anxiety than marital status. Correspondingly, Evans, Lank, and Farquhar (1981) verified that expatriate families with teenage children had diminished degree of interest in geographic mobility. Owing to social and educational disturbances for children and family members the parents of teenage children have been more unwilling to transfer to new regions (Gould and Penley 1985). In contrast with this situation, married couples without children have usually been more willing and interested to transfer to overseas assignments than those couples with children (Brett and Stroh 1995; Brett, Stroh and Reilly 1990).

2.5.7 Family Issues

De Cieri et al. (1991) reported that an enormous proportion of women commented that their relationships with their children had become closer through the transfer because they encountered struggles and predicaments together. Particularly meaningful is that support for the employed spouse, frequently as the major foundation of support to the accompanying partner (Neims 1980; Thompson 1986).
Therefore, the transfer may perhaps facilitate the couple’s relationship. Because the husband and wife or partners are both suffering stressful changes and new experiences and surroundings at the same time, they can share and empathize with each other, and can discuss and solve problems together. Expatriates’ families are required to adapt themselves to a new residence, neighborhood, workplace, occupation, school, peers, community, and a new country and culture when they transfer to a new environment. These kinds of transfers to a new environment may cause stress. For the most part, cross-cultural adjustment or adjustment to life abroad in expatriate families is an obviously significant aspect of current family life to understand, and arising from the literature is the understanding that relocation can have both harmful effects and be growth-producing (Norell 2001). The adjustment of the expatriate’s spouse and family to the foreign shift is one of the most significant factors as to whether the expatriate achieves his or her assignment (Black and Gregersen 1991; Tung 1981). The more family members adopt the host culture and interact with host nationals, the more they will adjust to living in a foreign country (Black and Stephens 1989).

2.5.8 Dual Assignment

Researchers estimate that between 16 and 40 percent of all American expatriates do not complete their assignments (Mendenhall, Dunbar and Oddou 1987; Mendenhall and Oddou 1988; Wederspahn 1992; Dowling, Schuler and Welch 1994). This percentage maybe expected to escalate in the near future due to the projected increase in female expatriates and dual-career couples (Harvey 1996, 1997a, 1997b). With the increasing number of dual-career couples, many trailing spouses must also absorb the stress connected with relocating their careers to a foreign country during their spouses’ expatriation assignments (Bradbury 1994; Collidge and D’Angelo 1994).
In the case of dual-career couples Stephens and Black (1991) demonstrated that spouse career orientation would have a difficult impact for expatriates during their international assignments. Even though work permits and potential career transfer may discourage dual-career couples from adopting international assignments, on the other hand, career spouses of expatriates reported that international experience was an advantage and rewarding for them (Black, Gregersen and Mendenhall 1992). Additionally, researchers as Stephens and Black (1991) reported that ‘dual-career expatriate couples are just as likely as non-dual career couples to perform effectively during global assignments’.

### 2.6 Job Satisfaction

Job satisfaction may be attributed to a variety of factors, many of which have been found to affect other expatriate success outcomes, particularly cross-cultural adjustment. In general, satisfied workers were less likely to leave their jobs than those with high job dissatisfaction quotients. This study seeks to empirically identify the job satisfaction factor appropriate for international expatriates. Previous researchers (Locke 1976; Odom et al. 1990) defined job satisfaction as the degree to which an employee feels positively or negatively about his or her job. In fact, job satisfaction is fundamentally how employees feel about their jobs and different aspects of their jobs. It is the degree to which employees like (are satisfied with) or dislike (are dissatisfied with) their current employment. At the same time job satisfaction is normally defined as an attitudinal variable. Also, job satisfaction can be regarded as an international feeling linked with the job or as a related collection of attitudes about various aspects or facets of the job. The international approach is used when the overall or bottom line attitude is of interest (Spector 1997). Black et al. (1991) stated that the significance of job factors on both degree and mode of adjustment. In coincidence with that, Shaffer
and Harrison (1998) revealed that job satisfaction is one of the predicted outcomes of cross-cultural adjustment; it may be defined as the positive emotional state resulting from the general appraisal of individual employment as well. Additionally, Steers and Mowday (1981) argued that the expectations of employees possibly would be connected to their attitudes. In addition, perhaps, skill-development opportunities may support to clarify the difficult set of expectations related to an international assignment as well, leading to a high degree of agreement between expectations and subsequent job experiences. This may result in further positive attitudes and greater job satisfaction. On the other hand, satisfaction is not an unvaried concept and has been conceptualized in various ways. Job satisfaction has been conceptualized as satisfaction with numerous facets of the job, but the number of facets has ranged from five (Hackman and Oldham 1980) to thirteen (Rice, Mcfarlin and Bennett 1989). Job satisfaction has also been conceptualized more generally as total satisfaction measured by either a few common questions (Hackman and Oldham 1980) or by a linear aggregation of individual facets (Levin and Stokes 1989).

The context of the work surroundings is multidimensional, with the main constructs being task characteristics, organization characteristics and worker characteristics (Rousseau 1978). The simultaneous interaction of these constructs results in an environment unique to a particular organization and set of employees. Furthermore, the employees’ attitudes consist of satisfactions that are developed through interaction with other employees within the context of the work surroundings (Salanick and Pfeffer 1978). Consequently, the employee attitude of particular interest in this research, job satisfaction, may possibly result from the expatriate’s characteristics in interaction with the job or task characteristics and organizational characteristics.

Hundreds of research studies have examined the various dimensions of job
satisfaction and the relationships between job satisfaction and other variables. Naumann (1993) declared that the amount of energy spent studying job satisfaction is based upon the idea that satisfied workers, at all organizational levels, are significant contributors to an organization’s effectiveness and eventually to long-term success. On the contrary, dissatisfied workers are implicitly thought to make less of a contribution to the organization. Despite the recognition that job satisfaction is a significant concept that can provide richer insights into understanding expatriate success, few researchers in the past have examined this concept in an international setting (Bhuian and Abdul-Muhmin 1997; Downes et al. 2002; Gregersen and Black 1990; Naumann 1993; Yavas et al. 1990; Yavas and Bodur 1999). However, Miller (1975) revealed international experience observably to be connected positively to job satisfaction. The character of the job, its responsibilities, promotion potential, and opportunities for satisfying requirements may perhaps be perceived differently, which can be founded on the expatriate’s ability to deal with the host situation (Hodgetts 1993), which is enhanced by previous international experience. In addition, culture shock may be minimal for re-assigned expatriates, as they may have been educated previously to deal with cross-cultural hurdles on a common phase.

Researchers view satisfaction as a multifaceted concept. For instance, job satisfaction can be derived from feelings of accomplishment and self-actualization as a result of performing a job, or from such rewards as compensation, job security, etc. provided by the organization. As a result, characteristics of the job itself and the work environment that the employees find rewarding and fulfilling, lie at the root of job satisfaction (Yavas and Bodur 1999). Much of the literature on organizational behavior, and careers and job transitions, suggests that positive general job satisfaction is a significant indicator of adjustment to a new job (Weiss et al. 1967). For example, positive job attitudes might indicate continued attachment to the
organization and/or high commitment to the objectives of the corporation (Feldman and Tompson 1993).

Feldman and Tompson (1993) demonstrated that assorted corporate career development programs contributed extensively to several concepts of employee satisfaction. One such factor was a guarantee that the expatriate assignment fitted in with the employee’s entire career plan. Furthermore, providing mentors, as well as opportunities for employees to develop new skills was important to expatriate satisfaction. According to Fisher and Shaw (1994) research literature on relocation attitudes and work adjustment in domestic relocation affirmed that satisfaction was an outcome of adjustment. Gomez-Jejia and Bakin (1987) also demonstrated significant positive correlates between expatriate satisfaction and the impact of the assignment on the respondent’s career.

Job satisfaction also has an influence on organizational commitment (Downes et al. 2002). When dissatisfaction grows, the commitment of expatriates lessens and they start to withdraw mentally or physically from the organization and be less attentive to job responsibilities. Alternatively, satisfied expatriates are more likely to remain committed not only to their parent company but also to the foreign assignment (Yavas and Bodur 1999). More to the point, job satisfaction has been linked to turnover (Danserau et al. 1974). In brief, job satisfaction emphasizes the specific task environment where employees perform their responsibilities (Mowday, Porter and Steers 1982).

The above descriptions demonstrate that job satisfaction can be conceptualized in a variety of ways. A well-known conceptualization of job satisfaction is the intrinsic-extrinsic distinction by Weiss, Dawis, England and Lofquist (1967). Intrinsic satisfaction is essentially founded on executing the job and experiencing feelings of success, self-actualization and identity with the task, such as career opportunity and
advancement. Extrinsic satisfaction is derived from the rewards given to an individual through peers, superiors, or the organization, and can take the form of recognition, compensation, advancement, job security and so on. If expatriates are neither intrinsically nor extrinsically satisfied while on overseas assignment, the motivation to perform well and to remain overseas for the specified length of time is lessened. Expatriates may perhaps find out that the unique international surroundings contribute to enhanced intrinsic satisfaction. The unique cultural setting often encountered internationally may be regarded as interesting by expatriates. The challenge of learning about and adjusting to a dissimilar culture may perhaps result in greater levels of intrinsic satisfaction, for the most part when such efforts are successful. In addition, expatriates frequently receive complementary encouragement such as compensation, housing, education and travel allowances, which may lead to higher extrinsic satisfaction. As a consequence, the intrinsic-extrinsic conceptualization may be most appropriate for research into the expatriate job satisfaction.

As Muchinsky and Tuttle (1979) suggested, there was overall a negative relationship between job satisfaction and turnover, although the strength of the relationship varied from study to study. In general, satisfied workers were less likely to leave their jobs than those with high job dissatisfaction quotients. As a result, job satisfaction is an important component of increasing the level of work performance and career aspirations (Ostroff 1993; Schappe 1998; Shore and Martin 1989). Also, it is noted in the literature that there is a high correlation between job satisfaction, commitment and better performance among expatriates (Bagozzi 1992; Bartol 1979; Brown and Peterson 1995; Mathieu and Zajac 1990; Naumann 1993; Testa 2001).
2.7 Family Support

International enterprises that have a system of HR practices of careful planning of an assignment’s purpose, selection of the candidate to match the purpose, compensation to suit achievement of the objectives of the assignment, and training and development to enable the assignee to effectively carry out the assignment, are also likely to deal with the assignee’s family system. This is because family support practices are often critical during expatriation in order to facilitate the achievement of an assignment’s objectives. A survey conducted by Windham International and the National Foreign Trade Council (1999), revealed that a large number of international assignments are turned down or interrupted because of spouse and family issues. It seems, nevertheless, that much of the research about the development of international expatriates almost makes them appear as isolated individuals without spouses, families, or friends. In fact, the procedure of posting expatriates to an international location often involves the family of the expatriate. In a longitudinal study of families on international assignments Caligiuri et al. (1998) declared that family characteristics, such as support, were significantly connected to the expatriate’s adjustment to the work assignment. It is therefore this study proposed that the family support factor can potentially influence expatriate adjustment.

Black et al. (1991) demonstrated that the family factor is positively related to the international level of adjustment of an employee. Therefore, in an international context, family is an essential factor for MNCs competing in international markets. MNCs should consider the need of families as a critical element in the international career of expatriates. Family issues are definitely challenging for international expatriates. In addition, Fukuda and Chu (1994) identified the family situation as a factor that contributed positively to the expatriate’s failure. Caligiuri and Cascio (1998) reported that a high degree of family support, family communication, and family
adaptability was strongly related connected to a family’s cross-cultural adjustment six months into the overseas assignment. More to the point, scholars in stress management have constantly highlighted the significance of examining family and spousal support as a shelter implement for individuals struggling with stressful issues related to work (Brett 1980; Caplan 1976; Lu and Cooper 1995). The results of Guzzo et al. (1994) in guaranteeing that appropriate family support is available on the international assignment of overseas expatriates also support this view. As a result, it appears that family support is absolutely connected to the expatriate’s adjustment to working in the host country. Brett (1980) summarized this by arguing that support from family members can offer an individual information and assistance to facilitate the individual through a stressful phase, a continual source of affect, and affirmation to the individual concerning his or her ability to success. Consequently, the family member is vital in fulfilling all three types of social support: aid, affect, and affirmation. Hays (1974) revealed that an adaptive and supportive family is significant in preventing failure on overseas assignments. Harvey and Lusch (1982) also demonstrated that the family stress influenced the expatriate’s capability to be creative, to make decisions, and to cooperate with other employees. Correspondingly Thompson (1986) stated that the role of the wife and the importance of her successful adjustment is key to the business of her husband’s work and hence of his company’s operations in the overseas posting. Rahim (1983) likewise recapitulated that the effectiveness of overseas managers may be affected by the degree of adaptability and supportiveness of their families, especially the spouse. Similarly, the achievement of an overseas assignment is ascribed to the adequacy, support, and loyalty of the associated spouse (Black and Stephens 1989; Briody and Chrisman 1991; Rank 1982). Chan (2000) stated that family support consists of family members’ behaviors and attitudes supporting the expatriates with encouragement, understanding, attention, and
positive regards, and assisting expatriates solve their problems. It contains behaviors and attitudes that reflect the family’s attention to the expatriate’s or employee’s work content, willingness to listen to talk and to give recommendations or proposals to the employee relating to his or her work, and general indications of care and concern for the expatriate.

In today’s society most of us carry out multiple roles, including work and family roles, in our daily lives. Work and family roles are not independent of each other. In fact, according to spillover theory, it is believed that the two roles effect each other. Spillover theory hypothesizes a reciprocal relationship between affective responses in one’s work life and in one’s family life. That is, such responses carry over from one domain (for example home life) to the other (for instances work life) (Aldous 1969; Barnett and Marshall 1992; Crouter 1984; Leiter and Durup 1996; Piotrowski 1979). Spillover occurs when employees carry their positive or negative emotions and attitudes from their work life into their home life (Kelly and Vyodanoff 1985; Piotrowski 1979), and when they carry over emotions and attitudes from their home back to the work environment (Belsky, Perry-Jenkins and Crouter 1985; Crouter 1984). Family-related situations often impact on the expatriate’s ability to adjust and perform effectively. Previous research results (Bollmfield and Holzman 1988; Briody and Chrisman 1991) demonstrated spousal responsibility for the success or failure of the international assignment. Since positive spillover effects are possible, human resources strategy often has to include family issues when preparing executives for international assignments (Stephens and Black 1991; Volard et al. 1988). Research examining the influence of work on family assumes the centrality of work in establishing the conditions of family life (Kanter, 1977). Spillover theory suggests that one’s family can also affect performance while on the job. These two types of spillover may not exert equal effect. Job-to-home spillover is greater than home-to-job
spillover (Galinsky, Bond and Friedman 1993). In the context of a global assignment, the effects of spillover from home to work and from work to home can either improve an expatriate’s performance or detract from it for the reason that the originating emotions can be positive, negative or both (Barnett, Marshall and Sayer 1992; Lambert 1990). Bhagat (1983) argued that non-work variables could have a spillover effect on employees’ adjustment. Arguably the major non-work variable in the international adjustment of expatriates is the adjustment of family members, particularly the spouse, as expatriates usually are married, particularly in the case of United Sates expatriates (Black 1988; Black and Stephens 1989). The effect of the spouse and children’s adjustment on an expatriate’s performance can be explained through spillover theory (Caligiuri, Hyland, Joshi and Bross 1998).

Tung’s (1981) study found that the inability of spouses and expatriates to adjust to living in the host nation were the two most frequently cited reasons for failed assignments. It was expected that the uncertainty that could result from poor cross-cultural adjustment by the spouse, would inhibit the expatriate’s adjustment. Hence, the degree of the spouse’s adjustment to the host country is a major factor in the success of expatriate assignments. Harvey (1985) stated that this problem outweighs all other reasons for the failure of expatriates to adjust. Black and Stevens (1989) also demonstrated that one of the most regular explanations for the failure of international assignments was the difficulty of adaptation on the part of the spouse and family. Empirical studies by Tung (1984) and Harvey (1985) demonstrated that family-related problems were among the major issues of international business assignment failures. Moreover, recent research has indicated that spouses are a major factor in the success or failure of expatriates (Harris and Moran 1989; Harvey 1985; Tung 1981, 1984). However, a large amount of this work has relied on the opinions of the United States international human resource management executives, or on
anecdotal evidence. Nevertheless, Black (1988) and Black and Stephens (1989), in their research on two separate samples of the United States expatriates and spouses, found significant positive relationships between expatriate and spouse cross-cultural adjustment. Moreover, research by Arthur and Bennett (1995) confirmed that expatriates believe family support was the main imperative contributor to efficient international assignments. Even though the possible influence of these family-related factors, in addition to others such as the increasing amount of dual-career couples (Harvey 1997), spouse employment (Black and Gregersen 1991a), may have a possible reciprocal effect of expatriate adjustment on spouse adjustment (Shaffer and Harrison 1995). As a result, MNCs will also profit from the increase in the willingness of families of expatriates to accept international assignments. This will be more enhanced by families that accept them effectively (Norell 2001).

An increasing number of researchers is explaining the role of family variables in the adjustment of expatriates. Nevertheless, most expatriates still have obstacles of family responsibilities. Approximately 80 percent of international assignees are accompanied by a spouse, children or both (Black and Gregersen 1991; Guzzo, Noonan and Elron 1994; Stroh, Dennis and Cramer 1994). Therefore, it is essential to investigate and gain further understanding of the cross-cultural adjustment issue associated with the family or spouse. The family related factor perhaps will achieve success in international expatriations due to the fact that family support assists expatriates to enhance their ability to manage cultural dissimilarity and work challenges in their assignment. Besides, it may increase the expatriate’s appreciation of the host country and its culture, and lessen the duration of the expatriate’s adjustment to the overseas assignment.
2.8 Learning Orientation

The dictionary defines learning as ‘the acquiring of knowledge’ (Webster's II New Riverside University Dictionary 1984). It encompasses both the acquisition of ‘know-how’, which implies the physical ability to produce some action, and the acquisition of ‘know-why’, or the ability to articulate conceptual understanding of an experience. Learning orientation is an identifiable tendency and one that can be developed through systematic training (Porter and Tansky 1999). The ability to utilize learning orientation would be an excellent attribute for completing an expatriate assignment successfully, and for positive pre-departure preparation, because it is a constructive method of developing the adjustment for working and living in different culture. For that reason, an understanding of this dimension also is valuable for developmental purposes. Both in selection and employee development processes, MNCs and organizations should endeavor to identify and further develop employees’ learning orientation, as these are particularly significant in preparation for expatriate assignment.

The empirical work of VandeWalee and Cummings (1997) in the context of organizations showed a positive relationship between a learning orientation and feedback inquiry frequency. From another viewpoint, as a social learning perspective, Bandura (1986) demonstrated that socialization occurring in the host company in a foreign country would facilitate cultural understanding. Simultaneously, that will facilitate cross-cultural adjustment. Later, the same researcher Bandura’s (1997) declared that social learning theory would recommend that organizations or enterprises assist their expatriates through the procedure of gradual behavior modeling and mentoring during the orientation to the host company in a foreign country. Expatriates not only learn appropriate skills, but also have the opportunity of contact with host nationals, and can develop common conceptions that have advanced
cross-cultural adjustment in a foreign country.

Previous researchers (Button, Mathieu and Zajac 1996; VandeWalle 1997; VandeWalle and Cummings 1997) declared support for the hypothesis that learning orientation is an essential factor for success at work. Those research results revealed that receptiveness to training and development, reaction to feedback, and the potential to be self-managing must be contained at the same time. Moreover, researchers as Jarratt and Coates (1995), Lado and Wilson (1994), Pfeffer (1994), and Wright and McMahan (1992) reported that no matter what serious situations occur in organizations: cutbacks, re-organizations, re-structuring to use of teams or just day-to-day development in surroundings of accelerating change, MNCs or organizations still needed to recruit employees who have a highly developed learning orientation. These employees will display more flexibility and willingness to learn from experiences or senior colleagues than those without a learning orientation. This is a fairly critical advantage for MNCs or organizations that are really serious regarding gaining competitive benefit based on employees.

In addition, Porter and Tansky’s (1996) research results supported the hypothesis that employees obtain advantages of different levels depending on the degree that they agree with themselves to learn from their experiences in the workplace. Corresponding to this, other researchers (Bunker and Webb 1992; Lombardo and Eichinger 1989) declared that their evidence confirmed employees that definitely benefitted differentially from experience. This was documented in research focused on the notion of vigorous learners. Comprehending discrepancies in the degree of learning orientation assists in clarifying that this differential advantage occurs and exists among expatriates. The research outcomes of Porter and Tansky (1999) demonstrated that a learning orientation undeniably is a vital element for expatriates on their assignments. Meantime, research results confirmed that expatriates who allow
themselves to positively learn from their experiences gain more advantages from this experience than those who are without high learning orientation. For instance, expatriates capable of great concentration on learning orientation have a tendency to acquire information and feedback that may support them to adjust better than others. In other words, expatriates with high qualifications in learning orientation will have ambitions to overcome cross-cultural problems by attempting to re-plan the task structure and considering more beneficial options for future performance when they contend with cross-cultural situations. Expatriates with a strong learning orientation are more likely to demonstrate adaptability and willingness to learn from their experiences and their co-workers during their overseas assignments in a foreign country, and to utilize their abilities to develop the learning of their colleagues and the organization. At the same time, Porter and Tansky (1999) verified that while the imperative of learning orientation has been considered relatively stable across time, it is possible to affect an individual’s beliefs to some extent and to influence them toward more learning orientation behavior. Generally speaking, an understanding of the practice of learning orientation is able to support MNCs to select appropriate employees to function efficiently and economically. More than that, the learning orientation can be applied not only to an initial selection decision but adaptability to cross-cultural adjustment.

2.9 Organizational Socialization

Organizational socialization may possibly occur by means of formal organizational schemes and individual efforts that familiarize expatriates with the processes and procedures of the host country organization. Organizational entry is a critical time for newcomers. A basic premise of organizational socialization practices is that the nature of a newcomer’s initial experiences is imperative to their adjustment.
CHAPTER 2 LITERATURE REVIEW

to the new environment. Researchers (Chao, et al. 1994; Feldman 1981; Ostroff and Kozlowski 1993) have recognized that typically there are four phases contained in a newcomer’s progress. The first phase is concerned with group processes (social integration). In this phase the newcomers are sensitized to the group norms and values, comprehend the relationships between formal and informal work, and discover the person who is most well-informed and influential in the organization. At the same time newcomers start to recognize how to relate and fit in. The second phase is concerned with task mastery (performance proficiency). The newcomers learn the tasks involved in the job (knowledge, skills, capabilities), important duties, assignments, and priorities. In addition, the newcomers comprehend how to deal with regular problems and how to gain important information in this stage. The third phase is related to work roles (role clarification). The newcomers become acquainted with boundaries of authority, responsibility and appropriate behaviors in this stage. The fourth phase is about organizational attributes (acculturation). In this stage the newcomers achieve an appreciation of the politics, power, goals, and value premises of the organization; knowledge of the organization’s mission, special languages, key legends, myths, stories, and management’s leadership and motivational style. To sum up, organization socialization is a procedure through which the individual adjusts to a particular work role in an organization by learning content and process. Organization socialization is also explained as the procedure by which individuals or newcomers gain information concerning routine or desirable behaviors and perspectives within the work surroundings. As a result, in this study it has been speculated that organizational socialization factor have a significant influence on how individuals, particularly organization expatriates, adapt themselves to their roles in overseas assignments.

Previous researchers have investigated the linkage of role adjustment variables to
organizational attachment variables (Baroudi 1985; Goldstein and Rochart 1984; Guimaraes and Lgbaria 1992; Lgbaria and Greenhaus 1992; Lgbaria et al. 1994). Organizational socialization in the academic field has been defined by Van Maanen and Schein (1979) as ‘the fashion in which an individual is taught and learns what behaviors and perspectives are customary and desirable within the work setting as well as what ones not’ (p.211). Organizational socialization has been defined by other researchers such as Ashford and Taylor (1990), Chatman (1991) and Louis (1980). They described the organizational socialization as the procedure by which an individual develops an appreciation for the values, expected behavior, and social knowledge that are essential for assuming an organizational role and for participating as an organizational member. Social orientation is described as the individual’s ability to establish relationships with host nationals. It is also a significant element in assisting expatriates to adjust to the host country, particularly where expatriates develop relationships with host nationals and are able to gain information and feedback from them (Mendenhall and Oddou 1985). The more information about local behavior received by expatriates, the easier it will be for them to adopt culturally appropriate behavior, and this will facilitate the adjustment process. Furthermore, Clarke and Hammer (1995) revealed that interpersonal skills resemble social orientation, in that both interpersonal skills and social orientation may facilitate cross-cultural adjustment for expatriates. Social skills or interpersonal skills develop into a critical element for the capability of expatriates to achieve assignments and to establish or maintain successful intercultural relationships. They also assist expatriates and their family members in cross-culture adjustment. As a result, social orientation and interpersonal skills assist expatriates to develop local friendship networks on international assignments, and these often develop into significant sources of positive support. The conception corresponded with Nash’s (1970) research demonstrating that
expatriates who had better friendships with host nationals felt ‘more at home’ (p.144). Without any doubt, the friendship of host nationals can be an excellent source of informal support and information offered to international expatriates in their overseas assignments. At the same time, the support of host nationals can be intensely felt. Expatriates dealing with host country nationals ‘seem to be more contented, satisfied, and successful than sojourners who have no such contact’ (p.93).

Some research (Fisher 1986; Jones 1986; Van Maanen and Schein 1979) revealed that the theoretical and empirical literature on organizational socialization has mostly paid attention to the relationship between organizational socialization strategy and mode of adjustment. At the same time research by Jones (1986) demonstrated support for a significant relationship between institutional socialization tactics and low role innovation as the individual’s mode of adjustment and between individual socialization tactics and high role innovation as the organization’s mode of adjustment. Even though the theoretical point of view regarding socialization tactics was delineated by Van Maanen and Schein (1979) and has influenced both theoretical thinking (e.g. Nicholson 1984) and empirical work (e.g. Jones 1986; Zahrly and Tosi 1989). Fisher (1986) also revealed that socialization tactics relating to the content of the socialization (or what individuals learn) is significant. As a consequence, content messages can be communicated both by means of socialization methods and socialization content. Nevertheless, it is theoretically possible for the content of the information communicated during the collective socialization process to encourage the group member to innovate and change procedures. Collective socialization tactics combined with content that encouraged group members to conform would lead to a custodial mode of adjustment, but collective socialization tactics combined with content that encouraged group members to change procedures would lead to more innovative modes of adjustment (Black et al. 1991).
In conclusion, the rationale of organizational socialization is to comprehend the new environment, thereby reducing the level of uncertainty and offering the expatriate direction concerning what to do and how to perform in an satisfactory manner, given the cultural context of the foreign organization. On a person-to-person basis, interaction with old-timers (mentor programs) facilitates sense-making, situational identification, and acculturation among newcomers (Louis 1980, 1990). Therefore, mentors may accelerate socialization by providing proteges with information about the internal workings of the organization and feedback as to appropriate behavior (Ostroff and Kozlowski 1993). By providing expatriates with access to mentors, MNCs are demonstrating a willingness to support the expatriate during the overseas assignment.

2.10 Cross-Cultural Training

Following enormous amount of growth in international business in the 1990s, MNCs have encountered a massive challenge: that is to assist their international expatriates to perform their assignments efficiently within different cultures and countries. Regrettably, researchers (Black and Mendenhall 1989; Mendenhall, Dunbar and Oddou 1987) estimated that 20 to 40 percent of expatriates posted to perform international assignments return prematurely due to the incapability of the expatriate and their spouse to adapt to the new culture and environment. For this reason, cross-cultural training can smooth the progress of efficient adjustment and performance, and is essential for financial and strategic issues. Besides, training is positive in that it diminishes the cultural shock experienced by expatriates in new and different cultures. Culture shock has been considered to decrease the expatriate’s capability of performing in a cultural setting for a long period, owing to the perceived inconsistency between the expatriate’s expectations of how matters should proceed.
and how they really happen.

Cross-cultural adjustment can be facilitated if the expatriate has an awareness of the norms and behaviors that are appropriate to the host country. Black and Mendenhall (1990) declared that a cross-cultural training program was positively connected to an expatriate’s skill development, cross-cultural adjustment and job performance. Also, an important commitment by the parent company regards the offering of pre-departure training to expatriates (Gregersen and Black 1992). Pre-departure training on dimensions that are extremely relevant to the expatriate’s transition is important (Harris and Brewster, 1999) and is more likely to lead to realistic expectations in relation to the assignment (Caligiuri et al. 2001). The main intention of cross-cultural training is to assist international expatriates to comprehend cultural differences and apply this awareness in cross-cultural situations efficiently and competently. This kind of developmental process requires concentration not only reactions, but also behaviors of international expatriates. Regarding reactions, the objectives of cross-cultural training are to diminish ‘culture shock’ when on overseas operation and advance the international expatriates’ cross-cultural experiences. Regarding behavior, the eventual purpose is to develop the functional skills of expatriates during their overseas assignments (Harris and Moran 1991).

In brief, cross-cultural training is a program that is intended to facilitate the expatriate’s adjustment to an overseas culture through structuring the assignment to be more pleasurable and more productive. Cross-cultural training has commonly been clarified as designed to enhance the knowledge and skills of expatriates to assist them to practice effectively in an unfamiliar host culture or overseas culture (Brewster and Pickard 1994; Harris and Brewster 1999; Kealey and Protheroe 1996; Shumsky 1992). For that reason, cross-cultural training is evidently a critical factor in preparing for expatriate assignments (Black and Mendenhall 1990), with the most effective training
programs designed for a particular population and situation (Tung 1979). Discussing expatriate training and development program Dunbar and Katcher (1990) suggested that there are three phases. First is the pre-departure phase. In this phase training should include: language briefing, introduction and overview, national or regional orientation, business issues, personal and family orientation, customs and roles, career management, and succession planning. Second is the on-site phase. The trainings in this section should consist of: language training, local mentoring, customs and roles, stress and adjustment training, career and adjustment training, career assessment, national or regional orientation, and business issues. The last phase of the trainings is repatriation orientation: life after repatriation fringe benefits, financial management, re-entry shock, customs and roles, career management, options and plans are required in this section. Furthermore, Warren and Adler (1977) classified training approaches into four categories. First, use a practical functional approach that assists expatriates in particular tasks for duties overseas by concentrating on cultural aspects as they relate to specific job assignments. Second, a cognitive-didactic approach that consists of lectures and reading in relation to the host country. Thirdly, utilize an affective-personal method that concentrates on self-awareness and sensitivity to cultural differences. Fourth, an experiential approach that uses exercises on managing typical cross-cultural interaction.

Deliberation of all dimensions of cross-cultural interactions presents an extensive groundwork on which to create high-quality quality training programs. There has been a positive course of development concerning MNCs that are offering cross-cultural training. Tung (1981, 1982) found in the early 1980s that only 32 percent of MNCs provided cross-cultural training to expatriates. On the other hand, almost twenty years afterward, according to the 1998 Global Relocation Trends Survey Report pointed out that there was 70 percent of the 177 MNCs surveyed offered a minimum of one day of
More and more MNCs provide courses on cross-cultural training to their international expatriates using various different methods in training programs. Weaver (1998) has identified four areas in which training is supposed to assist expatriates: in anticipating the stress of cross-cultural adjustment; facilitating the development of coping strategies; assisting the expatriate’s sense of confidence in order to extend their ability to adjust successfully in the new culture and environment; and assisting the expatriate in comprehending the process of cross-cultural adaptation.

Gudykunst, Guzley, and Hammer (1996) suggested that there are four fundamental types of training processes: didactic culture general, didactic culture specific, experiential culture general, and experiential culture specific. The main purpose of the didactic approach is highlighting lectures and other types of presentations, whereas the experiential approach employs role-play and simulations that require active participation from the expatriates. The culture general approach emphasizes generally cultural concepts in lieu of specific information about a particular culture, which is used in culture-specific training methods. Previous research (Caligiuri et al. 2001; Feldman and Tomas 1992; Feldman and Tompson 1993; Ferraro 1998; Suutari and Burch 2001; Tung 1981) identified a number of fundamental conceptualizations of cross-cultural training, for instance information briefing, area studies, cultural assimilator, sensitivity training, field experiences and language training. On the other viewpoint is Mendenhall and Wiley (1994), who recommended that international corporations, aiming to advance the expatriate adjustment process, should include ‘impression management theory’ to their cross-cultural training programs, because the impression management was a crucial issue for conducting expatriates to achieve cross-cultural adjustment in contained
work adjustment, interaction adjustment and general adjustment. In addition, Odenwald (1993) demonstrated the outcome of research relating to the components of international management training programs. The findings recommended that training programs could be classified into six overlapping types: cultural awareness, multicultural communication, country-specific training, executive development, language courses and host-country workforce training.

All of these sorts of programs are designed for expatriates who are unfamiliar with the customs, language, cultures and work habits of the host country and local nation, through by training may be important to the effect of overseas assignments. In addition, Steers and Mowday (1981) declared that employees’ expectations are associated with attitudes, as a result, in order to enhance skill development opportunities by means of training, that possibly will assist expatriates to clarify the complicated set of expectations related to the global assignment. Cross-cultural training certainly is able to assist the advancement of suitable normative actions between international expatriates and develop high-quality relations with local nationals. Overall, the training programs are able to generate various effects for international enterprises operating business in a worldwide environment, such as developing capability to recognize potential business opportunities, avoiding mis-spending resources on ill-conceived projects, obtaining a competitive power greater than other international competitors, gaining better job satisfaction, maintaining overseas staff, avoiding losing commerce due to insensitivity with reference to cultural norms and increasing effectiveness in various international business surroundings.

In general, cross-cultural training refers to any activities or procedures implemented for the objective of enhancing an international expatriate’s capability to work in and deal with a foreign environment. Cross-cultural training is a method by
which MNCs can endeavor to maximize the cultural sensitivity and tolerance that is necessary in expatriate programs. Researchers (Black and Mendenhall 1990; Tung 1981) found strong evidence that cross-cultural training has a positive correlation with expatriate adjustment. Zakaria (2000) supports this by suggesting that there are numerous benefits expatriates can gain by having access to cross-cultural training. These include: providing an aid to culture shock in the new working environment, providing a means of reducing anxiety, and facilitating the expatriate’s ability to cope with stress and disorientation. Finally, it has also been suggested as having the function of reducing or even preventing the failure of expatriate assignments (Giacolane and Beard 1994). Despite these positives, it is unfortunate that many firms are skeptical about its usefulness. Firms that do offer such programs tend to define their efforts only within the parameters of debriefings about the host country’s economic, political and general living conditions (Black and Mendenhall 1990). Although these documentary training sessions are more effective than none at all, they are still insufficient. Cross-cultural training should also include information that will assist the newly appointed expatriate in understanding some of the ways in which business is conducted in the new environment or information regarding the country’s culture and customs. This will assist in enhancing performance in the new work setting, as well as facilitating a smoother transition into a new living environment (Ashamalla and Crocitto 1997).

2.11 Conclusion

Of the many factors affecting the completion of international assignments, cross-cultural adjustment has probably received the most attention from researchers. To guide this type of research Black, Mendenhall and Oddou (1991) developed an integrated model of international adjustment. At the present time, most empirical
studies of adjustment have focused on a small sample of the hypothesized antecedents; none have attempted to test the full, a priori model for all dimensions of adjustment simultaneously. This present study adopts Lee’s (2002) model relating to Taiwanese banking expatriates in the United States to test critical factors that affect the adjustment of Taiwanese expatriates to Mainland China. One of the main limitations of Lee’s study is that almost all previous studies have concentrated on American expatriates, but there has seldom been research into expatriate in Taiwanese. This study uses a model developing from integrated model by Black et al. to investigate the factors affecting cross-cultural adjustment of Taiwanese expatriates assigned to subsidiary companies in Mainland China.

Adjustment issues of international expatriates have been researched rather widely, but there are still gaps in this area. First of all, although adjustment is a varied process and flexibility and individuality are important indicators of one’s ability to cope with transformation, international expatriates have never been studied from the perspective of adjustment by using the concept of accumulating the contentions related to domestic and international adjustment. Consequently, such a study of the relationships among cross-cultural adjustment and adjustment factors may turn out to be significant. It is also important to explore the relationships among six influential factors and cross-cultural adjustment to better understand the main reasons relating to the adjustment of international expatriates. Second, although adjustment problems have been correlated with background factors such as age, gender, education level, marital status, etc., conflicting findings sometimes emerge. It is important to explore further the relationships among adjustment and background factors. Third, it is important to identify the significant factors to better assist in the adjustment of international expatriates. In summary, this research will use different statistical methods to study adjustment factors, attempting to bridge the above-mentioned gaps.
2.12 Literature Review of Research into Expatriate Adjustment

In this section four theories are discussed. These four theories which have directed this research on international expatriate adjustment are: Lysgaard’s (1995) u-curve theory of adjustment and the cross-cultural cycle of Havelock (1963), Conner (1993), and Zakaria (2000); Mendenhall and Oddou’s (1985) dimensions of cross-cultural acculturation; and Black, Mendenhall and Oddou’s (1991) an integration of multiple theoretical perspectives. The research framework of this study was designed and developed based on these four theories and it is contained in this chapter as well.

2.12.1 U-Curve Theory of Adjustment

When an international enterprise launches into developing its business worldwide, it may encounter issues connected to the expatriates employment in its overseas performance (Kobrin 1988; Tung 1988). When international enterprises post expatriates to overseas assignments, substantial number of these expatriates initially are unfamiliar with how to execute their objectives appropriately and efficiently in the host culture (Black and Mendenhall 1990; Gullahorn and Gullahorn 1962; Mendenhall and Oddou 1985; Oberg 1960; Torbiorn 1982). Consequently, when an expatriate employee is allocated to work overseas, a prior period of learning concerning business and social norms of the host country is necessary in order for personal and job productivity to develop. In the majority of cases, international enterprises do not scale back the compensation given these employees, and for that reason there is a phase during which the inducements provided by the enterprise surpass the contributions made by the employee (Pinder and Das 1979). The longer inducements significantly exceed contributions, the larger the cost to the organization. Other costs to the enterprise of a culturally uninformed expatriate can vary and are
often not simply assessable, but can consist of poor client relations, unperformed business opportunities, problems with local unions and damaged enterprise reputation (Copeland and Griggs 1985; Harris and Moran 1988; Tung 1988).

The procedure of adjustment has been explored in numerous ways by different researchers, and over the years models have been developed to explicate the process of adjustment in reaction to cultural immersion. Popular models in the literature include the ‘U-curve of cross-cultural adjustment’, which is based on the work of Lysgaard (1955), and the ‘Cross-cultural cycle’ (Zakaria, 2000). Previous research by Adler (1986), Harris and Moran (1988), Lysgaard (1955), Torbiorn (1982) demonstrated that expatriate adjustment generally highlights cross-cultural adjustment issues. These researchers supported on the U-curve theory (UCT) of adjustment. Adjusting to a culture in closer proximity to one’s own can lessen stress owing to psychological indistinctness generated by a new learning situation (Black et al. 1991). Learning is facilitated if an experienced individual can induct a neophyte into the new surroundings (Mendenhall and Oddou 1985), but such a relationship is more possible if there is cultural proximity.

The U-curve framework has been used to express the cross-cultural adjustment process of expatriate employees or sojourners within a host culture (Lysgaard 1955; Black and Mendenhall 1990; Usunier 1998). The UCT includes discussions of four phases of adjustment (Figure 2). Once an individual has arrived in a foreign culture there is usually a short ‘honeymoon’ phase before the ‘adjustment’ phase (Gullahorn and Gullahorn 1963; Harris and Moran 1989; Torbiorn 1982). The honeymoon stage happens within the first few weeks to two months after arrival and is characterized by fascination with all the ‘new’ and ‘interesting’ aspects of the culture (Adler 1986). The second stage – culture shock begins; when the newcomer starts to deal with real conditions in the new environment on daily basis, and the novelties in the new
environment and the lack of sufficient understanding of them and their relationship to appropriate and inappropriate behavior leads to affective reactions such as anxiety and frustration. Briefly, the stage is characterized by frustration and hostility towards the host nation and its people, which are common indicators of culture shock (Adler 1986; Brislin 1981; Church 1982). The third stage is often called the ‘adjustment stage’, in which the individual gradually adapts to the new norms and values of the host country and can perform more appropriately than he/she could previously. In other words, the third stage is characterized by a gradual understanding of the new culture and an increasing ability to ‘fit in’ over time (Adler 1986; Copeland and Griggs 1985; Harris and Moran 1989). Furthermore, during the adjustment stage the individual begins to acquire the ability to behave appropriately, which results in an increase in positive consequences and a reduction in negative consequences (Oberg 1960; Torbiorn 1982). Finally, in the mastery stage, the individual is able to function effectively in the new culture.

The initial stage in experiencing a new culture is exciting for the expatriate, and is plotted in Figure 2 as a high spot. However, as time progresses the expatriate start to sense the stress of adjustment and can begin to suffer from low, spirits, depression and even physical maladjustment. Lastly, the cross-cultural adjustment chart reaches a higher peak as the expatriate becomes familiar with the new culture by means of learning how to manipulate it and to perform in the new surroundings. The expatriate has greater competence in understanding new cues than before, and at the same time, has alleviated past communication failures and resolved their own identity crisis. The degree of adjustment is as high as the excitement the expatriates may perhaps have experienced at the commencement of the assignment, but reveals a more moderate manner that is healthier and more sustainable in the long run (Gammel 1998). Previous researchers such as Torbiorn (1982) and Black and Mendenhall (1990) also
demonstrated that the scale of adjustment is measured, not through conformity to the host country culture, but in terms of variables such as comfort or satisfaction with the new setting, attitudes, contact with host nationals, or difficulties with phases of the new environment.

**FIGURE 2 The U-curve Theory of Cross-cultural Adjustment**

![Diagram of the U-curve Theory of Cross-cultural Adjustment]

Degree of Adjustment

- Honeymoon
- Mastery
- Culture Shock

Time in Months

0-2 3-4 5-6 7-9 10-12 13-34 35-39 40-45 46→


In conclusion, adjusting to a new culture is a process. Although usually more intense, this process is similar to the ups and downs, excitement and frustrations that expatriates all go through when they start a new job or move to a different part of the country. The four different stages suggest a transition in cultural comprehension and
perceived quality of living when relocating. In the beginning, obstacles to adjustment may perhaps be superseded by a cultural passion for the novelty of the environment. Culture shock starts in the period when expatriates must deal with the new environment on a daily basis. And it turn into compulsory due to an expatriate embarks on identifying some level of unpremeditated for performing effectively with the new environment. The stage of adjustment is obvious with a growing grade of satisfaction in being able to deal with the new environment. The expatriate’s increased satisfaction follows an enhanced comprehension of how to perform their overseas assignment efficiently within the host country. Research by Usunier (1998) revealed that increased awareness of the host country might possibly bring about a more practical way of viewing that culture and people, rather than any desire to follow that culture.

2.12.2 The Cross-cultural Cycle

Prior researchers such as Conner (1993) and Havelock (1963) argued that the cross-cultural model is developed on the perception of ‘cultural change’, which embodies a transition between an individual’s own culture and a new culture. Cultural change is part of a difficulty solving process encountered by model users. At this point, the model users are recognized as sojourners and expatriates who experience a new culture and environment that is unfamiliar and strange.

First of all, in the initial stage of confrontation with the new culture, the new expatriates encounter a culture shock. After that, full or partial acculturation processes occur that are concerned with factors such as the individual’s former experience, length of stay, cultural distance between home country and new culture, training and language competency, among others. The greater ability of the individual to acculturate will result in a lesser impact of culture shock. The acculturative capability
can be developed by means of proper and effective cross-culturing training. At the same time, cross-cultural training can also assist expatriates to extend intercultural communication competence required to adjust better and perform well in the new culture and environment. Consequently, once sojourners and expatriates have completed the cross-cultural cycle, they are expected to be more familiar with the cycle the next time. The cycle certainly assists expatriates to adjust to a new culture. However, the success or failure of expatriates to adjust and perform is related to how expatriate respond to the cross-cultural cycle.

**FIGURE 3 The Cross-cultural Cycle**

Source: Adapted from Havelock (1963), Conner (1993) and Zakaria (2000, p.495).
In this initial stage, the international expatriate is posted to a different culture and encounters a new culture and environment.

Cultural connection or contact with a different culture generates culture shock. At this point, the process of acculturation also occurs.

The relevant cross-cultural training programs offered by organizations can assist expatriates by decreasing impact of culture shock efficiently.

Cross-cultural training also assists expatriates to develop and construct the required intercultural communication competence skills.

Finally, the international expatriate is better adjusted and is more prepared and organized to deal with the overseas assignment.

Sojourners and Expatriates

The Bechtel Group Inc., based in San Francisco, has defined ‘expatriate’ (expat) as an employee relocated from one country to work in another country, rather than defining it traditionally as an “American” who is sent abroad. By contrast, Gudykunst and Hammer (1984, p.104) defined a sojourner as ‘a traveler, a visitor, not a person who has come to the host community to reside’. The stay of expatriates is temporary as they do not intend to stay permanently in the host culture. In addition, Aycan and Kanungo (1997) defined the expatriate as ‘an employee who is sent by a multinational parent company on a temporary work assignment to a foreign nation’.

Culture

Traindis (1972, 1977) defined culture as a ‘man-made part of the environment, or a group’s characteristic way of perceiving its social environment’. An additional
remarkable definition is the classic one offered by Hall (1959), that ‘culture is communication and communication is culture’. It is important to understand the characteristics of a culture and its value, and its influence on many aspects of people’s lives.

**Culture Shock**

Oberg (1995) defined culture shock as ‘the anxiety resulting from not knowing what to do in a new culture’. Alder (1997) defined this as frustration and confusion as a result of being bombarded by too many new and uninterruptible cues. Culture shock is also the expatriate’s reaction to a new, unpredictable, and consequently uncertain environment (Black 1990). Ratiu (1983) found that the most effective global expatriates often suffer from the most severe culture shock. By contrast, less effective global expatriates suffered slight or no culture shock.

**Acculturation**

Acculturation is defined by Redfield et al. (1936) as ‘changes that occur as a result of first-hand contact between individuals of differing cultural origins’. It is a procedure whereby an individual outsider or minority group is socialized to the level of adoption of the predominant culture. Additionally, the greater the acculturation, the more language, customs, identity, attitudes and behavior of the predominant culture are adopted. However, numerous sojourners and expatriates come across difficulty in fully acculturating; merely adopting the values and behaviors they feel appropriate and acceptable to their current culture (Domino and Acosta 1987; Gordon 1967; Garza and Gallegos 1985; Marin and Marin 1990; Negy and Woods 1992).
Cross-cultural Training

According to Kealey and Protheroe (1996), ‘training’ in general can be defined as any intervention aimed at increasing the knowledge or skill of the individual. This can assist them act better personally, work more effectively with others, and perform better professionally. One more definition of ‘training’ is an organized educational experience with the objective of helping expatriates learn about, and therefore adjust to their new life and environment in a foreign territory. Training can involve many techniques and methods, ranging from the experiential (role-playing) to the documentary (reading literature) (Shear 1993).

Usually, cross-cultural training may be defined as any procedure used to enhance an individual’s capability to contend with and work in foreign surroundings (Tung 1981). There are many types of training that can be given to people being posted overseas depending upon their objectives, the nature of their responsibilities and duties, the length of their stay and their previous experiences. Kealey and Protheroe (1996, p.149) also stated that ‘the effectiveness of various types of training will naturally depend to some extent on the time and resources available for undertaking them, the quality of trainers, and possibilities for in-country training’. A number of the categories of training available to expatriates are technical training, practical information, area studies, cultural awareness, intercultural effectiveness skills, and interpersonal sensitivity training.

Intercultural Communication Competence

In this segment, ‘communication competence’ and ‘intercultural communication competence’ are considered identical, even though ‘intercultural communication competence’ is frequently included in a cross-cultural context. Numerous theorists have struggled with the precise nature of the definition of ‘competence’ in the context
of cross-cultural adaptation. Nonetheless, one of its most general definitions is ‘effectiveness’ (Abe and Wiseman 1983; Gudyskunst and Hammer 1984; Hawes and Kealey 1979). This sort of effectiveness is commonly expressed in terms of skills, attitudes or traits that the sojourner and expatriate apply to construct a successful interaction (Ruben 1976). Scholars such as Chen and Starosta (1996) have also revealed that the notion of communication competence can be categorized into three extensive kinds of skills: affective, cognitive, and behavioral. Wiseman and Koester (1993) investigated the relationship between intercultural communication competence, knowledge of the host culture, and cross-cultural attitudes. Accordingly, intercultural communication competence can be conceptualized as:

➢ Culture-specific understanding of the other.
➢ Culture-general understanding.
➢ Positive regard of the other.

2.12.3 Dimensions of Cross-Cultural Acculturation

Baker and Ivancevich (1971) demonstrated that numerous human resources administrators consider that the dimensions of acculturation are basically not known sufficiently well for them to devise sound selection instruments or training programs. To correspond with this point of view, management investigators have mostly failed to research systematically the psychological, social, and behavioral concerns of administrators’ international performance (Adler 1983a, 1983b; Tung 1981).

The essential elements that represent the expatriate acculturation procedure would assist human resources managers in the design of: (a) selection instruments that are predictive of expatriate acculturation; and (b) acculturation training programs that would address the relevant factors of acculturation and train the expatriates in the necessary skills relevant to those factors (Mendenhall and Oddou 1985). The area of
expatriate selection and training, then, is presently experiencing two fundamental
difficulties: (a) an insufficient understanding of the related variables of expatriate
acculturation and (b) the use of unsuitable selection and training processes.

A review of empirical research that examined directly the overseas adjustment of
expatriate managers exposed four dimensions that were connected to efficient
expatriate acculturation. There are:

(a) Self-orientation: the degree to which the potential expatriate expresses an
adaptive concern for self-preservation, enjoyment, and maintaining mental health.
(b) Others-orientation: the degree that the potential expatriate expresses concern for
host country workers and desires to fit in.
(c) Perceptual skills: the relative ability to attribute to the host country’s behavior
accurately.
(d) Cultural toughness: the ability to adapt to cultures significantly different to that of
the home culture. This sort of research is extensively discussed related to
expatriate selection and training procedures in multinational corporations.

Self-orientation is concerning with the activities and attributes of an individual
that strengthen his/her self-esteem and confidence. Specifically, researchers propose
that expatriates who can: (a) discover substitutes for their native interests and
activities in the new culture; (b) effectively deal with stress; and (c) are high in work
and social self-efficacy; will be able to adjust more efficiently to overseas
surroundings. Self-orientation may be especially important for expatriates. Adler
(1984b, 1987) exposed that expatriates must have an extraordinary level of technical
competence. This is supported by Kanter’s (1977) research that indicates that, in a
situation where expatriates are regarded as ‘tokens’, they have to demonstrate
exceptional competence to be accepted by colleagues. In addition, expatriates must
possession the necessary stress management skills to cope with an overseas work setting. The ability to handle stressful situations and confidence in one’s abilities has been discovered to be positively related to cross-cultural adjustment (Abe and Wiseman 1983; Black 1988; Mendenhall and Oddou 1988). The other-orientation dimension refers to the person’s ability to develop relationships within the host nation. Researchers specifically propose that expatriates who can develop mentorship ties with host nationals, will adjust more quickly at work. It has been noted that expatriates tend to rely on co-operation to achieve goals, and adopt an indirect style of communication (Tung 1997). This trait may be particularly useful for expatriates conducting business in high-context cultures, where the social values direct indirect communication style. The primacy of co-operation in forming global strategic alliances has also been recognized (Tung 1995). Thus, the ability to form relationships with host nationals as colleagues, superiors, subordinates and clients may be integral to performing the assignment for expatriates, and may be facilitated by certain traits that expatriates are known to possess (Tung 1997). Further, in a domestic context, Ragins and Sundstrom (1989) have pointed out that by forming interpersonal relationships with superiors, subordinates and peers, expatriates derive mentoring, support and networking opportunities (Ragins and Sundstrom 1989). In all international contexts, others-orientation may enable expatriates to form such relationships, hence enabling better cross-cultural adjustment. In addition, relationship development depends fundamentally on the expatriate’s confidence and willingness to accept and utilize the host country’s language.

Perceptual dimension refers to being non-evaluative and non-judgmental. Researchers suggest that an expatriate who has higher in perceptualness will develop into being adjusted more rapidly because they have a higher willingness to update their information to accord with the overseas culture. Given that expatriates are often
working in host countries, the perceptual orientation of expatriates may be particularly important. Research has indicated that expatriates who are flexible in their attitudes towards cultural differences and are willing to learn from different cultural contexts are better adjusted to overseas assignments (Abe and Wiseman 1983; Harvey 1985; Mendenhall and Oddou 1985).

Lastly, cultural-toughness is connecting to the living standard of the overseas environment, and it appears that the bigger the difference in living standards between the home and overseas country, the more complicated the adjustment process.

The four-dimensional model of expatriate acculturation has supplied expatriate investigators with a powerful theoretical foundation for examining individual differences, and a related factor that influences the expatriate adjustment process. Individuals who are qualified to a high degree on self-orientation and others-orientation tend to achieve higher degrees of adjustment. Furthermore, the degree of cultural-toughness strongly influences expatriates’ difficulties in adjusting to the overseas assignment. Nevertheless, the model has two fundamental weaknesses: (a) it does not contain the factors that relate to the work and organizational environment; and (b) as it concentrates solely on international adaptation, the model does not have widespread application to domestic work transitions.

2.12.4 An Integration of Multiple Theoretical Perspectives

Overseas adjustment has been acknowledged by large international enterprises and has received academic attention (Church 1982). However, large proportions of these studies have been misplaced in nature and have not effectively dealt with key issues. Further, hardly any academic researchers have meticulously explored the phenomenon empirically or theoretically (Adler 1983a; Black and Mendenhall 1990; Kyi 1988; Schollhammer 1975).
There are five dimensions that have emerged as components of the cross-cultural adjustment process: (a) pre-departure training; (b) previous overseas experience; (c) organizational selection mechanisms; (d) individual skills; and (e) non-work factors. The first three dimensions concern the issues that exist ahead of expatriates’ departure from their home countries, and the remaining two issues are related to the period after the expatriates arrive at their overseas locations. Nevertheless, scholars in the international human resource management area have not applied the domestic adjustment literature to facilitate the formulation of theories or models that would support them in comprehending the international adjustment process (Black et al. 1991).

Domestic adjustment concerns the fundamental procedure of adjusting to new surroundings. The literature supplies significant perceptions for creating a theoretical framework for international adjustment. Therefore, there are four areas of research that are correlated to individual adjustment (Ashford and Taylor 1990): (a) organizational socialization; (b) career transitions and sense making; (c) work role transition; and (d) relocation/domestic transfer.

In both domestic adjustment and international adjustment literature an individual departs from familiar surroundings and is posted to unfamiliar ones. Because the new surroundings are different, this upsets previous customs and generates psychological uncertainty. Scholars from both literatures also dispute or involve that individuals normally have the intention to lessen the uncertainty innate in the new surroundings, in particular relating to new behavior that might be necessary or expected and old behavior that would be deemed unacceptable or improper.

As a rule, the domestic adjustment literature has concentrated on pre-and post-entry adjustment variables, in particular those connected to the job and the organization, and mode and degree of adjustment, whereas the international
adjustment literature has paid attention to individual and non-job variables and on degree of adjustment. A more widespread comprehension of international adjustment can be achieved by integrating both types of literature instead of only extrapolating from the domestic adjustment or from merely depending on the existing cross-cultural adjustment literature (Black et al. 1991).

Figure 4 demonstrates an explicit integration of both types of literatures and presents a comprehensive theoretical framework for study of international adjustment.

**FIGURE 4 Framework of International Adjustment**

<table>
<thead>
<tr>
<th>Anticipatory Adjustment</th>
<th>In-country Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual</strong></td>
<td><strong>Organization Socialization</strong></td>
</tr>
<tr>
<td>Training</td>
<td>Socialization tactics</td>
</tr>
<tr>
<td>Previous Experience</td>
<td>Socialization content</td>
</tr>
<tr>
<td>Accurate</td>
<td><strong>Mode of Adjustment</strong></td>
</tr>
<tr>
<td>Expectation</td>
<td><strong>Degree of Adjustment</strong></td>
</tr>
<tr>
<td></td>
<td>2. Work adjustment</td>
</tr>
<tr>
<td></td>
<td>3. Interaction adjustment</td>
</tr>
<tr>
<td></td>
<td>4. General adjustment</td>
</tr>
<tr>
<td><strong>Organization</strong></td>
<td><strong>Non-work</strong></td>
</tr>
<tr>
<td>Selection</td>
<td>(1) Culture novelty</td>
</tr>
<tr>
<td>Mechanisms and Criteria</td>
<td>(1,2,3) Family-spouse</td>
</tr>
<tr>
<td></td>
<td>adjustment</td>
</tr>
<tr>
<td></td>
<td><strong>Organizational Culture</strong></td>
</tr>
<tr>
<td></td>
<td>(1) Organization culture novelty</td>
</tr>
<tr>
<td></td>
<td>(1) Social support</td>
</tr>
<tr>
<td></td>
<td>(2,3) Logistical help</td>
</tr>
</tbody>
</table>

Numbers in parentheses indicate the numbered facet(s) of adjustment to which the specific variable is expected to relate.

As displayed in the Figure 4, there are two main categories of adjustment that an expatriate should experience while on an overseas assignment. One is the anticipatory adjustment that is experienced prior to the expatriate’s departure from the home country to perform the overseas assignment. The other is the in-country adjustment that occurs onsite. These anticipatory and in-country factors will influence the expatriate’s mode and degree of adjustment to an overseas assignment.

According to Black, Mendenhall, and Oddou (1991) the notion of anticipatory adjustment is used to understand international adjustment. They argue convincingly that if appropriate anticipatory adjustments can be made, the actual in-country adjustment in the new international setting will be easier and quicker (Black, Mendenhall and Oddou 1991). Also, Black et al. (1991) demonstrated that cross-cultural adjustment ought to be regarded as a multidimensional concept, rather than a unitary phenomenon as was the dominating viewpoint previously (Gullahorn and Gullahorn 1962; Oberg 1960). In the proposed model for international assignments, Black et al. (1991) made distinctions among three dimensions of in-country adjustment:

- Adjustment to work.
- Adjustment to interacting with host nationals.
- Adjustment to the general non-work environment.

Anticipatory adjustment is affected by several significant factors. One individual factor is the pre-departure training that is presented. In this procedure expatriates are encouraged to attend cross-cultural seminars or workshops, that are designed to acquaint expatriates with the culture and work life of the country to which they will be placed. Three reviewed articles have covered the relationship between pre-departure training and subsequent cross-cultural adjustment (Black and Mendenhall 1990; Fiedler, Mitchell, and Triandis 1971; Mitchell et al. 1972). Black
and Mendenhall (1990) subsumed within their review the findings of the previous two, and they also reviewed more comprehensively the entire cross-cultural training effectiveness literature. Additionally, they critiqued the methodology of the studies they reviewed and found that 48 percent included control groups and nearly half of these studies included both the use of control groups and longitudinal designs. These, and other studies that had slightly less rigorous designs, found support for a positive relationship between cross-cultural training and cross-cultural adjustment, cross-cultural skill development and job performance. Black and Mendenhall (1990) concluded a review of the literature by stating: ‘Thus, the empirical literature gives guarded support to the proposition that cross-cultural training has a positive impact on cross-cultural effectiveness’ (p.120).

Another individual factor affecting anticipatory adjustment is the previous experience expatriates may have had with the assigned country or those with similar cultures. It is logical to assume that previous experience of living overseas – especially in the same foreign country to which a person is currently assigned – should facilitate adjustment, even though some culture shock will still occur. Prior cultural experience or prior exposure is a quite an important factor in affecting expatriates’ cross-cultural adjustment (Church 1982). Black (1988) discovered that previous overseas work experience was related to work adjustment for expatriates, but not to general adjustment. Generally, previous overseas experience does seem to facilitate the adjustment process. These two individual factors, training and previous experience, assist in determining the precision of the expatriate’s expectations.

The organizational input into anticipatory adjustment is mainly straightforward and concerned with the selection process. Conventionally, MNCs relied only on one important selection criterion for overseas assignments: technical competence. Observably, technical competence is significant, but it is only one of several skills that
will be needed. If the MNC concentrates only on technical competence as a selection criterion, then it is not appropriately preparing the expatriate for successful adjustment in overseas assignments.

Since the new international setting is unfamiliar, it upsets old routines and creates psychological uncertainty. It is assumed that individuals generally wish to reduce uncertainty in the new setting, especially concerning new behavior that might be required or expected as well as old behavior that may be considered unacceptable or inappropriate. If expatriates have information about such things before they actually enter the new environment, anticipatory adjustment can take place. Once they have arrived in the host country expatriates continue to reduce the uncertainty and discover which behavior and attitudes are appropriate or inappropriate. As a result, to the degree that various factors either increase or decrease uncertainty, they either inhibit or facilitate adjustment (Black, Mendenhall and Oddou 1991).

The accuracy of the expectations held by an individual is a determinant of effective anticipatory adjustment and actual adjustment. The more accurate expectations expatriates can form, the more uncertainty will be reduced and the better their anticipatory adjustment will be. The better the anticipatory adjustment, the fewer surprises and negative affective reactions or less culture shock individuals will experience, the more appropriate behavior and attitudes they will display, and the smoother and quicker their in-country adjustment will be (Black, Mendenhall and Oddou 1991).

Once the expatriate is onsite, there are some factors that will influence his or her capability to adjust efficiently. One factor includes the expatriate’s capability to retain a positive outlook in the face of a high-pressure situation, to interact well with host nationals, and to suitably perceive and estimate the host country’s cultural values and norms. A second factor is the job itself, as reflected by the clarity of the role the
expatriate plays in the host management team, the authority the expatriate has to make
decisions, the newness of the work-related challenges, and the amount of role conflict
that exists. A third factor is the organizational culture and how simply the expatriate
can adapt to it. A fourth input into in-country adjustment is non-work factors, such as
the toughness with which the expatriate faces a complete new cultural experience and
how well his or her family can adjust to the rigors of the new assignment. A fifth and
final factor identified in the adjustment model is the expatriate’s capability to enlarge
effective socialization tactics and recognize ‘what’s what’ and ‘who’s who’ in the host
organization.
CHAPTER 3 CONTEXT OF TAIWAN AND MAINLAND CHINA

3.1 Introduction

In the 1980s both economic and non-economic factors impacted on Taiwan’s economy, creating a worsening business environment (Chiang 1994, p.23). The main economic factor was Taiwan’s huge trade surplus that had caused the appreciation of the New Taiwan (NT) dollar, coupled with the introduction of foreign investment money into the economy, causing an increase in the money supply. As a consequence, Taiwan’s industries had their competitiveness eroded, evidenced by increases in operating costs, for instance in real estate and labor costs. The major non-economic factor was the removal of martial law, which then led to a growing labor movement, an environment protection movement, political confrontation between the ruling party and the opposition parties, and deterioration of public security. The resulting insecurity also contributed to the deterioration of the investment environment.

Because of this worsening business environment many of Taiwan’s manufacturing enterprises, the majority being labor-intensive, moved out to other developing countries in the 1980s (Kao, 1992). The major purpose for their overseas investment was to search for competitive advantages that had been lost in Taiwan. Private foreign direct investment (FDI) by Taiwanese firms in ASEAN (mainly the Philippines, Indonesia, Thailand, Malaysia, and Vietnam, hereafter referred to as ASEAN-5) countries and Mainland China was popular, especially in Mainland China. There are about 40,000 Taiwanese companies in Mainland China contributing a crucial share to their tax base of Mainland China and employing as many as 10 million people (Murphy 2001).

In order to understand the contextual background of generating relationships
with cross-cultural businesses, the cultural variables should not be omitted from the international assignments. General business in an intercultural environment has been investigated by researchers such as Usunier (1993), Hall (1990), Hofstede (1984) and Adler (1991), who showed that cultural differences have an important impact on the results of all aspects in business. These include marketing, management, leadership, decision-making, etc. Therefore, this chapter will review the relationship between Taiwan and Mainland China, cultural differences between Taiwan and Mainland China, and also how cross-strait economic relations are driven by Taiwan’s foreign direct investment (FDI) in Mainland China.

3.2 Overview of Taiwan

Location and Topography

Taiwan is situated in the Pacific Ocean about 160 kilometers (100 miles) from the southeastern coast of the Chinese mainland. Located about midway between Korea and Japan to the north and Hong Kong and the Philippines to the south, Taiwan is a natural gateway for travelers to and within Asia.

Map 1 illustrates the geography of Taiwan. Shaped roughly like a tobacco leaf, Taiwan is 394 kilometers (245 miles) long and 144 kilometers (89.5 miles) wide at its broadest point. The Central Mountain Range bisects Taiwan from north to south, and about two-thirds of the island is covered with forested peaks. The rest of the island is made up of foothills, terraced flatlands, and coastal plains and basins. Taiwan includes the Penghu Archipelago - a group of 64 islands previously known as the Pescadores - and 21 other islands.
**Population**

Taiwan’s population exceeding 23 million in July 2004, which makes the island one of the world’s most densely populated places.

Most Taiwanese population originates from Mainland China, except for approximately 350,000 aborigines. Taiwan’s ethnic and cultural base is Chinese, formed after several centuries of Chinese migration. Most Taiwanese are Chinese whose ancestors immigrated to the island between the sixteenth and seventeenth centuries (Klintworth 1995). The vast majority of Taiwanese practice a mixture of Buddhism, Confucianism and Taoism, with the percentage of Christians under five percent. Even though the thinking of Taiwanese citizens has been changed by the information explosion and globalization, Taiwan’s society is still steeped in traditional Confucian ethics and values. The national languages are Mandarin, Taiwanese, and Hakka. Many people can speak English, which is the most widely studied foreign language.
Economic Summary

Taiwan has a dynamic capitalist economy with gradually decreasing guidance of investment and foreign trade by government authorities. (Taiwan Ministry of Economic Affairs 2005). In keeping with this trend some large government-owned banks and industrial firms are being privatized. Exports have provided the primary impetus for industrialization. The trade surplus is substantial, and foreign reserves are the world's third largest. Agriculture contributes 2% to GDP, down from 32% in 1952. While Taiwan is a major investor throughout Southeast Asia, China has become the largest destination for investment and has overtaken the US to become Taiwan's largest export market. Because of its conservative financial approach and its entrepreneurial strengths, Taiwan suffered little compared with many of its neighbors from the Asian financial crisis in 1998. The global economic downturn, combined with problems in policy coordination by the administration and bad debts in the banking system, pushed Taiwan into recession in 2001 (GDP -2.2%), the first year of negative growth ever recorded. Unemployment also reached record levels. Output recovered moderately in 2002 (GDP 3.9%) in the face of continued global slowdown, fragile consumer confidence, and bad bank loans. Growing economic ties with China are a dominant long-term factor. Exports to China - mainly parts and equipment for the assembly of goods for export to developed countries - drove Taiwan's economic recovery in 2002. Although the SARS epidemic, Typhoon Maemi, corporate scandals, and a drop in consumer spending caused GDP growth to contract to 3.3% in 2003, increasingly strong export performance kept Taiwan's economy on track, and the government calculate that Taiwan's economy would grow 5.7% in 2004 (Taiwan Ministry of Economic Affairs 2005).
Family Orientation

Traditionally, Taiwanese have strong loyalty and attachment to their families. Influenced by Confucian social codes, the authority of the eldest generation is supreme in the family hierarchy. Traditional paternal extended families with three or four generations under one roof, consist of all male descendants and their wives and children. Industrialization affected the family structure in the transition from extended families to nuclear families. The most common types of household in present-day Taiwan are small three-generation compromise families (grand parents, parents and children living together) and two-generation (parents and children living together) families. The elderly usually live either with one of their children or on their own. In compromise families three generations live together. Grandparents will normally take care of their grandchildren while both parents are working. However, in the trend toward nuclear families, both proper care for the elderly and child care arrangements are becoming problems (Shieh, Li, and Su 1997).

The family is the most important unit in Chinese society and directly affects everything in a family member’s life. Similarly, Taiwanese employees feel obligated to remain with a company for life; life loyalty is considered a major virtue.

Society

Society is seen as a hierarchical pyramid of roles which entail fairly well-established norms governing how people should act and behave in relation to people in other roles. Social hierarchy and relations of subordination and superiority are considered natural and proper. Apart from the performance of assigned duties, filial submission, loyalty, decency, or reciprocity are also required (Xing 1995).
3.3 Historical Relations Between Mainland China and Taiwan

Taiwan is made up of several islands located southeast of Mainland China; it is bounded by the Pacific Ocean to the east and by the Formosa Strait to the west, which separates it from Mainland China by over one hundred kilometers of sea as shown on Map 2 below. Its jurisdiction only includes the main island of Taiwan, and the three other small islands of Penghu, Matsu, and Kinmen. During the sixteenth-century Ming Dynasty there were only a few Han immigrants living in Taiwan. The first Europeans to visit Taiwan in 1590 were Portuguese, who being so impressed with the island, called it Formosa, Latin for ‘beautiful’. Historically, Taiwan has never belonged to Mainland China. In the early seventeenth century the Dutch became the first sovereign state to own Taiwan, while Spanish colonists also occupied part of it. The first major influx of migrants from Mainland China came during the Dutch period, sparked by the political and economic turmoil on the Mainland China coast. In the eighteenth and nineteenth centuries migration from Fujian and Guangdong provinces increased, and Chinese gradually replaced the aborigines as the dominant population group in Taiwan. When the Republic of China (ROC) was founded in 1912, Taiwan was not within its jurisdiction.

Taiwan was not a conquest of the Pacific War. For the half-century before 1945 it was a Japanese colony, ceded by the failing Ching dynasty, with little reluctance. Following the defeat of 1895 and the treaty of Shimonoseki, it formally became part of Japan and was under Japanese governance for almost 50 years (from 1895 to 1945). It was under Japanese rule that the cultural and economic infrastructures of Taiwan were built.
At the end of World War II in 1945 Taiwan reverted to Chinese regulation. From the 1930s onwards, a civil war was being fought on Mainland China between Chiang Kai-Shek (ROC government) and the Chinese Communist Party (CCP) led by Mao Zedong. With the eventual victory of Mao when the civil war ended in 1949, two million refugees, predominately from the nationalist ROC government and business community escaped to Taiwan. During the next 50 years no census data was collected concerning the precise number of their descendents. Intermarriages between refugees / migrants and the 6.5 million so-called ‘native Chinese’ since 1945 have given birth to many progeny. As the new generation was born and raised in Taiwan, they had a more powerful regard for the island than their parents or grandparents. According to an April 2000 survey on the national identity of the Taiwanese, only 16.3% of the residents deem themselves as Chinese, as opposed to the official statistics that indicate that 98% of Taiwanese are of Chinese origin (Chautong 2001).

During the 1950s, the ROC authorities implemented an extensive and highly successful land and economic reform program on Taiwan, which led to its transition from an agricultural to a commercial and industrial economy. Taiwan has developed
progressively into a major international trading power. Throughout the years since the 1950’s, there have been various divergences and political disputes between Mainland China and Taiwan over the political status of the island. While Taiwan has enjoyed, in reality, independent status since 1949, it is formally recognized as a part of Mainland China – by its own official position, by Mainland China’s leaders and by formal U.S. policy. Nevertheless, Taiwan has increasingly attempted to act as an independent state during recent years.

Until the end of the 1970s, at the start of Deng Xiaoping’s reforms, the PRC and Taiwan were in a state of severe hostility. Since then, the relationship has been transformed from a military orientation to peaceful coexistence and from economic blockade to mutual exchanges. In 1979, after adopting reforms and open policy in late 1978, Mainland China proposed establishing the ‘three links’ (direct trade, postal, and transportation links) between Taiwan and Mainland China. In 1980, Mainland China organized a mission to Hong Kong and purchased $80 million worth of Taiwanese products. But it was not until 1987 that martial law in Taiwan was revoked and liberalization of economic activity between Mainland China and Taiwan recommenced. Then ‘official’ economic activities, including trade and ‘official’ investments were permitted. The swift expansion in exchanges between the two territories since the end of 1980s as a consequence of liberalization has provided Taiwan with a large market for its export businesses. However, it has also increased its dependence on the Chinese market.

In contrast to the positive economic relations between the two countries, political relations are mainly negative: the two sides holding opposing standpoints. From the mainland government's point of view, Taiwan is a province of the People's Republic of China (PRC). From Taiwan's viewpoint, it is an independent nation. Since 1987, the Taiwanese states have made significant steps towards Taiwanization, beginning
with the lifting of martial laws that had restricted rallies and other public activities, as well as the mass media. But although contacts with the Mainland were allowed, opposition political parties were banned, and Taiwan was considered an authoritarian, one-party state until the first president was democratically elected in 1996 (Mengin 1998; Tan 2000). Since this time interest has shifted from Chinese to Taiwanese history and culture, and towards international affairs. In the early 1990s Taiwan began to refer to itself as ‘the ROC on Taiwan’ or simply ‘Taiwan’, rather than merely ‘the ROC’, on many public occasions and in government documents, and more importantly, in its bid for membership of the United Nations.

Due to Taiwan and Mainland China’s close economic relations, both sides desire a dialogue to improve political relations. The PRC government wishes to use the dialogue to convince Taiwan to be a part of Mainland China, and the Taiwan government is interested in protecting the interests of Taiwan investors. Also, the government of Taiwan believes that the ‘three direct links’ policy is very important and is the issue that must not be avoided. Under strong demand from compatriots, and due to negotiations and efforts by business circles, on both sides of the Straits, the ‘three direct links’ have begun from nothing and progressed to varying degrees.

After August 2000 Mainland China asserted that establishing the three direct links, that were postal link mail service, transport link shipping service, and direct trade link (business, investment and finance), did not mean that the two sides needed to resolve political issues (the one-China principle). First, China proposed this issue should be solved through private-to-private, industry-to-industry, and company-to-company channels. Furthermore, in October 2002, China defined cross-Strait air and sea links as cross-Strait routes, minimizing the political controversies of the direct links.

In 2003 both sides across the Taiwan Strait have further shown their commitment
to negotiation. Taiwan-operated charter planes for the first time transported Taiwan’s business people across the Straits during the 2003 Spring Festival. All these facts show that business people on both sides can undoubtedly find methods acceptable to both sides. As a matter of fact, both the technical and professional issues involved in the ‘three direct links’ have been settled.

3.4 Cultural Similarities and Differences Between Taiwan and Mainland China

Chinese cultural factors influence Chinese behavior. These cultural factors are mainly grounded in Confucianism. This influence is shown in several aspects of Chinese life, such as in person-to-person relationships, the form of addressing one another, and the extended family. The Chinese-culture territory includes countries such as Taiwan, China, Hong Kong, Macau and Singapore. Although these countries may have distinct historical backgrounds, as they all belong to Chinese-dominated societies, similar cultural systems could apply to these so-called "Chinese Commonwealth" countries (Luo 1997).

Three major ways of thinking that have combined to form the Chinese tradition are Confucianism, Taoism, and Buddhism. The Confucian tradition outlined a code of appropriate behavior. Confucian culture emphasizes that one’s life is an inheritance from one’s ancestors, just as one’s childrens’ lives flow from one’s own. Family is conceptualized as the ‘great self’ (da wo), and the boundaries of the self are flexible enough to include family members and significant others. It is this great self that an individual self is obligated to protect against any threat from the outside, in contrast to the individual self of other cultures. The Taoist teachings focused on self-control, internal circulation and rejuvenation. Buddhist teachings required giving up worldly pleasure and being free from desires in order to achieve nirvana (perfect peace).
The social phenomena called Kuan-hsi (personal relationship) and Mien-tsu (face saving) cannot be ignored in Chinese society. These social-cultural concepts are elements to the understanding of Chinese social culture as they are part of the essential ‘stock knowledge’ of Chinese adults in their management of everyday life, including their business behaviour (King 1991). For this reason, the socio-cultural concepts will be considered as an introduction to the characteristics of "relationship" as the Chinese way of dealing with business relationships.

Confucian Culture

Chinese behaviour is deeply rooted in the legacies left by the Chinese philosopher Confucius (Myers 1987). For more than two thousand years Confucius' disciples have worked to assure that his legacies have become an integral part of the Chinese social, economic and cultural inheritance. It would be a mistake, however, to assume that Confucianism was popular from its outset. Kong Fu Ze, called Confucius by the Jesuit missionaries, lived from 551-479 BC. However, it was more than 300 years after his death before his philosophy found acceptance. The fifth Han Emperor, Wu (147 BC) found Confucianism well suited to the conditions of ancient China (Myers 1982).

Confucianism, with its emphasis on social rank and ethics, catered admirably to the needs of a strong centralized monarchy. This was a major departure from the previously established social order. Under the existing structure, the Emperor ceded his land to his relatives. These dukedoms required serfs to work the land, and their agricultural production was the property of the land holder. Each duke, in turn, gave a portion of this production to the Emperor.

From the Han era (206 BC- 220 AD) onward Confucianism held a dominant position in China. It performed an important role in reinforcing the centralized
monarchy and shaping ideology. In 134 AD a famous Confucian scholar, Dong Zhongsu, proposed the banning of all schools of thought except the Confucian school. This proposal was accepted by the Emperor. It was Dong who established the Confucius patriarchal conception of ‘letting a king be a king, a minister be a minister, a father be a father, and a son be a son’. From this premise came the three cardinal guidelines: rulers guide subjects, fathers guide sons, and husbands guide wives.

Dong also established the five constant virtues: benevolence, righteousness, propriety, wisdom, and fidelity (Kwok 1989). Dong further advanced the theory of the integration of heaven and man. This conception asserted that the Emperor, as the son of heaven, was sacred and everlasting. Dong strengthened the centralized monarchy by providing a theoretical basis for the existence of monolithic rule. From about 150 BC until the beginning of this century, the Emperor exercised supreme command in China through a well-organized administrative bureaucracy. Only minor changes, like the names of official positions or the number of departments, were introduced during the later dynasties.

The administrative bureaucracy in ancient China was composed of three levels: the leading centre, the central organ, and the local organ. The leading centre consisted of three people: the prime minister, the military commander, and the supervisor. The central organ originally consisted of nine functionally-based ministries. From the Tang to the Qing Dynasties (618-1911 AD), this number was reduced to six: the ministry of personnel, the ministry of revenue, the ministry of rites, the ministry of way, the ministry of punishments, and the ministry of works. The local organ began as a two-level system in the Qin Dynasty (221-207 BC); the prefecture and the county. The Yuan Dynasty (1271-1368) added a third level, the province, to this organization. It would be incorrect to assume that Confucianism had no problems over the past 2,000 years. Recent history, for example, shows it was criticized after the 1911
revolution and again after the socialist revolution of 1949. During the Cultural Revolution, it came under heavy criticism and was described as the source of all evils (Mahatoo 1990).

Hofstede (1991) stated that the key principles of Confucian teaching are the following.

1. The stability of society is based on unequal relationships between people. These relationships are based on mutual and complementary obligations. The junior partner owes the senior respect and obedience. The senior owes the junior partner protection and consideration.

2. The family is the prototype of all social organizations. A person is not primarily an individual; rather, he or she is a member of a family...Harmony is found in the maintenance of everybody's face in the sense of dignity, self-respect, and prestige...

3. Virtuous behaviour towards others consists of not treating others as one would not like to be treated oneself... (p. 165).

Even an individual who can be described as a superior person must practice self-restraint. He/she must work to understand that he/she, as an individual, is not important. Rather, the role played by the individual in the group is important. In addition, it is the family or group, and not the individual, which is the most important unit in Chinese society. Each member of the family/group is expected to know his/her place within the family setting. Therefore, he or she is expected to respect the vertical order or hierarchy. The father or leader is the absolute authority figure who must be revered by the clan without any questioning of his decisions. In return, he is to show benevolence towards the clan by protecting it. Harmony is sought through the ‘golden mean’, which is the reason why the issue of preserving face is so important. The Chinese are taught to maintain harmony and face by always seeking a compromise, rather than a confrontation.
Although the Confucian system is currently not in official vogue in Mainland China, its influence is still felt in many facets of Chinese life. According to Chen and Pan (1993 p. 135), encompassing and linking the key cultural tenets, which include respect for hierarchy and age, group orientation and preservation of face, is the ‘...Confucian imperative of working to achieve harmony, to which all other goals are subordinate’. For the businessperson expecting to trade with Mainland China an understanding of this system is essential. Confucianism is so ingrained after 2,000 years that it cannot be ignored. It still forms the basis of most business practices in Mainland China. Taiwanese prefer to invest in Mainland China because of the shared language, Mandarin (spoken by the Taiwanese and the workers, who come from the poorer inland provinces), and the shared patterns of social interaction, including an understanding of Personal Relationships (Kuan-Hsi) and Face (Mien-tsu or Lien).

Kuan-Hsi (Personal Relationships)

Chinese culture, like the other cultures in the world, is rich in history and content. Traditional norms of Chinese culture stress the importance of human interaction. The essence of this interaction is Kuan-hsi (personal relationships) which goes far beyond the Western concept of networking as Kuan-hsi is entrenched into every aspect of Chinese society, influencing social, political and commercial relations.

In business relations, Kuan-hsi can be considered as drawing on connections or networks in order to secure personal or business favors. Kuan-hsi has been pervasive in the Chinese business world for the last few centuries and today it binds millions of Chinese firms into a social and business web. As Buttery and Leung (1998) have indicated, the behaviour may involve the constant process of giving without obtaining a favour in return, as it is based upon building life-long relationships and trust between each party.
Knowing and practicing *Kuan-hsi* is part of the learned behaviour of being Chinese. As a socio-cultural concept it is intensely embedded in Confucian socio-theory and has its own logic which forms and constitutes the socio-structure of Chinese society. Even though Confucian socio-theory has a tendency to shape the Chinese into group-oriented and socially dependent beings, it must be emphatically argued that Confucianism does attach reasonable autonomy to the individual. According to a study by Ichiro Numazaki (1987 in Kao, 1991), ‘personal trust’ is one of the key mechanisms on which *Kuan-hsi* and partnerships are based. In recruiting people ‘personal trust’ is the major criterion. In other words, this person must be either personally known by the employer or be introduced by a person whom the boss trusts. Analogously, when a firm or enterprise group seeks a partnership there will be no co-operation without being intimate with *Kuan-hsi*. The co-operative inter-business relationship is primarily based on the personal trust between the two major employers/managers, if trust exists; the deal is very easy to accomplish (Kao 1991).

**Mien-tsu or Lien (Face Saving)**

In understanding Chinese interpersonal behaviour the most noteworthy factor is ‘face’. There are two components of face: ‘Lien’ and ‘Mien-tsu’, the former concerns one's reputation for integrity and morality, the latter is prestige attached to professional reputation, knowledge, wealth and success (Scarborough 1998). Even though this is a human universal behaviour, the Chinese have developed sensitivity to it and used it as a reference point in behaviour in a much more sophisticated and developed way than in other cultural groups (Redding 1982).

‘Face’ is a concept of central importance among people in Confucian cultures, and it has a pervasive influence on their interpersonal relationships (Yau 1986).
mentioned above, face can be further classified into the two dimensions of lien and mien-tsu. Mien-tsu represents ‘the kind of prestige that is emphasized in America: a reputation achieved through getting on in life, through success and ostentation’ (Hu 1944, p. 45). Lien, on the other hand, represents the confidence of society in the integrity of the subject’s moral character, the loss of which makes it impossible for her/him to function properly within the community. Lien is ‘both a social sanction for enforcing moral standards and an internalized sanction’ (Hu 1944, p. 45). Lien is associated with personal behaviour and character whereas mien-tsu is something valuable that can be achieved. The amount of mien-tsu a person has is a function of social status. The Chinese interact with each other to protect, give, add, exchange or even borrow mien-tsu; it enters much more into everyday transactions as a form of social currency (Chen 1995; Hu 1944). These two concepts of face have interdependent meanings. If one loses face (mien-tsu), then the confidence of society in one's moral integrity (lien) is also lost. Face is lost when conduct or performance falls below the minimum level considered acceptable or when some essential requirements corresponding to one's social position are not satisfactorily met (Ho 1977). Moreover, the possibility of losing face may arise from how an individual is expected to act or to be treated by other members in his or her group. Thus, interpersonal behavior in Confucian culture will be determined by its effect on others and on the individual's reputation, dignity and integrity. People in this culture are always under strong constraints to act to meet the expectations of others so as to maintain face.

Differences between Mainland China and Taiwan

A major reason for the huge amount of Taiwanese investment in Mainland China is because Taiwanese entrepreneurs generally perceive the two cultures to be the same.
Relative to other Southeast Asian countries, Mainland China and Taiwan do share a common culture and language. However, the different social trajectories of Mainland China and Taiwan subsequent to their separation in 1949 are an obvious factor that could explain the difficulties experienced by some of the Taiwanese companies in Mainland China. Chan (2000), Child (2000) and Seo (1993) discovered during recent research in Mainland China, Taiwanese enterprises there find, somewhat to their surprise, that they have to rethink HRM (Human Resource Management) practices to get the desired results (Schak 1997). For example, Taiwanese expatriates often complain of the lack of commitment and weak work ethic of employees in Mainland China compared with Taiwan.

This social system is the result of the divergent histories of Taiwan and Mainland China, particularly since 1949. Taiwan pursued a conventional economic development policy with land reform and import substitution in the early 1950s and export-oriented industrialization from the 1960s onwards, with continuous upgrading of production. Tens of thousands of small and medium enterprises (SMEs) sprang up over the next three decades, encouraged by the slogan, ‘every living room a factory’, as people began producing or adding value to products using simple techniques in their own homes, often in their spare time. Labor and management productivity improved as the Taiwanese economy became increasingly subject to marketplace discipline. Both employer and worker ensured that efficiency-consciousness penetrated deeply and widely in the populace. Taiwanese workers were transformed from being content to go through the motions to efficient, hard-working employees concerned with quality and a company's wellbeing. This was due to a number of factors including the satellite system which increased entrepreneurial opportunities (Bosco, 1995; Ch'en, 1994), and the ability of young workers to learn skills through formal education, apprenticeships and work experience.
On the other hand, Mainland China pursued a very different path. Violent land reforms followed by collectivization of rural assets were combined with state owned and controlled industry producing for a central plan. This was punctuated periodically by political paroxysms, the last of which, the Great Proletarian Cultural Revolution, led to widespread chaos and seriously damaged the social fabric. Before the 1978 economic reforms, the Chinese economy was largely centrally planned and controlled, with most of the workforce employed by state-owned enterprises and enjoying job security and a ‘cradle to the grave’ welfare system, better known as the ‘iron-rice bowl’ (Warner 1996).

3.5 Taiwanese Outward Investment In Mainland China

Since Mainland China started its economic reform and adopted an open-door policy in 1978 it has promoted foreign trade and welcomed foreign investment. Economic relations between Taiwan and Mainland China have developed very rapidly, due to strong business motivations in both societies. In the late 1980s Taiwanese outward investment mainly focused on the United States and the member countries of the Association of South East Asian Nations (ASEAN) (Philippines, Indonesia, Thailand, Malaysia, and Vietnam). However, Mainland China became the principal country of Taiwanese Foreign Direct Investment (FDI) from the 1990s. Table 3.1 and Table 3.1.1 compare Taiwan’s FDI in Asian countries (ASEAN) and direct/indirect investment in Mainland China. Taiwanese approved outward foreign direct investment in Asian countries (ASEAN), which was 24.25% of total FDI and total amount of cases was 7981 cases from 1994 to 2004, and cases of approved outward investment in Asian countries was 1937(24.27%) cases from 1994 to 2003. By contrast, Taiwan’s approved foreign direct investment (FDI) and indirect in Mainland China, which now accounts for roughly 51.98% of its total direct and indirect
investment in Mainland China from 1994 to 2004, and total amount of cases was 29875 cases from 1994 to 2003, and continues a steeply increasing trend. The total number of cases invested in Mainland China was fifteen times higher than the total number of cases invested in ASEAN from 1994 to 2003.

**Table 3.1 Approved Taiwanese Outward Foreign Direct Investments in ASEAN Countries**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total (%)</th>
<th>ASEAN (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cases</td>
<td>Amount ($)</td>
</tr>
<tr>
<td>1994</td>
<td>324</td>
<td>1,616,764(100%)</td>
</tr>
<tr>
<td>1995</td>
<td>339</td>
<td>1,356,878(100%)</td>
</tr>
<tr>
<td>1996</td>
<td>470</td>
<td>2,165,404(100%)</td>
</tr>
<tr>
<td>1997</td>
<td>759</td>
<td>2,893,826(100%)</td>
</tr>
<tr>
<td>1998</td>
<td>897</td>
<td>3,296,302(100%)</td>
</tr>
<tr>
<td>1999</td>
<td>774</td>
<td>3,269,013(100%)</td>
</tr>
<tr>
<td>2000</td>
<td>1391</td>
<td>5,077,062(100%)</td>
</tr>
<tr>
<td>2001</td>
<td>1388</td>
<td>4,391,654(100%)</td>
</tr>
<tr>
<td>2002</td>
<td>925</td>
<td>3,370,046(100%)</td>
</tr>
<tr>
<td>2003</td>
<td>714</td>
<td>3,968,588(100%)</td>
</tr>
<tr>
<td>2004</td>
<td>2662</td>
<td>3,382,022(100%)</td>
</tr>
<tr>
<td>Total</td>
<td>7981</td>
<td>34,787,559</td>
</tr>
</tbody>
</table>

Table 3.1.1 Approved Taiwanese Outward Foreign Direct / Indirect Investment in Mainland China

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Invest (%)</th>
<th>Mainland China</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Cases</td>
</tr>
<tr>
<td>1994</td>
<td>2,578,973(100%)</td>
<td>934</td>
</tr>
<tr>
<td>1995</td>
<td>2,449,591(100%)</td>
<td>490</td>
</tr>
<tr>
<td>1996</td>
<td>3,394,645(100%)</td>
<td>383</td>
</tr>
<tr>
<td>1997</td>
<td>7,228,139(100%)</td>
<td>8725</td>
</tr>
<tr>
<td>1998</td>
<td>5,330,923(100%)</td>
<td>1284</td>
</tr>
<tr>
<td>1999</td>
<td>4,521,793(100%)</td>
<td>488</td>
</tr>
<tr>
<td>2000</td>
<td>7,684,204(100%)</td>
<td>840</td>
</tr>
<tr>
<td>2001</td>
<td>7,175,801(100%)</td>
<td>1186</td>
</tr>
<tr>
<td>2002</td>
<td>10,093,104(100%)</td>
<td>5440</td>
</tr>
<tr>
<td>2003</td>
<td>11,667,372(100%)</td>
<td>10105</td>
</tr>
<tr>
<td>2004</td>
<td>10,322,685(100%)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>72,447,230(100%)</td>
<td>29,875</td>
</tr>
</tbody>
</table>

The Evolution of Taiwan’s Outward Investment

Foreign direct investment in the Mainland China increased from almost nothing in 1978 to US$6,940,663,000 in 2004. Like investors from other countries, Taiwanese investors try to take advantage of the low cost labor in the Mainland China, but they have the greater advantage of being geographically close and knowing Chinese culture and human relations better than other investors such as Western countries or European countries.

However, even though investments from Taiwan to Mainland China began to increase rapidly in the late 1980s, the Taiwanese Investment Commission did not compile formal statistics until 1991. According to the Taiwanese official figures, in 1991 Taiwan’s outward foreign direct investment (FDI) into Mainland China was only $17 million. Since 1992, however, China has become the largest recipient of Taiwanese outward investment. In 1993, the numbers increased noticeably to nearly $3.2 billion, which was 66 percent of Taiwan’s total FDI for that year. According to Taiwanese statistics, in just one decade Mainland China became the destination with the largest Taiwanese outward FDI (Moea 2003; Tung 2004).

Generally, Taiwanese FDI in the late 1980s and early 1990s involved mostly small-medium, labor-intensive enterprises looking for overseas manufacturing bases, most of them focusing on Mainland China as well as on ASEAN-5 (Indonesia, Philippines, Vietnam, Thailand, and Malaysia). After the mid 1990s, Taiwanese FDI in Mainland China increasingly involved large enterprises with high capital and technology intensities, and companies on the lookout for both overseas manufacturing bases and access to China’s huge potential market. For example, in 1995 only 14 percent of Taiwanese information technology (IT) products were produced in Mainland China; in 2003, 63.3 percent were produced in Mainland China.

Taiwanese official figures considerably underestimate the amount of Taiwanese
real investment in Mainland China, because many Taiwanese businesses began in the mid 1990s to invest in Mainland China through holding companies in third tax-exempt countries, such as the Virgin Islands and the Cayman Islands. According to the Department of Statistics, Ministry of Finance, Taiwan was the fourth largest source of FDI in Mainland China from 2001 (Table 3.2), next to Hong Kong (45.2 percent), the United States (8.9 percent), and Japan (8.2 percent).

Table 3.2 Investment of Each Country in Mainland China

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th></th>
<th>2002</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>FDI</td>
<td>Other</td>
<td>Total</td>
</tr>
<tr>
<td>Total</td>
<td>4,967,212</td>
<td>4,687,759</td>
<td>279,453</td>
<td>5,501,109</td>
</tr>
<tr>
<td>H.K.</td>
<td>1,793,509</td>
<td>1,671,730</td>
<td>121,779</td>
<td>1,916,995</td>
</tr>
<tr>
<td>Japan</td>
<td>450,921</td>
<td>434,842</td>
<td>16,079</td>
<td>435,617</td>
</tr>
<tr>
<td>Taiwan</td>
<td>337,209</td>
<td>297,994</td>
<td>39,215</td>
<td>441,517</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>454,222</td>
<td>443,322</td>
<td>10,900</td>
<td>555,641</td>
</tr>
</tbody>
</table>

Source: Department of Statistic, Ministry of Finance, and Taiwan, 2003.

On the other hand, Chinese figures might also underestimate Taiwan’s real investment in Mainland China, because many Taiwanese business people began in the mid-1990s to invest in Mainland China through their holding companies in British Central America. Parenthetically, Virgin Islands (part of British Central America) was the fifth largest investor in Mainland China by June 2003, with cumulative realized FDI of $27.7 billion or 5.8 percent of China’s total FDI.

There is no available Chinese data, regarding Taiwanese investment in Mainland China by industry, thus this article relies on Taiwan’s official data. As of July 2003, according to the Taiwanese MOEA (Industrial Development and Investment Center Ministry of Economic Affairs) Investment Commission (Table 3.3), Taiwan’s total investment in Mainland China included labor-intensive manufacturing such as clothes,
toys, plastics and electrical goods. Taiwanese total investment in Mainland China included $10 billion (31.1 percent) in electronics and electrical appliances, $2.8 billion (8.7 percent) in basic metals and metal products, $2.2 billion (6.9 percent) in plastic products, $2.2 billion (6.9 percent) in chemicals, $1.8 billion (5.6 percent) in food and beverage processing, $1.8 billion (5.5 percent) in precision instruments, $1.6 billion (5 percent) in non-metallic minerals, $1.3 billion (3.9 percent) in transportation equipment, $1.2 billion (3.9 percent) in textiles and $1.1 billion (3.4 percent) in machinery equipment. As of July 2003 according to the Investment Commission, Ministry of Economic Affairs (MOEA), Taiwan’s investment was focused on the manufacturing industry, which accounted for 96 percent of Taiwan’s total investment in Mainland China.

### Table 3.3 Taiwan’s Total Investment in Mainland China by Industry

<table>
<thead>
<tr>
<th>Items</th>
<th>Amount (billion)</th>
<th>Percentages (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic &amp; electrical appliances</td>
<td>10</td>
<td>3.1%</td>
</tr>
<tr>
<td>Metal &amp; metal products</td>
<td>2.8</td>
<td>8.7%</td>
</tr>
<tr>
<td>Plastic products</td>
<td>2.2</td>
<td>6.9%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>2.2</td>
<td>6.9%</td>
</tr>
<tr>
<td>Food &amp; beverage processing</td>
<td>1.8</td>
<td>5.6%</td>
</tr>
<tr>
<td>Precision instruments</td>
<td>1.8</td>
<td>5.5%</td>
</tr>
<tr>
<td>Non-metallic minerals</td>
<td>1.6</td>
<td>5.0%</td>
</tr>
<tr>
<td>Transportation</td>
<td>1.3</td>
<td>3.9%</td>
</tr>
<tr>
<td>Textile</td>
<td>1.2</td>
<td>3.9%</td>
</tr>
<tr>
<td>Machinery equipment</td>
<td>1.1</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

Motivation for Investing in Mainland China

Table 3.4 presents the motivational factors for Taiwanese FDI directed to different countries. It is clear that the motivational factors for FDI are quite different in regard to investment in the US compared to Asia (and China). As opposed to FDI into US, the motive behind investing in less developed markets is to exploit cheap labor and to access cheap land. Even though investing in Asian countries may provide the Taiwanese investors with expansion opportunities (factor ranked as number 2), investments into Mainland China are mainly motivated by cheap resources.

Table 3.4  Rankings of Motives for Taiwan’s FDI Towards Different Locations

<table>
<thead>
<tr>
<th>Motives Of Foreign Direct Investment (FDI)</th>
<th>US</th>
<th>Asian</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>To expand local or third-party markets</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>To acquire or develop new technologies</td>
<td>2</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>To collect market information</td>
<td>3</td>
<td>8</td>
<td>N/A</td>
</tr>
<tr>
<td>To diversify risks, incl. exchange-rate risks</td>
<td>4</td>
<td>3</td>
<td>N/A</td>
</tr>
<tr>
<td>To secure raw material supply</td>
<td>5</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>To utilize local labor</td>
<td>6</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>To circumvent trade restrictions</td>
<td>7</td>
<td>7</td>
<td>N/A</td>
</tr>
<tr>
<td>To access cheap land</td>
<td>7</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>To capitalize on tax incentives or other trade preferences</td>
<td>9</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>


In 1987 Taiwan’s government deregulated the control of foreign exchange, leading to a rapid increase in outward investment by Taiwanese entrepreneurs. In July 1988, in order to attract Taiwan’s enterprises, China’s State Council promulgated the ‘Regulations for Encouraging Investment by Taiwan Compatriots’. Mainland China offered preferential treatment, with numerous cities and provinces setting up special investment zones, which granted Taiwan Invested Enterprises (TIEs) many privileges,
including tax exemption or reduction.

In October 1990 Taiwan’s Ministry of Economic Affairs (MOEA) formally lifted the ban on indirect investment in China by promulgating the ‘Regulations on Indirect Investment and Technology Cooperation with the Mainland Area’. In March 1994 China’s National Peoples’ Congress promulgated the ‘Taiwan Compatriot Investment Protection Law of the Peoples Republic of China’. Furthermore, in December 1999, China’s State Council issued the ‘Implementing Rules for the Taiwan Compatriot Investment Protection Law of the Peoples Republic of China’. As a result from the 1990s, Taiwan investors rapidly shifted their attention to Mainland China.

3.6 Taiwanese Expatriates in Mainland China

Globalization has become a world trend. Besides American and European countries, the globalization force also apparently comes from developing countries such as Taiwan. The Taiwanese government began to encourage enterprises to make overseas investments from 1962, and until from1987 overseas investment has become an intensifying trend, where the amount of money involved and number of investment cases has increased significantly. Initially, the main areas for investment were Southeast Asia and America. Then with the changing international environment and economic situation in Taiwan and Mainland China, investing in Mainland China became very popular.

Now, businesses are facing a number of problems in Taiwan such as uncertainty in the economic environment, difficulty of acquiring land, rising labor costs, awareness of environment protection and prevalence of unions, all together making it even harder for labor-intensive industries to survive. Consequently, they are transferring to Mainland China and Southeast Asia where they can obtain cheap labor and access extensive consumer markets to re-establish their business empires. At
present, Taiwanese business investment in Mainland China extends from seacoasts to the remote interior, and the nature of investing industries has also been changing from labor-intensive industries to capital and technical-intensive industries.

For Taiwan’s enterprises, investment in Mainland China, and transfer of hardware, equipment and techniques are not difficult. However, the transfer of their management systems, especially human resources management, suffers impediments because of the different culture, ideology, political and economic systems as well as the social benefit systems of Mainland China. Consequently, business expatriates located in China have become especially important since they have to be capable to quickly adapt to a totally different working environment and get things done smoothly. Table 3.5 shows, for three periods, the average percentage of Taiwanese expatriates each Taiwanese company had in Mainland China for each of the following periods: before 1989, between 1989 and 1992, and after 1993. As can be seen in the table, earlier Taiwanese expatriates in Mainland China were mainly management staff and the average number of people and percentage of technical staff were lower. This may be because the usage of Taiwan’s raw materials and machine equipment was still high at that time, and therefore the need for technical expatriates was not that urgent. On the other hand, Mainland China’s economic system was still in a state of great uncertainty and thus the changing environment, together with recruitment and training needs, meant that companies faced a more complex problem in management than in their technical requirements. Therefore, enterprises needed more management staff than technical staff (Kao 2001). Although the percentage of expatriate technical staff as a proportion of total employees increased from 1989 to 1992, in recent years the percentage of expatriate management staff as a proportion of total employees Taiwanese companies in China is increasing while the percentage of expatriate technical staff is decreasing.
Table 3.5  Taiwanese Expatriates in Mainland China, by The year of establishment of a company

<table>
<thead>
<tr>
<th></th>
<th>Total expatriate Population</th>
<th>Management staff</th>
<th>Technical staff</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average number of people</td>
<td>Average number of people</td>
<td>Average number of people</td>
</tr>
<tr>
<td></td>
<td>Percentage (%)</td>
<td>Percentage (%)</td>
<td>Percentage (%)</td>
</tr>
<tr>
<td>Before 1989</td>
<td>2.23</td>
<td>2.08</td>
<td>0.15</td>
</tr>
<tr>
<td></td>
<td>1.45</td>
<td>1.43</td>
<td>0.02</td>
</tr>
<tr>
<td>1989 - 1992</td>
<td>1.34</td>
<td>0.98</td>
<td>0.36</td>
</tr>
<tr>
<td></td>
<td>2.06</td>
<td>1.40</td>
<td>0.66</td>
</tr>
<tr>
<td>After 1993</td>
<td>1.73</td>
<td>1.33</td>
<td>0.40</td>
</tr>
<tr>
<td></td>
<td>3.06</td>
<td>2.49</td>
<td>0.56</td>
</tr>
</tbody>
</table>

(Divided by the year of establishment of a company)

Note: Percentage means the percentage of expatriate employees over total employees of a company.


Further, more and more Taiwanese enter Mainland China for business and travel, according to the Investment Commission of the Ministry of Economic Affairs (ICMEA, 2001). It estimated that there are over 200,000 Taiwanese expatriates and their families in Mainland China. At the same time, (refer to Table 3.6) China Travel Yearbook statistics show that number of Taiwanese visitors to Mainland China are increasing year by year. Only the SARS epidemic in 2003 has seriously affected demand for travel across the Taiwan Strait. With this in mind the lowered base-point of 2003 has translated into rapid growth in travel from Taiwan to China in 2004. According to the China Travel Yearbook and the China Monthly Statistics, the number of Taiwan tourists to Mainland China during the year of 2004 totaled 3.69 million, an increase of 34.9% as compared to the same period of the previous year. Cumulative figures from 1988 to the end of December 2004 showed that 33.88 million Taiwanese
traveled to Mainland China.

### Table 3.6 Visits of Taiwan people to Mainland China

<table>
<thead>
<tr>
<th>Year</th>
<th>Quantity</th>
<th>Year</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>1,526,969</td>
<td>1999</td>
<td>2,584,648</td>
</tr>
<tr>
<td>1995</td>
<td>1,532,309</td>
<td>2001</td>
<td>3,441,500</td>
</tr>
<tr>
<td>1996</td>
<td>1,733,897</td>
<td>2002</td>
<td>3,660,600</td>
</tr>
<tr>
<td>1997</td>
<td>2,117,576</td>
<td>2003</td>
<td>2,730,900</td>
</tr>
<tr>
<td>1998</td>
<td>2,174,602</td>
<td>2004 (Jan. to July)</td>
<td>2,052,000</td>
</tr>
</tbody>
</table>


### 3.7 Conclusion

The People’s Republic of China was a relatively closed society from 1949 to 1976. Under the leadership of Hua Guo-Feng and later Deng Xiao-Ping, China opened its doors to tourists, foreign businessmen and joint-venture partners. One of the results of the ‘Four Modernizations’ (of industry, service and technology, agriculture and national defence) as articulated in the 1978 ‘Ten-Year Economic Plan’ and the ‘Ten Principles’ of Premier Zhao Zi-Yang in 1981, was an increase in business, finance and trade links with the rest of the world. Taiwanese factories were forced overseas in the 1980s by labour shortages, rising wages, indirect labour costs and land costs, restrictions on overtime work, an appreciating local currency against the US dollar, and stricter environmental protection. Enterprises reacted by relocating to countries with more favorable conditions. Initially, Mainland China was off limits because of the formal state of war with Taiwan, so factories moved to Southeast Asia and Malaysia at first, then Indonesia, Thailand, and the Philippines, and more recently Vietnam. However, Mainland China became the popular destination as soon as Taiwanese firms were permitted to go there. The foreign direct investment (FDI) flows from Taiwan to Mainland China have increased over the last ten years, it also
appears that FDI plays a major role in facilitating economic integration between Taiwan and Mainland China during the process. At the same time, the number of Taiwanese expatriates located in China is increasing following the FDI trend. According to the Annual Statistical Report of Overseas Chinese and Foreign Investment in ROC, the Outward Investment and Technical Cooperation from the ROC, and Indirect Investment in Mainland China, which is published as an Internet website of the Investment Commission of the Ministry of Economic Affairs, from 1991 through to January of 2004, 31,360 cases of indirect investment in Mainland China had been approved. Given the fact that Taiwanese have invested billions of dollars in Mainland China, Mainland China is increasingly the key to the future of the Taiwanese economy. Comparative to others countries in Southeast Asian, Mainland China and Taiwan indeed share a general culture and language. In order to prevent high turnover rates among expatriates, Taiwanese companies in Mainland China usually offer training opportunities (including training programs before and/or after employees are expatriated to the assigned destinations) and benefit systems (including the acquisition of cars, houses, and identity cards etc.) to their expatriates (Kao, 2001). Even so, human resource problems still happen to Taiwanese expatriates there (Schak 1997). In conclusion, for Taiwanese enterprises, transfer of their management systems, including human resources management, is obstructed by the dissimilar culture, ideology, political and economic systems as well as the social benefit systems of Mainland China. Consequently, business expatriates positioned in Mainland China become particularly imperative since they have to be competent to adapt promptly to the entirely diverse working environments and achieve the goal of the overseas assignment. Accordingly, the purpose of this research is to explore the factors affecting cross-cultural adjustment of Taiwanese expatriates assigned to subsidiary companies in Mainland China.
CHAPTER 4

RESEARCH FRAMEWORK

4.1 Introduction

Fundamentally, the model for this study was based on four theories: the U-curve hypothesis, the Cross-cultural Cycle, the Dimensions of cross-cultural acculturation and Integration of multiple theoretical perspectives as described in chapter two. These four theories were used to construct a comprehensive expatriation conceptual structure. This section will summarize the four main models, identify limitations and apply theories to the research framework.

4.1.1 Summary of Models

This study was designed and developed by referring to four theories: the U-curve hypothesis, the Cross-cultural Cycle, the Dimensions of cross-cultural acculturation and Integration of multiple theoretical perspectives.

Lysgaard developed the first of these, the U-curve (1995). After interviews with 200 Norwegians who stayed in the United States for varying length of time, he noted that adjustment was a time process. He broke the length of stay of the Norwegians into three time periods and noted that adjustment went well in the initial six months, less well between 6 and 18 months, and well again after 18 months. In summary, Lysgaard’s U-curve hypothesis states that adjustment over time tends to follow a U-shape, with good adjustment in the first six months, an adjustment crisis between 6 and 18 months, and good adjustment again after 18 months.

The cross-cultural cycle model is developed on the concept of cultural change that is embodied in a transition between an individual’s own culture and a new culture. In the initial stage of confrontation with the new culture the expatriate experiences a
culture shock. The better the acculturation capability of the expatriate the less the impact of culture shock. Acculturation ability can be enhanced through suitable and effective cross-cultural training. Training can also assist expatriates to increase intercultural communication competence. Therefore, once sojourners and expatriates have done well in completing the cycle, they will be more familiar with it the next time they confront a new culture.

Third is the dimensions of cross-cultural acculturation. This acculturation research examines the overseas adjustment of expatriates. A review of the literature by Mendenhall and Oddou (1985) revealed four dimensions of expatriate acculturation. Components of the expatriate adjustment process were identified. These components were (1) the self-oriented dimension; (2) the others-oriented dimension; (3) the perceptual dimension and (4) the cultural toughness dimension. The self-oriented dimension involves the ability of the expatriate to develop parallel activities abroad, cope with stress, and have confidence in one’s ability to accomplish the assignment abroad. The other-oriented dimension consists of the ability to develop relationships and communicate with host nationals. The perceptual dimension is the ability to understand why foreigners behave the way they do and to be non-judgmental and non-evaluative when interpreting the behavior of host nationals. The cultural toughness dimension indicates that some cultures have less permeable boundaries. Therefore, the countries with larger cultural barriers cause bigger difficulty in expatriate acculturation.

Lastly, Black, Mendenhall and Oddou (1991) proposed a comprehensive integrated model of international adjustment that focused on several major sets of factors that influence these dimensions as determinants of adjustment. One set is the anticipatory adjustment that is executed previous to the expatriate’s departure from the home country to perform the overseas assignment. It consists of an individual
section connected with training and previous experience and an organization section related to selection mechanisms and criteria. The other set is the in-country adjustment that occurs onsite. It consisted of individual factors, job factors, organizational culture factors, organization socialization and non-work factors. This model was subsequently expanded and tested by Shaffer, Harrison and Gilley (1999).

4.1.2 Identification of Limitations

In the international assignee domain the absence of a comprehensible delineation of success factors is highlighted by the various findings of researchers such as Adler (1983), Black and Gregersen (1991), Black, Mendenhall and Oddou (1991), Black and Stephens (1989), Hays (1971), Hough and Dunnette (1992), and Tung (1981), who have attempted to identify performance factors underlying international assignee success. Although the number of studies highlights the importance of this issue, one limitation that possibly contributes to the inability to definitively establish the performance components for international assignees, could be that these studies have normally been limited to only U.S. international assignees.

Factors affecting the process of international assignments and the cross-cultural adjustment have been highlighted by several researchers. Many of these factors affecting the accomplishment of international assignments. Guiding this category of research are Black, Mendenhall and Oddou (1991) who developed an integrated model of international adjustment. Most empirical studies of adjustment have focused on a small number of hypothesized antecedents; few have attempted to test the whole a priori model for all dimensions of adjustment simultaneously. Black, Mendenhall and Oddou (1991) identified anticipatory (before-leaving) and in-country (post-arrival) factors. In addition, they also distinguished work, interaction and general adjustment as three levels of adjustment. Feldman and Tompson (1993) identified six sets of
factors: demographic variables; the extent of ‘internationalness’ of the job change; job
characteristic variables; amount of organizational support vis-a-vis assistance and
career development; degree of difference between successive job assignments; and
types of individual coping strategies. It is possible to categorize factors affecting
cross-cultural adjustment into two broad types; extrinsic (those relating to the
organization and environment) and intrinsic factors (those relating to the
characteristics, psychological and physical, of the individual).

Practical studies have identified specific factors that promote expatriate
adjustment, including personality traits (Harrison et al. 1996), spousal or family
adjustment (Black and Gregersen 1991; Torbiorn 1982), cultural novelty (Dunbar
1994; Stroh, Dennis, and Cramer 1994), organizational support (Black and Gregersen
1991; Gomez-Meija and Balin 1987), and job characteristics (Aycan 1997; Guy and
Patton 1996). These studies, however, are descriptive and based on practical needs
such as selection, and training or repatriation.

Recognizing these deficiencies in prior research, the present study contributes to
and extends the existing literature by: (a) identifying and assessing the relative
importance of factors that are perceived to contribute to international expatriates’
adjustment success; (b) due to a lack of rigorous theoretical reasoning, these studies
provide a limited explanation of the adaptation process (expatriate adjustment studies
require systematic and comprehensive explanations which are based on complete
investigation and analysis); and (c) applying the proposed model to an analysis of
Taiwanese expatriates located in Mainland China.
4.2 Theories Applied to the Research Framework

As described previously Black, Mendenhall and Oddou (1991) distinguished an integrated model of international adjustment. Unfortunately, the majority of empirical research regarding the mode of adjustment, only concentrate on the hypothesized antecedents with minor dimensions; hardly any have been challenged to investigate all sections of the international adjustment integrated model. For that reason, this study endeavors to explore the entire dimension of the model that consisted of anticipatory and in-country factors, particularly the significant sections which previous researchers considered. On the other hand, previous research was deficient in integrating all of the related factors into expatriate adjustment, affecting the coherence and completeness of cross-cultural adjustment research. Consequently, the following significant sections are included in this study: demographic factor, job satisfaction, family support, learning orientation, organization socialization and cross-cultural training. Each of these sections was investigated separately with the expatriates’ adjustment. Whole sectors of international adjustment integrated model were discussed and investigated. The selected six factors of this study that affect cross-cultural adjustment are completely investigated both as extrinsic and intrinsic factors. Sections of the six factors are clearly justified in the next section.

4.2.1 Demographic factors

Hannigan (1990) summarized the roles of attitudes, skills, and traits in making an efficient adjustment. Other important reviews of the research and elaborations on the factors can be found in Mendenhall and Oddou (1985), Tung (1987), and Black, Mendenhall, and Oddou (1991). Personal background factors have focused on the family situation, education, previous work experience, and prior overseas exposure. In order to identify specific problems of international expatriates, different demographic
features and background factors will be used to predict the degree of adjustment. In general, this study will provide a good delineation of adjustment problem areas of current international expatriates in relation to different background factors and cross-cultural adjustment. Research recognized the role individual differences in adjusting. With different attitudes, skills, and traits, individuals vary greatly in their ability to adjust in a new culture.

4.2.2 Job Satisfaction

Job satisfaction is the extent to which an employee feels negatively or positively about his/her job (Odom et al. 1990). Job satisfaction is thought to play a key role in the turnover process (Bluedorn 1982; Steers and Mowday 1981). From an international aspect, Birdseye and Hill (1995) revealed that expatriate dissatisfaction with job, location or organization heightened turnover tendencies in other areas. The research of Downes et al. (2002) suggests that if expatriates are not satisfied while on assignment, the motivation to perform well and/or to remain abroad for the specified length of time is diminished. Since a successful expatriate experience entails the expatriate having positive job attitudes towards the new assignment in terms of job satisfaction, internal work motivation and feelings of influence and mastery over the new environment (Feldman 1988), satisfied expatriates undoubtedly are of immense influence on the success of the foreign operations of MNCs. To minimize any adverse consequences, MNCs need to comprehend the consequences of expatriate job satisfaction or dissatisfaction and develop proper responses (Yavas and Bodur 1999).
4.2.3 Family Support

Previous researchers (Black and Stephens 1989; Harvey 1985) argued that the family situation is an important element of expatriate turnover. Expatriate assignments frequently involve either uprooting families for a move to a new country or making expatriates live away from their families, both of which are stressful to the expatriates and their families. There is a need to look beyond individual influences and to consider job, environment, and family-related factors that would affect expatriate success. Family considerations are frequently mentioned. The presence of family-related problems always elicits more resistance to leaving, but once in the host country it also has a significant effect the desire to return early. Family support practices are often critical during expatriation in order to facilitate the achievement of the objectives of an assignment, so, family support definitely is a significant factor related to adjustment (Caligiuri 1997; Caligiuri et al. 1998; Harvey 1985; Shaffer, Harrison, Gilley, and Luk 2001; Tung 1987).

4.2.4 Learning Orientation

Learners with a learning orientation attempt to understand their tasks, and learn from them; learners with a performance orientation strive to succeed with little effort, and are satisfied with success, even if they do not understand how it was acquired. With respect to cross-cultural learning experiences, it is important to recognize that the roles of teacher and student may apply both to expatriates and locals. Hence, the knowledge and willingness to teach and to learn are relevant to both groups. Porter and Tansky (1999) argued that a learning orientation is a determining factor of expatriate success; expatriates with a stronger learning orientation are more likely to adapt to the new environment and continue in their expatriate assignment.

A growing stream of research and theory supports the notion that successful
expatriate adaptation depends on how well expatriates can learn from experience in overseas assignments (Porter and Tansky 1999; Ratiu 1983; Spreitzer, McCall and Mahoney 1997). One example of crosscultural issues in training programs is provided by Farhang (1999). A study of Swedish firms in Mainland China was used to show that training success depends not only on the knowledge and teaching ability of those providing the teaching, but also on the willingness to learn and knowledge of the learners.

4.2.5 Organizational Socialization

Previous research has investigated the linkage of role adjustment variables to organizational attachment variables (Baroudi 1985; Goldstein and Rochart 1984; Guimaraes and Igbaria 1992; Igbaria and Greenhaus 1992; Igbaria et al. 1994). Organizational entry is a critical time for newcomers; a fundamental premise of organizational socialization practices is that the nature of a newcomer’s initial experiences is critical to their adjustment to the new environment (Fogarty 1992; Saks and Ashforth 1997). On the other hand, organizational socialization not only assists newcomers’ transition into effective organizational insiders (Jones 1986; Nelson and Quick 1997) but also enables organizational members to share knowledge and learn new roles over time. The organizational knowledge sharing and transfer process calls upon experienced individual to help newcomers interpret events, learning tacit knowledge and make appropriate adjustment to roles (Swap et al. 2001).

4.2.6 Cross-cultural training

As usually presented, cross-cultural training has been advocated as important in developing ‘effective interactions’ with host country nationals (HCNs) as strange people from strange lands. Cross-cultural training is positively correlated with
expatriate adjustment and performance; effective use of cross-cultural training and the effectiveness of pre-departure preparation in all areas of staffing and maintenance, has implications for the success of the expatriation and repatriation process (Deshpande and Vishwesvaran 1992). The need for adequate identification and analysis of training needs is viewed as crucial. As a result, if MNCs provide a proper training program, expatriates will have a smooth overseas adjustment.

4.3 Research Framework

This model was replicated from Lee’s (2002) research model, which undertook empirical research related to Taiwanese expatriates posted to the United States. The research structure is planned to build the conceptual framework of a causality model to investigate the essential factors that influence cross-cultural adjustment. Furthermore, the model for the present will aim to explore the conceptual structure for cross-cultural adjustment by conducting an empirical study of Taiwanese expatriates assigned to Mainland China. The empirical study will endeavor to prove whether positive factors are associated with international adjustment. Black, Mendenhall and Oddou (1991) supposed that comparison of domestic and international adjustment has contributed to a more widespread theoretical framework of international adjustment in the international adjustment literature, but future comparison and integration are required to further improve the theories and to make them more comprehensive.

Based on interpretation of Black et al. and the researchers’ opinions of this field, the model for this study further accumulates the contentions between domestic and international adjustment and uses them to lend support to the choice of variables shown in Figure 5. On the other hand, quantitative research methods were applied in this study. In particular, the purpose of this research focused on investigating to the relationship between independent variables such as demographic factors, job
satisfaction, family support, learning orientation, organizational socialization and cross-cultural training and the dependent variable, cross-cultural adjustment, in the proposed model. These provided potential explications concerning relationships between the specified set of variables and the cross-cultural adjustment for expatriates of Taiwanese enterprises participating in the study. The research is intended to provide a foundation for responding to the research questions. In addition, the study presented descriptive information and demographic data related to the participants.

FIGURE 5 The Factors Affecting Cross-cultural Adjustment

Research Questions
1. Do demographic factors such as age, gender, expatriate duration, marital status, dual assignment and family experience affect the cross-cultural adjustment of Taiwanese enterprises’ expatriates in Mainland China?
2. Does the proposed model fittingly predict the cross-cultural adjustment of Taiwanese expatriates in Mainland China?

3. Which variable of the constructs in the theoretical framework predict the cross-cultural adjustment of Taiwanese enterprises’ expatriates in Mainland China?

4. How does job satisfaction facilitate the cross-cultural adjustment of Taiwanese enterprises’ expatriates in Mainland China?

5. How does family support facilitate cross-cultural adjustment of Taiwanese enterprises’ expatriates in Mainland China?

6. Does learning orientation facilitate the cross-cultural adjustment of Taiwanese enterprises’ expatriates in Mainland China?

7. Does organization socialization facilitate the cross-cultural adjustment of Taiwanese enterprises’ expatriates in Mainland China?

8. How does cross-cultural training facilitate the cross-cultural adjustment of Taiwanese enterprises’ expatriates in Mainland China?

**Hypotheses**

H1: There is no relationship between different levels of demographic factors on cross-cultural adjustment.

H2: There is no relationship between the proposed model and cross-cultural adjustment.

H3: There is no difference in the contribution to cross-cultural adjustment of the five independent variables.

H4: There is no relationship between job satisfaction and cross-cultural adjustment.

H5: There is no relationship between family support and cross-cultural adjustment.

H6: There is no relationship between learning orientation and cross-cultural adjustment.
adjustment.

H7: There is no relationship between organizational socialization and cross-cultural adjustment.

H8: There is no relationship between cross-cultural training and cross-cultural adjustment.

**Definition of Variables**

The variables include demographic factors, job satisfaction, family support, learning orientation, organization socialization, cross-cultural training, and cross-cultural adjustment as described below.

**Demographic Factors**

In this section, the following participant factors were investigated: age, educational level, expatriation duration, gender, overseas study experience, previous overseas experience, previous cross-cultural training, marital status, partner living conditions and partner employment.

**Job Satisfaction**

Locke (1976) defined job satisfaction as ‘a positive emotional state resulting from the appraisal of one’s job or job experiences’.

**Family Support**

Investigates the extent to which family members are concerned and committed to the family and the degree to which family members are helpful and supportive of each other (Moos et. al. 1974).
Learning Orientation

Learning orientation is one form of goal orientation in which the focus is on increasing competence by developing new skills. Individuals with a learning goal orientation pursue an adaptive response pattern when faced with task difficulty or task failure because they persist, escalate effort, engage in solution-oriented self-instruction, and report enjoying the challenge (Dweck and Leggett 1988).

Organization Socialization

Organizational socialization has been defined as ‘the fashion in which an individual is taught and learns what behaviors and perspectives are customary and desirable within the work setting and what others are not’ (Van Maanen and Schein 1979).

Cross-cultural Training

According to Kealey and Protheroe (1996) ‘training’ as a general rule can be defined as any intervention aimed at increasing the knowledge or skills of the individual. Therefore, cross-cultural training may be defined as any procedure used to increase an individual’s ability to cope with and work in a foreign environment (Tung 1981).

Cross-cultural Adjustment

Adjustment has been defined in three ways. Firstly, cross-cultural adjustment is the extent to which individuals are psychologically comfortable living outside of their home country (Black 1988; Black 1990; Black and Gregersen 1991; Mendenhall and Oddou 1985; Torbiorn 1982), Secondly, in contrast, cultural shock has been used as a estimate of adjustment and has been described as a state of not comprehending how to
behave appropriately in new a culture and being conquered by anxiety (Oberg 1960). Thirdly, adjustment is defined as in terms of the individual’s ability to be compatible and effectively interact with host nationals (Brein and David 1971; Brislin 1981; Landis and Brislin 1983). In brief, cross-cultural adjustment is an internal, psychological, emotional state and should be measured from the perspective of the individual experiencing the foreign culture (Black 1990; Searle and Ward 1990).